Senate Budget and Fiscal Review—Mark Leno, Chair

SUBCOMMITTEE NO. 1 Agenda

Senator Carol Liu, Chair
Senator Ted Gaines
Senator Roderick Wright

Friday, May 25, 2012
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Room 3191, State Capitol

HIGHER EDUCATION: 2012-13 BUDGET MAY REVISION AND OPEN ISSUES

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6440 UNIVERSITY OF CALIFORNIA
6610 CALIFORNIA STATE UNIVERSITY

ITEM 1: BUDGETARY TRIGGERS

Background. The January budget relies on revenue from a temporary tax initiative to be placed before voters in November 2012. In the event voters reject that plan, the January budget proposes a number of automatic reductions ("trigger cuts") to GF appropriations, primarily in the areas of Proposition 98 and the universities, which would take effect January 1, 2013. In March 2012, the Governor introduced a revised temporary tax initiative that includes two temporary tax increases, resulting in additional state revenues estimated by the Administration at $8.5 billion in 2011–12 and 2012–13 combined. The additional revenues from this revised temporary tax initiative were included in the May Revision. This necessitated an updated trigger cut proposal to take effect if voters reject the proposed tax measure in November. For UC and CSU, the May Revision adds $50 million to each trigger, or a total trigger reduction of $250 million each for UC and CSU.

Staff Comment. All of these reductions would come at the end of the fall semester, making the reductions so disruptive that the segments likely would feel compelled to adopt budgets assuming the reductions will happen. This is largely the approach taken in 2011-12; in January 2012, UC and CSU were cut by $100 million each. The segments generally included these "worst case scenario" cuts in their budget planning so as to avoid dramatic mid-year cuts. However, taking this approach in 2012-13 will be even more challenging. After years of reduced state funding, it is appropriate to question what budgetary levers actually remain for planning for further reductions. There are primarily four operational areas where the segments have the requisite flexibility to make fiscal changes: (1) employee compensation and benefits; (2) student services; (3) enrollments; and (4) student tuition fees.

It is also worth noting that of the four operational areas identified above, one serves as a primary driver for the others; i.e., enrollment levels, which are a key driver of costs, as they dictate faculty and staff hiring decisions. However, campuses and departments have only varying degrees of flexibility in making these decisions, depending on tenure rules, collective bargaining, and other factors. There is also a timing consideration in that enrollment decisions are generally made well in advance. These factors make it difficult to accommodate a mid-year trigger cut via an enrollment reduction, yet enrollment serves as a primary driver of costs.

With regard to tuition fees, UC and CSU have the authority to set their own tuition levels. The UC has not yet made a decision on its fall 2012 tuition; CSU approved a 9.1 percent increase effective fall 2012. While there is no strict deadline for approving fall tuition fee levels, many students and their families need to know what costs they face in order to plan accordingly.

LAO Recommendation. Given that a significant portion of the Governor's revenue assumption is subject to voter approval in November, it makes sense to include a contingency plan in the event voters reject the tax proposal. However, the Legislature has choices as to how the contingency plans are structured. For example, the Governor places almost all the trigger cuts in K-14 education and higher education. The Legislature could instead allocate the cuts differently among the state's education and non-education programs. For example, the cuts could be targeted to programs most able to respond to a mid-year reduction, or they could be spread across more programs to reduce their impact on any one program.

In the alternative, the Legislature could instead take the opposite approach: build a budget that does not rely on the Governor's tax package, with contingency augmentations if the tax package is approved. This might mean, for example, appropriating less funding for higher education or other agencies than the Governor proposes. In the event tax increases are approved in November, the Legislature could direct the resulting revenues to critical one-time investments, such as paying down debt or funding deferred facilities maintenance. In this way, the higher education segments would know at the outset what level of GF support to expect for their core programs, thus helping in their planning for the academic year.

