

SUBCOMMITTEE NO. 1

Agenda

Senator Anthony J. Portantino, Chair
Senator Hannah-Beth Jackson
Senator John M. W. Moorlach



Tuesday, May 16, 2017
10 a.m. or upon call of the Chair
State Capitol - Room 3191

Vote Only Items

<u>Item</u>	<u>Department</u>	<u>Page</u>
6120	California State library	
Item 1	Asset Management System Replacement	1
Item 2	Assistant Bureau Chief	1
6610	Hastings College of Law	
Item 3	Base Augmentation	1
6440	University of California	
Item 4	Base Augmentation	2
Item 5	Umbilical Cord Blood Collection Program	2
Item 6	UC Summer Institute for Emerging Leaders	3
Item 7	Statewide Redistricting Database	3
Item 8	Sustainability Plan	4
Item 9	California Health Benefits Review Program	5
Item 10	UC Co-Generation Plant	6
Item 11	Deferred Maintenance	6
Item 12	Breast Cancer Research	7
Item 13	Tobacco-Related Disease Research	7
Item 14	Transportation Research	7
6610	California State University	
Item 15	Base Augmentation	8
Item 16	Sustainability Plan	8
Item 17	Other Post-Employment Benefits	9
Item 18	Transportation Research	10
6980	California Student Aid Commission	
Item 19	Temporary Assistance for Needy Families	11

Item 20	Cal Grant Case Load	11
Item 21	Cal Grant Maximum Award Adjustments due to UC and CSU Tuition Actions	11
Item 22	Updated estimates for various Loan Assumption Programs for Education	12
Item 23	College Access Tax Credit Program	13

Public Comment

Discussion and Vote Items

<u>Item</u>	<u>Department</u>	<u>Page</u>
6440	University of California	
Item 24	Graduate Student Enrollment	14
Item 25	Redirection to Cal Grant	14
Item 26	State Audit Recommendations	15
Item 27	Capital Outlay	16
6610	California State University	
Item 28	Graduate Rates	17
Item 29	Redirection to Cal Grant	17
6980	California Student Aid Commission	
Item 30	Cal Grant Awards for Students Attending Private Non-Profit Universities	18
Item 31	Competitive Cal Grant	19
Item 32	Grant Delivery System	19

Public Comment

Higher Education Vote Only Items

6120 - California State Library: Vote Only					
Item	Subject	Description	Comments	Language	Staff Recommendation
1	Asset Management System Replacement	The May Revision proposes \$404,000 (\$189,000 ongoing) for replacement of the asset management system. Of this funding, \$215,000 is one-time to support costs of implementation of the new system to improve organization of the State Library's collections, allow for better linkages with other libraries, and create efficiencies for other state agencies that choose to maintain their materials using the system. Ongoing funding is for a cloud-based Software and repository of digital materials and data management.		BBL	Approve as proposed.
2	Assistant Bureau Chief, State Library Service Bureau	The May Revision proposes \$137,000 ongoing to reclassify an existing position as an Assistant Bureau Chief in the State Library Services Bureau. No position authority is requested. The State Library Services Bureau is the state's central reference and research library. An Assistant Bureau Chief would be responsible for general management of functions related to the library's collections and for coordination of the State Library's initiative to digitize state records. These responsibilities are currently being performed by the Bureau Chief.		BBL	Approve as proposed.
6610 - Hastings College of Law: Vote Only					
Item	Subject	Description	Comments	Language	Staff Recommendation
3	Base Augmentation	The Governor proposes a \$1.1 million General Fund ongoing unallocated increase (9.2 percent) to Hastings budget. The Governor proposes to give Hastings flexibility to decide how to spend the state augmentation.		BBL	Approve as budgeted.

