

SUBCOMMITTEE NO. 1

Agenda

Senator Marty Block, Chair
Senator Benjamin Allen
Senator John M. W. Moorlach



Thursday, April 23, 2015
9:30 a.m. or upon adjournment of session
State Capitol - Room 3191

Consultant: Anita Lee

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6440	University of California
6610	California State University

Issue 1: SB 1210 Dream Loan (Informational Only)

California Dream Loan Program. SB 1210 (Lara), Chapter 754, Statutes of 2014, established the California Dream Loan Program (CDLP) which extends loans to students who meet requirements established by AB 540 (Firebaugh), Chapter 814, Statutes of 2001, and have financial need. The bill authorizes any campus of the UC and CSU to participate, and requires participating campus to annually contribute discretionary funds in their CDLP revolving fund that is at least equal to all of campus' CDLP fund. The purpose of this fund is to award loans and revolving loan repayments. The participating campus will administer the CDLP and will receive administrative cost allowance that cannot exceed five percent of the campus' total CDLP funds awarded. Specifically, the campus will award loan funds to students, provide entrance and exit counseling, service loans, collect loan repayment, among others.

6610	California State University
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Issue 2: CSU Graduation Rates and Degree Completion (Oversight)

Background. Four of every five college students in California are enrolled in one of the state's three public higher education systems. In terms of graduation rates, 18 percent of all first-time freshmen at the CSU receive a bachelor's degree within four years. Just over half receive a bachelor's degree within six years. Even after 10 years, only 58 percent of the students who had entered the CSU system as full-time freshman in 2002 had graduated. Many of those who do earn a bachelor's degree take longer than four years to do so—and as research indicates, the longer one is enrolled in school, the odds that they will graduate is reduced significantly.

Taking extra time and credits to earn a degree is costly and makes college less affordable. The longer students are enrolled in college, the more they will pay for tuition, fees, books, and other education-related expenses. Students also forgo potential wages they could have been earning because they are in school and not in the workforce. And, for students who work, they miss out on the higher earning potential that a college credential provides.

6600	Hastings College of Law
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Issue 3: Hastings Budget Augmentation
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Governor's Budget

The Governor's budget proposes \$10.6 million in General Fund support for Hastings, a \$1 million increase over the last year. As a part of the Governor's multi-year funding plan, the Governor has provided General Fund increases to Hastings over the last two years. In the 2014-15 budget, the Legislature approved \$1.3 million for Hastings to support the Administration's four-year investment plan. The Governor also expects "this funding will mitigate the need for Hastings to increase student tuition and fees and can be used by the law school to meet its most pressing needs."

Staff Recommendation: Hold open.

Issue 4: Hastings Capital Outlay Proposal
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Governor's 2015-16 Budget. The Governor's proposed budget requests \$36.8 million in lease-revenue bonds to construct a new, 57,000 square foot academic building on a vacant lot owned by Hastings, as well as remodeling the annex. Hastings has conducted preliminary pre-design studies and cost analysis, and prepared a cost estimate, which the Department of Finance has reviewed. Beginning in 2018-19, the project will result in debt service payments of approximately \$2.7 million General Fund annually.

Staff Recommendation: Hold open.

6980	California Student Aid Commission
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Issue 5: Student Financial Aid Programs
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College Access Tax Credit Fund. Senate Bill 798 (De León), Chapter 367, Statutes of 2014, created the College Access Tax Credit Fund, where individuals receive tax credits for charitable contributions to the College Access Tax Credit Fund. Individuals will receive tax credits in the amount of 60 percent of their contributions for 2014, 55 percent for 2015, and 50 percent for 2016, for the purpose of expanding Cal Grant B. The amount of the credit is capped at \$500 million per year (2014 through 2016), with unused amounts to carry forward. SB 174 (de León), Chapter 363, Statutes of 2014 provides for the use of the funds for the purpose of increasing the Cal Grant B access award. Cal Grant B access award will be able increase from \$1,473 to up to \$5,000 per year. Additionally, all General Fund revenue losses and administrative costs are reimbursed through the donated funds deposited in the College Access Tax Credit.

The California Educational Facilities Authority (CEFA), which operates under the State Treasurer's Office, is charged of administering fund. Specifically, CEFA must certify the contributions, establish procedures for taxpayers to contribute to the fund, obtain certification

for the credit, and provide a copy of credit certificates to the Franchise Tax Board. CSAC will then determine the amount of the supplemental awards to be granted and administrative costs incurred.

Staff Recommendation: Adopt placeholder trailer bill language for technical clean-up of the College Access Tax Credit. Place holder language will align administrative funding with program timing, which will result in no General Fund costs, address certain tax issues, and to extend the program by one year due to late implementation. (Approved 3-0)

Issue 6: Grant Delivery System Modernization

The Governor's 2015-16 Budget. The Governor's budget provides \$840,000 General Fund to CSAC for four new information technology positions and three limited term consultants to begin the process of creating a new financial aid delivery system. The consultants will cost \$511,000 in the budget year, which will include a project manager, independent verification and validation (IV&V), and independent project oversight (IPO). Provisional language in the budget requires CSAC to work with the department, and CSAC has agreed to follow the department's procedures as it develops this project.

Staff Recommendation: Hold Open.

Issue 7: Senate Bill 1028 Implementation

Description. The Governor's budget requests \$95,000 General Fund and position authority for one Associate Governmental Program Analyst (AGPA), and associated operating expenses to fulfill the new responsibilities created in SB 1028 (Jackson), Chapter 692, Statutes of 2014. When this legislation was approved by the Appropriations committees in both houses, it was understood that implementation would require a new position for CSAC.

Staff Recommendation. Approve the funding and position to implement SB 1028. (Approved 3-0)

Issue 8: Funding Financial Aid Outreach and Loan Assumption Programs

The Governor's 2015-16 Budget. The federal College Access Challenge Grant is set to expire. The Governor's budget proposes \$15 million General Fund to backfill this lost federal funding to support the Cal-SOAP, Cash for College, and APLE programs, as the chart below indicates. The proposal would maintain current funding levels for each program.

Staff Recommendation: Hold Open