Subcommittee Questions. Based on the above comments, the Subcommittee may wish to ask the following questions:

1. Does UC and CSU budget planning for 2012-13 take into account the possibility of trigger cuts? If so, how? If not, how would the segments accommodate mid-year trigger cuts in January 2013, which are now proposed at $250 million each for UC and CSU?
2. Will spring 2013 enrollments be curtailed? What is the practical effect of these and other enrollment strategies on students?
3. What other levers are UC and CSU considering given the budget uncertainty? Is there any limit to the size of the tuition increase that could be imposed in one year? What about differential tuition fees? What about restricting students after some large number of units have been accumulated?
4. How do UC and CSU prioritize remaining resources among programs? Between graduate and undergraduate instruction? How much total state funding is currently being allocated to the UC Office of the President and the CSU Chancellor’s Office?

6440 UNIVERSITY OF CALIFORNIA
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Item 2: Employment and Retirement Benefits for Active Employees and Retirees

Background. The Governor's January budget sought, as part the Governor's long-term plan for higher education, to provide fiscal incentives to allow UC, CSU, and Hastings to better manage their resources. The May Revision builds on these January proposals, and makes additional changes primarily impacting CSU active employee and retiree health benefits, as displayed in Figure 2 below:

Figure 2: 2012-13 Budget Proposals Related to UC, CSU, and Hastings Employment and Retirement Benefits

Issue	January Budget Proposal	May Revision Proposal
CSU Employer Contribution to CalPERS	No incremental adjustment for 2012-13 CalPERS employer contribution rates and no further adjustments for these purposes. Creates a new budget control section (3.61) to effectuate this change and remove CSU from the statewide retirement control section (CS 3.60). CSU's 2011-12 base budget includes $404 million for these costs.	Increase of $52.5 million GF as an incremental adjustment for 2012-13 CalPERS employer contribution rates. Amendments to CS 3.61 to provide adjustments to CSU's retirement costs related <u>only</u> to unfunded liability costs in 2013-14 and beyond. CSU would be responsible for employer retirement costs related to "normal pension costs" in 2013-14 and beyond.
CSU Retiree Health Benefits	No proposal (similar to 2011-12, CSU costs are included in the statewide 9650 item which reflect state costs of providing health benefits to most retired state workers). These costs are determined by CalPERS, which adopts health premium rates on an annual basis; for 2012-13, it is expected the year-over-year increase in these rates will be ten percent. CSU retirees represent $260.1 million of the total GF costs in the 9650 item.	New budget item (6645) to break CSU costs out of the statewide item. CSU will continue to receive adjustments for these costs in future years. Reduces the amount in the 9650 item by a like amount, so no net increase in GF spending.

CSU Retiree Dental Benefits	Increase of $1.1 million GF as incremental adjustment for dental benefit costs for CSU retirees. No further adjustments for these purposes. CSU determines dental benefits, including premiums, for its employees.	No change to January proposal.
CSU Active Employees Health Premium Rates	No proposal.	Trailer bill language to provide CSU with the authority and flexibility to negotiate or set the rates that current employees pay toward their health benefits similar to authority currently provided to the Department of Personnel Administration (DPA) to negotiate and set these rates for other state employees. Current statute requires that CSU pay 100 percent of the health care premiums for its employees and 90 percent for employees' family members. The DPA has statutory authority to negotiate and set these rates for most state employees. For most state employees, the state currently pays either 80 or 85 percent of employees' health care premiums and 80 percent for employees' family members. CSU currently spends $355 million on these costs.
UC and Hastings Retirees Health and Dental Benefits	Increase of $5.2 million GF and $49,000 GF, respectively, as incremental adjustments for health and dental benefits for UC and Hastings retirees. No further adjustments for these purposes. UC determines health and dental benefits, including premiums, for its and Hastings employees.	No change to January proposal.
UC Base Augmentation	Increase of $90 million GF for base operating costs, which the Administration indicates "can be used to address costs related to retirement program contributions."	Reduces the January budget level by $38 million, to a total of $52 million in 2012-13, and states that the remaining $38 million augmentation is delayed until 2013-14.

Staff Comment. Overall, the Administration's proposals highlight for higher education the same challenge faced by the state as an employer – managing employer and employee health and retirement benefit costs. In sum, the Administration intends for the segments to consider these costs in their budget and fiscal outlooks.