6440-University of California:Vote Only

Item	Subject	Description	Comments	Language	Staff Recommendation
4	Base Augmentation	The Administration's January budget proposed a \$132 million base increase for UC.		BBL	Approve as budgeted.
5	Umbilical Cord Blood Collection Program	<p>The Administration proposes trailer bill language to eliminate the sunset date for the UC's Umbilical Cord Blood Collection Program.</p> <p>AB 34 (Portantino), Chapter 516, Statutes of 2007, established the Umbilical Cord Blood Collection Program, to be administered by the California Department of Public Health. Due to implementation challenges at the Department of Public Health, AB 52 (Portantino), Chapter 529, Statutes of 2010, shifted the program to UC. AB 52 imposed a mandatory \$2 fee on California birth certificates, which, in turn, generates about \$2.5 million each year for UC to administer the cord collection program. AB 52 will sunset on January 1, 2018.</p> <p>UC coordinates the collection and transportation of cord blood donations from hospitals in California to several banks across the country. UC enters into agreements with hospitals and banks to collect and store donated units. Under some agreements, UC uses its own hospital staff to collect donations and contracts with a third party for transportation services; whereas, under other agreements, it reimburses hospitals and banks for their associated costs.</p>		TBL	Approve Placeholder TBL

Item	Subject	Description	Comments	Language	Staff Recommendation
6	UC Summer Institute for Emerging Leaders	<p>UC offers a variety of outreach programs to attract graduate students. In particular, the Summer Institute for Emerging Leaders was created in 2012 as a joint effort of the UC business schools and UCOP to recruit underrepresented minority students for Masters in Business Administration programs at UC. Each of the six business schools rotates as a host for a two-week summer program for two summers, and targets freshman and sophomores from historically black colleges and universities (HBCU) and Hispanic serving institutions (HSI) across the country. The fellowship is open to 25 freshman per fellowship class. This program is funded by private donations, with an annual budget about \$175,000. Because this program rotates among the UC business schools, it is difficult to identify or track long-term outcomes.</p>	<p>Staff notes that this program may benefit from a centralized database and a specific program lead across UC business schools in order to better track student outcomes.</p>	BBL	<p>Approve \$150,000 ongoing to expand program services to serve additional California resident students, and \$150,000 General Fund to UCOP for a dedicated program lead to coordinate their program.</p>
7	Statewide Redistricting Database	<p>Proposition 11 of 2008 required the Legislature to establish the Statewide Database (SWDB), which is the redistricting database for the state of California. This database houses voter registration information used in the redistricting processes. In 2001 and 2011, data was used for state legislative, congressional, Board of Equalization and local redistrictings following the 2000 and 2010 Censuses respectively as mandated by law. Data collection and processing for the redistricting are ongoing tasks conducted over a ten year period of time, starting with the collection of the decennial census at the beginning of each decade. With each statewide election between redistrictings, updated data sets are made available as a free, public resource as soon they are processed. Currently, data is being collected for 2021 redistricting. This database is located at UC Berkeley Law's Center for Research.</p>	<p>The 2014-15 budget approved approved budget bill language designating \$770,000 GF, from within the UC's main support item, for the Statewide Database at UC Berkeley.</p>	BBL	<p>Approve an increase of \$730,000 from within UC's main support item for the Statewide Database at UC Berkeley, for a total of \$1.5 million.</p>

Item	Subject	Description	Comments	Language	Staff Recommendation
8	Sustainability Plan	<p>Beginning with the 2014-15 Budget Act, UC and CSU were required to submit performance reports (commonly referred to as “academic sustainability plans”) by November 30 each year. In these reports, UC and CSU are to set performance targets for various statutory measures, such as graduation rates, and degree completions, for each of the coming three years. The plans include several years of actual performance on each of the measures.</p> <p>The Governor proposes to eliminate the sustainability plan.</p> <p>The LAO notes that the biggest value of the sustainability plans are the out-year targets and past actuals for each of the statutorily required performance measures.</p>	<p>Staff notes that UC and CSU are also required to annually submit a report by March to the Legislature regarding performance. These measures includes four-year graduation rates for both UC and CSU and six-year graduation rates for CSU (disaggregated by freshman entrants, transfers, graduate students, and low-income status).</p>	BBL/TBL	<p>Approve proposal to eliminate the sustainability plans, but change the statutory requirement for the March performance reports to (1) include targets as well as past actuals and (2) move the deadline up to November 30, which allows the LAO to report to the Legislature on the segments’ respective performance in the February Analysis.</p>

