

May 15, 2014

Governor's May Revision Proposals: Student Aid Commission

LEGISLATIVE ANALYST'S OFFICE

Presented to:
Assembly Budget Subcommittee No. 2 on Education Finance
Hon. Al Muratsuchi, Chair





California Student Aid Commission



Caseload Changes

- Fund increased participation in Cal Grants (\$13.9 million in 2013-14 and \$25.1 million in 2014-15).
 - New entitlement awards increased 4 percent in current year compared with January projections, primarily at CSU (CCC transfers) and CCC (high school graduates).
 - Dream Act participation accounts for \$5.8 million of 2014-15 increase.
- Increase cost estimate for expanding Cal Grant renewal eligibility from \$14.9 million to \$15.8 million.
- Reduce loan assumption program funding (-\$148,000 in 2013-14 and -\$735,000 in 2014-15).



Fund Shifts

- Replace \$104.5 million in federal Temporary Assistance for Needy Families funds with General Fund.
- Replace \$60 million in Student Loan Operating Fund support with General Fund.
- Replace \$6 million in General Fund support with funds available from retiring Cal Loan program.



Reimbursement Authority

- Authorize commission to accept up to \$52,000 (one-time) in reimbursements from researchers requesting data.



Assessment and Recommendations



Assessment

- Proposed augmentations appear to credibly reflect participation growth experienced in the current year and carried forward to the budget year.
- Fund shifts are related to availability of federal and special funds and have no programmatic effect on Cal Grants.
- Research facilitated by reimbursement authority could result in new information that improves state's financial aid policy decisions.



Recommendations

- Adopt proposed caseload adjustments.
- Adopt proposed fund shifts.
- Adopt proposed reimbursement authority.



| Cal Grant Recipients | | | | | | | | |
|---|----------------|----------------|--------------|----------------|----------------|--------------|-------------------------------------|-----------|
| | 2013-14 | | | 2014-15 | | | Year-to-Year Change at May Revision | |
| | January | May | Change | January | May | Change | Number | Percent |
| By Segment: | | | | | | | | |
| California State University | 97,755 | 101,515 | 3,760 | 105,247 | 110,437 | 5,190 | 8,922 | 9% |
| California Community Colleges | 89,968 | 91,338 | 1,370 | 96,028 | 98,779 | 2,751 | 7,441 | 8 |
| University of California | 64,892 | 65,382 | 490 | 68,475 | 69,356 | 881 | 3,974 | 6 |
| Private nonprofit institutions | 27,128 | 27,128 | — | 27,909 | 27,908 | -1 | 780 | 3 |
| Private for-profit institutions | 5,991 | 6,271 | 280 | 7,264 | 7,350 | 86 | 1,079 | 17 |
| Totals | 285,734 | 291,634 | 5,900 | 304,923 | 313,830 | 8,907 | 22,198 | 8% |
| By Program: | | | | | | | | |
| High School Entitlement | 210,671 | 214,121 | 3,450 | 225,364 | 228,657 | 3,293 | 14,536 | 7% |
| CCC Transfer Entitlement | 27,224 | 29,904 | 2,680 | 27,916 | 33,761 | 5,845 | 3,857 | 13 |
| Competitive | 39,370 | 39,370 | — | 42,121 | 42,121 | — | 2,751 | 7 |
| Cal Grant C | 8,468 | 8,238 | -230 | 9,522 | 9,292 | -230 | 1,054 | 13 |
| Totals | 285,733 | 291,633 | 5,900 | 304,923 | 313,831 | 8,908 | 22,198 | 8% |
| By Award Type: | | | | | | | | |
| Cal Grant A | 102,943 | 102,229 | -714 | 111,197 | 109,257 | -1,940 | 7,028 | 7% |
| Cal Grant B | 174,321 | 181,166 | 6,845 | 184,204 | 195,282 | 11,078 | 14,116 | 8 |
| Cal Grant C | 8,468 | 8,238 | -230 | 9,522 | 9,292 | -230 | 1,054 | 13 |
| Totals | 285,732 | 291,633 | 5,901 | 304,923 | 313,831 | 8,908 | 22,198 | 8% |
| By New or Renewal: | | | | | | | | |
| New | 118,839 | 123,329 | 4,490 | 118,458 | 124,097 | 5,639 | 768 | 1% |
| Renewal | 166,894 | 168,304 | 1,410 | 186,465 | 189,734 | 3,269 | 21,429 | 13 |
| Totals | 285,733 | 291,633 | 5,900 | 304,923 | 313,831 | 8,908 | 22,198 | 8% |
| Totals do not match across all categories due to modeling issues. Posted May 2014. | | | | | | | | |