There are substantive differences in approach between UC, CSU, and Hastings, but those differences are generally more a reflection of how these costs have been historically addressed/budgeted, as opposed to providing preferential treatment to one segment over another. For instance, while the state does not bargain with UC and CSU employees, retirement costs have been handled differently. CSU employees are members of the California Public Employees Retirement System (CalPERS), the same retirement system to which most state employees belong. CSU has over $400 million included in its base appropriation for its required employer contribution to the California Public Employees Retirement System. In contrast, UC (and Hastings) employees are members of the University of California Retirement Plan (UCRP), which is separate from CalPERS and under the control of UC. Due to the earlier "super-funded" status of UCRP, a twenty year contribution holiday was enjoyed by UC and state; in April 2010, both UC and its employees resumed contributions to the plan. The state, however, has not provided UC with any additional funding specifically for that purpose. UC projects that annual total state costs would ramp up to approximately $450 million GF.

In the May Revision, the Administration proposes several CSU-specific proposals regarding retirement and health benefits. For those costs the Administration views as under CSU's control, such as the "normal costs" of the employer retirement contribution to CalPERS, the budget responsibility going forward would be transferred to CSU (the January budget proposed base increases for CSU in the future to manage these costs). For those costs the Administration views as not under CSU's control, the May Revision offers different solutions: (1) for health premium rates for active employees, proposed budget trailer bill language would provide CSU with additional authority to negotiate or set the rates that current employees pay for these costs, similar to the authority provided to the Department of Personnel Administration to negotiate and set these rates for other state employees; and (2) for retirement costs related to the unfunded liability, the Administration proposes to continue to provide annual incremental adjustments to CSU's required employer contribution to CalPERS. Finally, the May Revision proposes to alter how the budget displays costs for retiree health benefits. These are also costs the Administration views as not in CSU's control; the proposed May Revision solution is a new budget item to simply provide greater transparency of these costs.

LAO Recommendation. The May Revision addresses some earlier concerns with the proposal. For example, the Governor now proposes to provide future budget adjustments for CSU's retiree health care costs and a portion of CSU's pension costs. Nevertheless, concerns remain that the May Revision proposal does not provide future adjustments for other retirement costs, such as retiree dental and the "normal costs" of pensions. The Governor's rationale for stopping these budget adjustments was that CSU would be given base increases in the future that it could use to manage these costs. However, the Administration still has not presented its "multi-year funding agreement" to the Legislature. It is unclear how this works as a stand-alone proposal. Although the Administration has made

notable efforts to modify the proposal so that it only pertains to costs under CSU's control, this does not mean that these costs are somehow fixed and will not change in the future. For this reason, the LAO recommends that Legislature evaluate these cost changes on a year-by-year basis and determine if the funding requested is justified.

For similar reasons, the LAO recommends rejecting the Governor's proposals to curtail adjustments for UC retirement costs. In addition, the LAO finds that the Administration's proposed $52 million increase for UC is just as arbitrary as the proposed $90 million increase in the January budget. The LAO continues to encourage the Legislature to only provide funding for UC's pension costs that is justified. In January, the LAO was provided with information from UC that indicated that its additional costs for pensions in 2012-13 for state GF and tuition-funded employees would be about $78 million (specifically, $36 million is related to GF and $41.5 million related to tuition).

The LAO recommends approval of the May Revision proposal to track CSU retiree health care costs separately. This is a technical issue that will help to improve transparency about CSU's state funding for its retirement costs.

The LAO recommends approval of budget trailer bill language to allow CSU to negotiate its employee health care premiums. Given that DPA is allowed to negotiate health premiums with state workers through collective bargaining, the LAO sees no reasons why CSU should not have similar authority.