Item	Subject	Description	Comments	Language	Staff Recommendation
9	California Health Benefit Review Program	<p>CHBRP was established under AB 1996 (Thomson), Chapter 795, Statutes of 2002, which requested UC to assess legislation that propose a health insurance mandated benefit or service and prepare a written analysis. Under AB 1996, legislative leadership may request CHBRP to perform a bill analysis.</p> <p>The CHBRP program is funded by the Health Care Benefits Fund, which provides CHBRP with up to \$2 million annually from fees assessed on health insurance providers. CHBPR staff reports that it spends the maximum amount (\$2 million) every year regardless of the number of analyses the Legislature asks it to produce.</p> <p>AB 1996 called for the program and its fund source to sunset on January 1, 2007. Subsequent legislation has since extended this sunset date several times, with SB 125 (Hernandez), Chapter 9, Statutes of 2015, extending the date to June 30, 2017.</p> <p>The Governor proposes trailer legislation that would eliminate the sunset date, thereby indefinitely authorizing the program and the Health Care Benefits Fund.</p>	<p>The LAO recommends rejecting the Governor’s proposal.</p> <p>The sunset date has allowed legislative staff to revisit its expectations for CHBRP and that CHBRP’s future workload is uncertain given federal changes. Previous extensions of the sunset date have ranged from two to five years.</p>	TBL	Reject Governor's proposal, and adopt placeholder TBL to extend CHBRP sunset date by three years to June 30, 2020.

Item	Subject	Description	Comments	Language	Staff Recommendation
10	UC Santa Cruz Co-Generation Plant	<p>The Administration proposes trailer bill language to allow UC Santa Cruz to fund debt service for their Cogeneration Plant Phase 1 project with General Fund.</p> <p>In 2011, UC initiated the process for building a cogeneration replacement plant on the Santa Cruz campus. A cogeneration plant simultaneously generates electricity and heat. The remaining General Obligation bond authority for UC and CSU was nearly exhausted and were being allocated primarily to the final equipment phases of existing projects, therefore UC did not submit the project for approval from the Legislature. In April 2013, the UC Regents decided to move forward with the estimated \$37.1 million project. UC Santa Cruz funded the project through non state campus funds and external financing. In February 2016, UC Santa Cruz recently completed the project and paid \$1.1 million in associated debt service in 2015-16 using non state funds. The campus expects to continue incurring debt service through 2045, with annual payments ranging from \$1.3 million to \$1.6 million.</p>	<p>In a letter dated April 1, 2016, the Administration notified the Joint Legislative Budget Committee (JLBC) of their intent to authorize UC to use its General Fund appropriation to pay for debt service associated with a recently constructed cogeneration plant at the Santa Cruz campus.</p> <p>In response to the letter, LAO recommended rejecting UC's request. UC did not receive state approval prior to building the cogeneration plant, violating the longstanding process of seeking state review and approval prior to proceeding. Asking for state funding after completing a project is highly irregular, and even without state funding, UC indicates it has sufficient funding to retire the associated debt service. JLBC did not concur with UC's request.</p>	TBL	Reject.
11	Deferred Maintenance	<p>The Governor proposes trailer bill legislation to include deferred maintenance as an eligible capital expenditure for UC's capital outlay process. The Administration notes that this will conform to how deferred maintenance costs are handled at the CSU.</p>			Adopt placeholder trailer bill language.

Item	Subject	Description	Comments	Language	Staff Recommendation
12	Breast Cancer Research	The May Revision proposes an increase of \$2.07 million, for a total of \$7.16 million from the Breast Cancer Research Account, Breast Cancer Fund for the Breast Cancer Research Program. Existing law requires that, upon appropriation, 90 percent of the moneys in the Breast Cancer Research Account, Breast Cancer Fund be allocated to the Breast Cancer Research Program.		BBL	Approve as proposed.
13	Tobacco-Related Disease Research	The May Revision requests an increase of \$3,000 for a total of \$10.14 million for tobacco-related research from the Research Account in the Cigarette and Tobacco Products Surtax Fund. Funds in the account are only available for appropriation for tobacco-related disease research.		BBL	Approve as proposed.
14	Transportation Research	The May Revision proposes \$5 million from the Road Maintenance and Rehabilitation Account, State Transportation Fund to the University of California for transportation research. This is consistent with Senate Bill 1 (Beall), Chapter 5, Statutes of 2017.		BBL	Approve as proposed.