| Cal Grant Spending | | | | | | | | |
|------------------------------|----------------|----------------|-------------|----------------|----------------|-------------|---|-----------|
| <i>(Dollars in Millions)</i> | | | | | | | | |
| | 2013-14 | | | 2014-15 | | | Year-to-Year Change at May Revision | |
| | January | May | Change | January | May | Change | Amount | Percent |
| By Segment: | | | | | | | | |
| UC | \$781 | \$773 | -\$8 | \$822 | \$818 | -\$5 | \$45 | 6% |
| CSU | 501 | 518 | 17 | 552 | 577 | 25 | 58 | 11 |
| Private nonprofit schools | 240 | 240 | — | 238 | 239 | — | -1 | -1 |
| CCC | 100 | 102 | 2 | 107 | 111 | 4 | 9 | 8 |
| Private for-profit schools | 35 | 37 | 3 | 37 | 38 | 1 | — | 1 |
| Totals | \$1,656 | \$1,670 | \$14 | \$1,756 | \$1,781 | \$25 | \$111 | 7% |
| By Program: | | | | | | | | |
| High School Entitlement | \$1,331 | \$1,323 | -\$8 | \$1,418 | \$1,395 | -\$23 | \$72 | 5% |
| CCC Transfer Entitlement | 214 | 236 | 22 | 217 | 266 | 49 | 30 | 13 |
| Competitive | 105 | 104 | — | 114 | 113 | -1 | 9 | 9 |
| Cal Grant C | 6 | 6 | — | 6 | 6 | — | 1 | 11 |
| Totals | \$1,656 | \$1,670 | \$14 | \$1,756 | \$1,781 | \$25 | \$111 | 7% |
| By Award Type: | | | | | | | | |
| Cal Grant A | \$985 | \$964 | -\$21 | \$1,059 | \$1,027 | -\$31 | \$63 | 7% |
| Cal Grant B | 665 | 700 | 35 | 691 | 747 | 57 | 47 | 7 |
| Cal Grant C | 6 | 6 | — | 6 | 6 | — | 1 | 11 |
| Totals | \$1,656 | \$1,670 | \$14 | \$1,756 | \$1,781 | \$25 | \$111 | 7% |
| By New or Renewal: | | | | | | | | |
| New | \$541 | \$554 | \$13 | \$525 | \$543 | \$18 | -\$11 | -2% |
| Renewal | 1,115 | 1,116 | 1 | 1,231 | 1,238 | 8 | 122 | 11 |
| Totals | \$1,656 | \$1,670 | \$14 | \$1,756 | \$1,781 | \$25 | \$111 | 7% |
| By Funding Source: | | | | | | | | |
| General Fund | \$1,016 | \$1,030 | \$14 | \$1,151 | \$1,340 | \$190 | \$310 | 30% |
| Federal TANF | 542 | 542 | — | 545 | 440 | -104 | -101 | -19 |
| Student Loan Operating Fund | 98 | 98 | — | 60 | — | -60 | -98 | |
| Totals | \$1,656 | \$1,670 | \$14 | \$1,756 | \$1,781 | \$25 | \$111 | 7% |

TANF = Temporary Assistance for Needy Families.
Posted May 2014.