Subcommittee Questions. Based on the above comments, the Subcommittee may wish to raise the following questions:

1. The Administration's rationale for stopping these budget adjustments was that CSU would be given base increases in the future that it could use to manage these costs. The Administration still has not presented its "multi-year funding agreement" to the Legislature. How do these proposals work on a stand-alone basis and with the potential of a $250 million budget trigger in 2012-13?
2. Due to a host of statutory requirements and legal precedence, the LAO has reported that the only way CSU can reduce its pension costs would be through managing its payroll costs – either by reducing the number of employees or their salaries. Is this an avenue the CSU has pursued or is planning on pursuing?
3. On what basis did the Administration determine that CSU's "normal pension costs" are under its control, while costs associated with the unfunded liability are not?
4. What percentage of UC's payroll is comprised of state GF-funded employees; how many UC employees are state GF-funded?
5. Instead of $90 million, the LAO recommended providing UC with $78 million, of which $36 million is the additional budget-year cost attributable to state GF-funded employees. The remaining $41.5 million is for tuition-funded employees. In the May Revision, the Administration decreased the augmentation to $52 million? What is this number tied to?
6. How could the timing of the Administration's trailer bill proposal related to CSU active employee health premium rate contributions affect current bargaining between CSU and nine of its 12 bargaining units?

7980 CALIFORNIA STUDENT AID COMMISSION

Item 3 – May Revision Updates and Additions to Cal Grant Program Savings Proposals

Background. In the Governor's January budget, the Administration proposed $766 million in fund shifts and $302 million in Cal Grant program reductions. The May Revision recognizes $135 million in additional Cal Grant costs relative to the January proposal, including additional spending to cover the CSU's approved 2012–13 tuition increase, fix an unintended consequence of 2011 legislation limiting student eligibility, and revise January savings estimates for Cal Grant reductions. To offset these higher costs, the May Revision proposes additional fund shifts and two major policy changes, as follows:

- **Two Additional Fund Shifts to Achieve GF Savings**. The Governor's January budget proposed to shift $736.4 million of Cal Grant Program costs from the GF to federal Temporary Assistance for Needy Families (TANF) Program funds available due to proposed reductions in the CalWORKs program and offset $30 million GF due to surplus funds from the Student Loan Operating Fund (SLOF), which receives proceeds from the federal guaranteed student loan program. The May Revision proposes an additional $67.4 million from TANF and another $30 million offset from SLOF funds, for a total of $803.8 million TANF and $60 million SLOF.

- **Tighter Restrictions on Institutional Eligibility.** The Governor's January budget proposed to retain the current cohort default rate allowable at participating institutions at 24.6 percent (under current law it was scheduled to increase to 30 percent in 2012-13). The May Revision replaces this proposal with a new proposal that saves $38.4 million in 2012-13 by: (1) reducing the maximum student loan cohort default rate from 30 percent to 15 percent, which is slightly above the national average for all institution types; and (2) instituting a 30 percent minimum graduation rate standard for all participating institutions. The May Revision will not apply to any participating institution with 40 percent or fewer of its students borrowing federal student loans to attend college.

- **Prorated Cal Grant Award Amounts.** Currently a Cal Grant applicant who meets academic, income, and asset requirements is eligible for a full award equal to the full tuition fee cost at UC and CSU, or an award amount specified in the annual Budget Act for private, for-profit, and non-profit institutions. This results in an "all-or-nothing" award determination. In contrast, the federal Pell Grant award is tailored to the financial need of each student and factors in family income, the cost of attendance, and the expected family contribution. The May Revision proposes budget trailer bill language that will provide the neediest students with maximum award amounts (approximately 63 percent of Cal Grant recipients) while students with lower costs of attendance and/or higher family incomes will receive a reduced Cal Grant award (that would mirror the Pell Grant award). This proposal is applicable to students who apply for grants after July 2012. Cal Grant B access awards, Cal Grant C awards, and all awards to CCC students would not be affected. Students most affected would be Cal Grant A recipients in the high

school and transfer entitlement programs. The Administration estimates that savings from this proposal in 2013-14 is estimated at $90 to $100 million, with increasing savings each year thereafter.

LAO Comment and Recommendations. The May Revision proposals address important policy concerns. The proposals collectively would strengthen incentives for institutions to improve their student financial and academic outcomes, eliminate from Cal Grant participation institutions with poor outcomes, and better tailor the size of Cal Grant awards to relative need.