6610 - California State University: Vote Only

Item	Subject	Description	Comments	Language	Staff Recommendation
15	Base Augmentation	The Governor’s budget proposes a \$157.2 million base increase for CSU.		BBL	Approve as budgeted.
16	Sustainability Plan	<p>Beginning with the 2014-15 Budget Act, UC and CSU were required to submit performance reports (commonly referred to as “academic sustainability plans”) by November 30 each year. In these reports, UC and CSU are to set performance targets for various statutory measures, such as graduation rates, and degree completions, for each of the coming three years. The plans include several years of actual performance on each of the measures.</p> <p>The Governor proposes to eliminate the sustainability plan.</p> <p>The LAO notes that the biggest value of the sustainability plans are the out-year targets and past actuals for each of the statutorily required performance measures.</p>	Staff notes that UC and CSU are also required to annually submit a report by March to the Legislature regarding performance. These measures includes four-year graduation rates for both UC and CSU and six-year graduation rates for CSU (disaggregated by freshman entrants, transfers, graduate students, and low-income status).	BBL/TBL	Approve proposal to eliminate the sustainability plans, but change the statutory requirement for the March performance reports to (1) include targets as well as past actuals and (2) move the deadline up to November 30, which allows the LAO to report to the Legislature on the segments’ respective performance in the February Analysis.

17	Other Post Employment Benefits	<p>The Administration and CSU is proposing trailer bill language to amend the Government Code to stipulate that members of California Faculty Association and non represented employees hired after July 1, 2017, will not receive retiree health and dental benefits until working for the CSU for 10 years. This language would only be operative if the trustees adopted this proposal, or if agreed to in collective bargaining agreement.</p> <p>This proposal is consistent with the collective bargaining agreement between CSU and the California Faculty Association, which was announced in April 2016.</p>		TBL	Approve placeholder TBL.
----	--------------------------------	---	--	-----	--------------------------

Item	Subject	Description	Comments	Language	Staff Recommendation
17	Transportation Research	The May Revision proposes \$2 million from the Road Maintenance and Rehabilitation Account, State Transportation Fund to the CSU for transportation research. This is consistent with Senate Bill 1 (Beall), Chapter 5, Statutes of 2017.		BBL	Approve as proposed.

6980 - California Student Aid Commission: Vote Only

Item	Subject	Description	Comments	Language	Staff Recommendation
19	Temporary Assistance for Needy Families	The May Revision proposes a decrease of \$194 million General Fund in fiscal year 2017-18 to reflect an increase of \$194 million in reimbursement authority available in Temporary Assistance for Needy Families (TANF) resources.		BBL	Approve as proposed.
20	Cal Grant Case Load	The May Revision proposes an increase of \$71.59 million in case load due (1) to an increase in the estimated number of new recipients in 2016-17, which increases the estimates of renewal students in 2017-18, and (2) the revised estimate of new recipients in 2016-17 is used as the new base for estimates of new recipients in 2017 18, with growth applied.		BBL	Approve as proposed.
21	Maximum Cal Grant Award Adjustments Due to UC and CSU tuition Actions	<p>Existing law specifies that the maximum tuition award for students attending the UC and CSU is equal to the system wide tuition and fees charged at those institutions. Because the UC Board of Regents and CSU Board of Trustees approved an increase in tuition of \$282 and \$270, respectively, the maximum Cal Grant award would increase by a corresponding amount.</p> <p>The May Revision proposes an increase of \$20.85 million in 2017-18 to reflect the costs of an increase in the maximum Cal Grant tuition award for students attending UC. The May Revision assumes the maximum award would be \$12,630. The May Revision also proposes an increase of \$28 million in 2017-18 to reflect the costs of an increase in the maximum Cal Grant tuition award for students attending the CSU. The May Revision assumes the maximum award would be \$5,742.</p>		BBL	Approve as proposed.

Item	Subject	Description	Comments	Language	Staff Recommendation
22	Updated Estimates for Various Loan Assumption Programs for Education	<p>Assumption Program of Loans for Education (APLE): The May Revision proposes an increase of \$612,000 to reflect revised cost estimates for APLE. The May Revision also scores reduced costs for APLE of \$142,000 in 2015-16 and \$72,000 in 2016-17.</p> <p>State Nursing Assumption Program of Loans for Education (SNAPLE): The May Revision proposes a decrease of \$208,000 to reflect revised cost estimates for SNAPLE. The May Revision also scores reduced costs for SNAPLE of \$84,000 in 2015-16 and \$141,000 in 2016-17.</p> <p>Child Development Teacher and Supervisor Grant Program: The May Revision proposes decreasing reimbursements by \$51,000 to reflect a change in the agreement between the CSAC and CDE for grants. The May Revision also scores reduced costs and reimbursements for the program of \$34,000 in 2016-17.</p> <p>John R. Justice Loan Assumption Program: The May Revision proposes increasing reimbursements by \$32,000 to reflect a change in the agreement between CSAC and the Office of Emergency Services that increases the award amount by \$170 per recipient. The May Revision also assumes corresponding adjustments in 2016 17.</p> <p>Law Enforcement Personnel Dependent Grant Program: The May Revision proposes an increase of \$49,000 to reflect revised cost estimates. The May Revision also scores reduced costs for the program of \$3,000 in 2015-16 and \$5,000 in 2016-17.</p>		BBL	Approve as proposed.

Item	Subject	Description	Comments	Language	Staff Recommendation
23	College Access Tax Credit Program	The May Revision proposes a decrease of \$5.61 million to align with revised estimates of resources in the College Access Tax Credit Fund. Appropriations from this fund are used to make supplemental awards to students who receive Cal Grant B access awards. With this adjustment, the supplement would be \$24 in 2017-18.		BBL	Approve as proposed.

Higher Education Items for Discussion and Vote

6440-University of California: Discussion and Vote

Item	Subject	Description	Comments	Language	Staff Recommendation
24	Graduate Student Enrollment	The UC is requesting \$9 million for an additional 900 graduate students in order to allow the UC to keep pace with significant growth in undergraduate enrollment. Beginning in fall 2016, UC implemented a plan to increase enrollment of California undergraduates by 10,000 over three years. UC notes that when enrollment for undergraduates increase, UC typically adds faculty who are supported by graduate students. Additionally, graduate students also ensure that there are sufficient teaching assistants and graduate student instructors to handle the additional undergraduate instructional workload.		BBL	Approve \$5 million General Fund ongoing to increase resident graduate student enrollment by 500 students.
25	Redirection to Cal Grant	The May Revision proposes to redirect \$4 million from UC's budget to fund costs of the Cal Grant program for students attending private institutions accredited by the Western Association of Schools and Colleges. This adjustment, and a corresponding adjustment made to the appropriation for the CSU, would fund that cost.		BBL	Approve as proposed