The Administration's focus on institutional performance makes substantially more sense than reducing grant amounts solely based on the type of institution a student attends, as two of the Governor's January budget proposals would do. The general approach merits consideration; however, this proposal overreaches. It could immediately disqualify from Cal Grant participation institutions that currently serve about one-third of Cal Grant students in the proprietary sector, giving neither students nor institutions sufficient time to adjust to new requirements. In addition, the Administration's savings estimates fail to account for the likely movement of students from ineligible schools to eligible ones. As a result, the Administration's savings estimates are likely overstated in the budget year and significantly overstated in out-years. The Legislature should adopt the January proposal to freeze the default rate limit at the current-year level, or an incrementally lower level, and phase in tighter restrictions over a few years.

The Administration's proposal to prorate award amounts, in contrast, does not go far enough. The LAO has recommended a more comprehensive approach to reform of Cal Grant programs that could include adjusting grant amounts based on financial need as well as changes to eligibility determination, maximum award levels, and other features of the programs. The Administration's proposal makes one significant change in isolation, missing the opportunity to improve the operation and performance of the programs more fundamentally. Furthermore, proposing such a major departure from existing policy one month before the budget must be adopted leaves insufficient time for a thorough evaluation of its implications and could result in unintended consequences in the near term. The Legislature should direct an independent study of the state's student financial aid programs with the purpose of addressing reform in a more comprehensive, deliberative way through the policy process in the next legislative session.

Subcommittee Questions. Based on the above comments, the Subcommittee may wish to raise the following questions:

1. The May Revision retained the January proposals and added a new savings solution that impacts institutional participation in 2012-13. Beyond controlling costs, what other rationale(s) can the Administration provide for this package of proposals?
2. The LAO has noted that the Administration's savings estimates fail to account for the likely movement of students from ineligible schools to eligible ones. This question was raised at the Subcommittee's April 19 hearing on the January budget proposals. What information can the Administration provide to address this concern? If students instead opt to attend public

institutions, won't the state's costs increase? And if students are not able to switch to another institution, won't access be decreased?

3. Prorating Cal Grant award amounts to the federal Pell Grant would effectively tie Cal Grant award parameters to a federal program, thereby ceding an element of current state authority and decision-making. Is the Administration concerned about this aspect of its proposal? Are there other examples of the state relying on a federal methodology in a state program?
4. Addressing the current "funding cliff" in the Cal Grant program award structure is a legitimate budget and policy question for the Legislature to consider. However, addressing such a major change in the rush of the budget process will likely not allow for adequate time to fully model implications and craft solutions to avoid unintended consequences. What modeling has the Administration done of its proposal that it could share with the Legislature? What alternative methodologies could the state employ to achieve the same goal of mitigating the "cliff" effect?
5. With last year's veto of funding for CPEC, California is without a coordinating and guiding state higher education policy body as well as a robust data system. Does the Administration agree that if the state had such a data system and an entity that spent its time productively, the state would have a much better understanding of institutional performance, which would assist with the development and evaluation of savings proposals? For instance, the state could make distinctions among institutions (for Cal Grant purposes and others) based on more sophisticated measures, like graduation rates for full time <u>and</u> part-time students and track records for moving transfer-ready students to baccalaureate institutions, instead of having to rely on the federal IPEDS data.

#	Item	Issue	Description	Staff Recommendation	Language	(000's)	Comments
	CALIFORNIA STATE LIBRARY						
1	6120-011-0001	*May Revision:* Support, California State Library	Technical adjustment to increase funding by $929,000 one-time GF for the Library-Courts Building Renovation to provide sufficient shelving for the project. Design and construction changes made to the building have further limited the amount of existing shelving that can be relocated and reused, necessitating the purchase of additional compact shelving systems. (Issue 203)	Approve	No	929	Update to Governor's January budget request for Year 5 of the Relocation for Infrastructure Renovation at the Library-Courts Building which was heard and approved May 3, 2012.
	CALIFORNIA POSTSECONDARY EDUCATION COMMISSION						
2	6420-001-0001 6420-501-0001	*May Revision:* Support, California Postsecondary Education Commission (CPEC)	Technical adjustments to revise 2011-12 close-out costs for CPEC. The January budget estimated costs of $850,000 GF; the May Revision increases that amount by $51,000, for a total of $901,000. Includes provisional language related to the Department of Education serving as CPEC's fiduciary agent in the CY and BY, and provides authority to DOF to augment additional GF for any significant unforeseen claim. (Issue 401)	Approve with legislative change to BBL to include notification to the JLBC should DOF exercise authority to augment the item beyond $901,000.	Yes, modified BBL	51	New Issue.
	UNIVERSITY OF CALIFORNIA						
3	6440-001-0234	*May Revision:* Support, University of California	Technical adjustment to decrease expenditure authority from Proposition 99 for tobacco research by $2.57 million to correct the 2010-11 carryover amount and to adjust for a slight projected decrease in Proposition 99 revenue in 2012-13. (Issue 427)	Approve	No	(2,570)	New Issue.

#	Item	Issue	Description	Staff Recommendation	Language	(000's)	Comments
	CALIFORNIA COMMUNITY COLLEGES						
4	Trailer bill language	*April 1 Finance Letter:* California Community Colleges (CCC)	Budget trailer bill language to increase student fees for qualifying neighboring state students that attend a CCC based on reciprocal state attendance agreements to an amount that is three times the California resident student fee.	Approve per legislative modification to phase-in the fee increase by: (1) using a multiple of two effective with the summer 2012 term and (2) a multiple of three effective with the summer 2013 term.	Yes, TBL		Item previously heard and held open on May 3.
5	6870-002-0890	*May Revision:* State Operations, California Community Colleges	Technical adjustment to increase item by $73,000 federal funds to support the Solar Training Collaborative Program. This grant funding supports the CCC Chancellor's Office efforts to increase the number of community-college trained solar installers. (Issue 143)	Approve	Yes, BBL per May Revision	73	New Issue.
6	6870-101-0890	*May Revision:* Local Assistance, California Community Colleges	Technical adjustment to add $713,000 federal funds for the Solar Training Collaborative Program. These funds will provide professional development training to community college instructors and increase the number of community-college trained solar installers. (Issue 142)	Approve	Yes, BBL per May Revision	713	New Issue.
7	6870-003-0890	*May Revision:* State Operations, California Community Colleges	Technical adjustment to add $56,000 in one-time federal carryover funds to support the State Trade & Export Promotion Project. The funding will be used to close out the project and to provide necessary reports to the U.S. Department of Small Business Administration. The federal grant was intended to increase the number of small business exporters and to increase the value of small business exports. (Issue 141)	Approve	No	56	New Issue.

#	Item	Issue	Description	Staff Recommendation	Language	(000's)	Comments
8	6870-103-0890	*May Revision:* Local Assistance, California Community Colleges	Technical adjustment to add $185,000 in one-time federal carryover funds for the Personal Care Training and Certification Program. The funding will be used to develop standardized competency-based curriculum leading to certification for personal and home care aides. (Issue 140)	Approve	No	185	New Issue.
9	6870-001-0001	*May Revision:* State Operations, California Community Colleges	Technical adjustment to increase by $237,000 reimbursements for the Transportation Technologies and Energy Program. The CCC Chancellor's Office will receive funding through an interagency agreement with the California Energy Commission to support efforts that will prepare community college-trained technicians in the alternative fuels and vehicle technology industry. (Issue 145)	Approve	Yes, BBL per May Revision	237	New Issue.
10	6870-111-0001	*May Revision:* Local Assistance, California Community Colleges	Technical adjustment to increase reimbursements by $3 million for the Transportation Technologies and Energy Program. The CCC Chancellor's Office will receive funding through an interagency agreement with the California Energy Commission to implement this program to prepare community college-trained technicians in the alternative fuels and vehicle technology fields. (Issue 144)	Approve	Yes, BBL per May Revision	3,000	New Issue.
11	6870-111-0001	*May Revision:* Local Assistance, California Community Colleges	Technical adjustment to decrease reimbursements by a net $85,000 for various vocational education activities the CCC Chancellor's Ofiice performs through an interagency agreement with the State Department of Education. (Issue 147)	Approve	No	(85)	New Issue.