Item	Subject	Description	Comments	Language	Staff Recommendation
26	State Audit Report	<p>In April 2017, the State Auditor released a report regarding the UC Office of the President. The report found that UC failed to disclose a surplus accumulated over four years, and that UC does not properly document, adequately disclose, or review all the restrictions, fund sources for presidential or university initiatives, among other findings. The State Auditor made various recommendations for UC, including the adoption of a reserve policy, evaluation and identification of changes needed in employee benefit policies, and completion of CalHR's best practice workforce planning model.</p> <p>In response to the State Audit, the May Revision proposes to set-aside \$50 million General Fund from UC's base, and DOF will not release the funds until UC has (1) completed the remaining activity-based costing pilots, (2) taken actions to attain, by the 2018-19 academic year, a ratio of at least one entering transfer student for every two entering freshmen at each campus, except for the Merced and San Francisco campuses, and (3) taken actions identified in the recommendations the Auditor made to the Regents and the Office of the President. The UC is required to submit evidence to the Director of Finance by May 1, 2018, that it has met these expectations.</p>	The State Auditor's report also highlighted that UCOP requested increases in the system wide assessment fee in two of the four years that were audited, and that UCOP provides a supplemental retirement contribution to certain UC executives.	BBL	Modify proposed BBL to also require UC to (1) adopt a policy in 2017-18 to no longer provide supplemental retirement payments to newly hired senior management employees, (2) adopt a policy to freeze the system wide assessment fee for two years starting in 2018-19, and (3) starting in 2018-19, as a part of its annual budget process, UCOP shall disclose all revenue and expenditures, including carryover funds, and a full description of system wide and presidential initiatives, including revenue sources and how these initiatives further the mission of UC. This information shall be forwarded to the appropriate committees of the Legislature.

Item	Subject	Description	Comments	Language	Staff Recommendation
27	Capital Outlay	<p>Existing law allows UC to pledge its state support appropriations to issue bonds for state-eligible projects, and as a result, the state no longer issues bonds for university capital outlay projects. This authority is limited to the costs to design, construct, or equip academic facilities to address: (1) seismic and life safety needs, (2) enrollment growth, (3) modernization of out-of-date facilities, and (4) renewal of expansion of infrastructure to serve academic programs.</p> <p>Additionally, the state allows each university to pay the associated debt service of academic facilities using its state support appropriation.</p> <p>Under UC’s capital outlay authority, existing law allows them to enter into contracts with private partners to finance, design, construct, maintain and operate state-eligible facilities. Existing law also allows UC to use state support funds to pay for availability payments, lease payments, installment payments, and other similar or related payments for capital expenditures. For the Merced project, which utilizes availability payments, statute requires UC to use its own employees for routine maintenance, meaning the partner only would perform maintenance on major buildings.</p> <p>Availability payments are performance-based payments made over the lifecycle of the facilities. Under UC Merced's 2020 project, if any facilities are not available in accordance with the contract's standards, the UC is entitled to deduct an established amount from the availability payment.</p>		TBL	<p>Adopt placeholder trailer bill language, for the 2017-18 fiscal year and each year thereafter, to require facility projects that utilize availability payments to proceed, pursuant to Section 92495, only if all work traditionally performed by persons with UC job classifications is performed only by employees of the UC.</p>

6610 - California State University: Discussion and Vote

Item	Subject	Description	Comments	Language	Staff Recommendation
28	Graduation Rates	<p>CSU reports that graduation rates are improving, increasing the four year graduation from 18.6 percent to 20 percent for its 2010 and 2012 cohort. However, despite these improvements, achievement gaps by race/ ethnicity, and socioeconomic status still persist. For instance, the four year graduation rate for white students is about 30 percent, compared to 8.7 percent of African American Students and 12 percent of Latino student.</p> <p>In an effort to address this, CSU adopted the Graduation Initiative 2025, which seeks to increase its four year graduation rate to 40 percent, and to eliminate the achievement gap. CSU is requesting \$75 million ongoing General Fund to support this initiative.</p>	<p>The LAO recommends the Legislature require CSU to report by January 1, 2018 on (1) its plans to put in place research based methods for assessment and placement, as well as (2) opportunities for campuses to make available more course slots by reducing the number of excess units that students earn. Given these opportunities for further reform and given the many other competing cost pressures facing CSU in the budget year, the Legislature may wish to place a lower priority on providing additional funding for the Graduation Initiative in 2017 18.</p> <p>Similarly, the State Auditor recently released an audit report, which recommended the Legislature improve its oversight of CSU by requiring CSU to submit an annual report that provides information on specific activities that CSU engaged in during the previous years to meet the State's goals for student success.</p>	TBL	<p>Approve \$25 million one-time for the CSU Graduation Initiative, and adopt placeholder trailer bill language to require CSU to report to the Legislature regarding (1) its plans to adopt researched based methods for assessment and placement, (2) opportunities for campuses to make more courses available by reducing the number of excess units earned, and (3) specific activities and spending for each activity CSU engaged in to meet the State's goals for student success, including activities to improve close the achievement gap for low-income students, underrepresented minority students, and first generation college students.</p>
29	Redirection to Cal Grant	<p>The May Revision proposes to redirect \$4 million from CSU's budget to fund costs of the Cal Grant program for students attending private institutions accredited by the Western Association of Schools and Colleges. This adjustment, and a corresponding adjustment made to the appropriation for the UC would fund that cost.</p>		BBL	<p>Approve as proposed.</p>

6980 - California Student Aid Commission: Discussion and Vote

Item	Subject	Description	Comments	Language	Staff Recommendation
30	Cal Grant Awards for Students Attending Private Non-Profit Universities	<p>The Governor’s January budget proposed a scheduled reduction for Cal Grants to private-non-profits and private for-profits to go into effect. This would reduce the award from \$9,084 to \$8,056. CSAC estimates the reduction will affect about 8,500 new Cal Grant recipients in 2017-18 and projects an associated \$7.4 million in savings. The number of recipients affected and the associated savings will more than triple over the following three years as recipients “grandfathered” in at the higher rate exit the program.</p> <p>The May Revision proposes an increase of \$7.96 million to maintain the maximum Cal Grant tuition award for students attending private institutions at \$9,084 (growing by \$1,028 from \$8,056 in existing law), subject to trailer bill language that requires these institutions to increase the number of low-income students enrolled, ease transfer for students who have earned associate degrees for transfer, and expand online education. Budget bill language makes this increase contingent on the adoption of legislation.</p> <p>The May Revision also scores reduced costs for the program of \$55.7 million in 2015-16 to correct prior estimates and increased costs of \$33.25 million in 2016-17 to account for the estimated increase in new recipients.</p>	<p>The subcommittee may wish to consider if it is appropriate to place conditions on Cal Grant awards. To date, the state has not placed special, unique conditions on private, nonprofit Cal Grant awards (apart from institutional eligibility criteria relating to graduation rates and student loan defaults, which also apply to UC and CSU campuses.)</p>	BBL/TBL	<p>Approve an increase of \$7.96 million to eliminate the proposed budget reduction, and to maintain the award amount of \$9,084 for students attending private institutions accredited by WASC. Reject proposed conditions related to legislation on increased enrollment, transfer process and online education, in BBL and TBL. Approve updated cost estimates for 2015-16 and 2016-17.</p>

Item	Subject	Description	Comments	Language	Staff Recommendation
31	Competitive Cal Grant Awards	<p>The May Revision proposes language to authorize CSAC to make 35,000 initial award offers for competitive Cal Grants for the 2017-18 award year. CSAC would be authorized to select the minimum scores used to determine which applicants receive offers based on the total offers specified in the item. Existing law authorizes CSAC to make 25,750 new competitive Cal Grant awards each year. CSAC currently limits initial award offers based on the number of statutorily authorized awards. However, many students who receive offers do not claim those awards. Therefore, to make the number of authorized awards, CSAC typically makes subsequent offers late in the award year. This proposal authorizes 35,000 award offers early in the year, based on recent data on the percentage of awards claimed, to better align Cal Grant notifications with student enrollment decisions.</p>	<p>LAO notes that current law places no cap on the number of awards CSAC may offer annually.</p>	BBL	<p>Approve proposal to allow CSAC to make additional initial award offers, without adjusting statutes total number of authorized awards.</p>
32	Grant Delivery System Modernization Project	<p>The May Revision includes \$546,000 in one-time funding for CSAC to continue working on replacing its online grant delivery system. CSAC uses its grant delivery system to process financial aid applications, make aid offers, and process payments. The project currently is moving through the California Department of Technology’s “Project Approval Lifecycle” process. Most state IT projects are required to go through this four-stage planning process. CSAC project currently is in stage two of the process. Of the proposed \$546,000, \$296,000 is to allow CSAC to continue contracting with an external project management team and \$250,000 is for required contracting with the Department of Technology.</p>		BBL	<p>Approve as proposed.</p>