#	Item	Issue	Description	Staff Recommendation	Language	(000's)	Comments
	CALIFORNIA STUDENT AID COMMISSION						
12	7980-101-0001	*January Budget and May Revision:* Local Assistance, California Student Aid Commission	Governor's Budget proposed a shift of $736.4 million of Cal Grant Program costs from GF to federal Temporary Assistance for Needy Families (TANF) program funds available due to proposed reductions in the CalWORKs program. The May Revision increased by $67.392 million the amount of TANF available as offset for Cal Grant Program costs, based on updated projections of the number of Cal Grant recipients who are also TANF eligible. (Issue 027)	Conform to the actions of Subcommittee No. 3 and Senate Budget and Fiscal Review Committee.	Yes, BBL per May Revision	67,382	Item previously heard and held open on April 19.
13	7980-101-0001 7980-101-0784	*January Budget and May Revision:* Local Assistance, California Student Aid Commission	Governor's Budget proposed an offset of $30 million GF due to surplus funds from the Student Loan Operating Fund (SLOF), which receives proceeds from the federal guaranteed student loan program. The May Revision increased the offset by an additional $30 million, for a total offset of $60 million in 2012-13. (Issue 022)	Approve	No	30,000	Item previously heard and held open on April 19.
14	7980-101-0001	*January Budget and May Revision:* Local Assistance, California Student Aid Commission	Governor's January budget did not include an adjustment to 2012-13 Cal Grant program expenditures to account for the CSU nine percent tuition fee increase effective fall 2012. May Revision makes a technical adjustment to increase program expenditures by $31.2 million to account for increased CSU fee tuition. (Issue 016)	Approve	Yes, BBL per May Revision	31,200	New Issue.

#	Item	Issue	Description	Staff Recommendation	Language	(000's)	Comments
15	7980-101-0001	*May Revision:* Local Assistance, California Student Aid Commission	Technical adjustment to Governor's January budget to increase item by $26.52 million to reflect increased costs resulting from the Governor's Budget proposal to allow students within the Cal Grant B program to switch to the Cal Grant A program when renewing their award. Includes an increase of $27.65 million in the CY from the Commission's action to reinstate 3,490 students who were no longer deemed eligible to renew their Cal Grant B awards due to a change in their family income. (Issue 017)	Approve	No	26,520	Related TBL heard and adopted on April 19. The TBL proposes the necessary statutory changes to switch Cal Grant B students to Cal Grant A if they qualify for both but exceed the "B" renewal income threshold.
16	7980-101-0001	*May Revision:* Local Assistance, California Student Aid Commission	Technical adjustment to the Governor's January Budget to decrease the item by $19.29 million to account for revised caseload estimates for the Cal Grant program in 2012-13. Also requests a technical adjustment in the CY, decreasing the item by $17.391 million to reflect revised caseload estimates for the Cal Grant program. (Issue 018)	Approve	No	(1,929)	New Issue.
17	7980-101-0001	*May Revision:* Local Assistance, California Student Aid Commission	Technical adjustment to the Governor's January Budget to decrease the item by $5.333 million to account for revised caseload estimates for the Assumption Program of Loans for Education (APLE), Graduate APLE, and State Nursing APLE in 2012-13. Also requests a technical adjustment for the same reasons in the CY, decreasing the item by $5.767 million. (Issue 19)	Approve	No	(5,333)	New Issue.

#	Item	Issue	Description	Staff Recommendation	Language	(000's)	Comments
18	7980-001-0001 7980-101-0001	*May Revision:* Support and Local Assistance, California Student Aid Commission	Technical adjustment to decrease reimbursements for state operations and local assistance by $52,000 and $674,000, respectively, to reflect the federal government's reduction of the John R. Justice Program. The program provides repayment assistance for state prosecutors and public defenders. (Issues 020 and 021)	Approve	Yes, BBL per May Revision	(726)	New Issue.