

AMENDED IN ASSEMBLY JUNE 21, 2004

AMENDED IN SENATE MAY 24, 2004

AMENDED IN SENATE APRIL 21, 2004

SENATE BILL

No. 1322

Introduced by Senator Denham

February 17, 2004

An act to amend Sections 66025.6, 69433.4, 69750, 69750.3, 69750.5, 69750.7, and 69751 of, to add Section 69751.4 to, and to repeal and add Section 69751.3 of, the Education Code, and to amend Section 981.8 of the Military and Veterans Code, relating to veterans.

LEGISLATIVE COUNSEL'S DIGEST

SB 1322, as amended, Denham. Veterans: student financial aid.

(1) Existing law, until January 1, 2007, grants to qualifying members of the National Guard, the State Military Reserve, and the Naval Militia an entitlement to academic leave when active duty, as defined, interrupts undergraduate college attendance for the purpose of pursuing an undergraduate degree.

This bill would extend the duration of this entitlement until January 1, 2012. The bill would also extend this entitlement to members of the National Guard, the State Military Reserve, and the Naval Militia who are graduate students or who are enrolled in or who have completed a program of instruction in a vocational diploma program, as defined, where enrollment qualifies a student for participation in the Federal Family Education Loan Program or any loan program approved by the Student Aid Commission.

(2) Existing law, known as the Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Act, establishes the

Cal Grant A and B entitlement awards, the California Community College Transfer Entitlement awards, the Competitive Cal Grant A and B awards, the Cal Grant C awards, and the Cal Grant T awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions. Among other things, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act requires, until January 1, 2007, that a recipient of a Cal Grant award who is a member of the National Guard, the State Military Reserve, or the Naval Militia on active duty, as defined, who is obliged to withdraw from his or her studies because of that active duty, and who later resumes those studies no later than one year after completing that active duty, does not forfeit either any of the monetary value of the Cal Grant award or any of his or her period of eligibility for that award.

This bill would extend the duration of this requirement until January 1, 2012.

(3) Existing law establishes, commencing with the 2004–05 fiscal year, and ending with the 2006–07 fiscal year, the National Guard Assumption Program of Loans for Education, for qualifying members of the National Guard, the State Military Reserve, and the Naval Militia as defined, who seek, or who have completed, baccalaureate degrees at institutions of higher education within this state, who receive a loan under a designated loan program, and who complete a certain period of service as qualifying members. Under the National Guard Assumption Program of Loans for Education, a qualifying member is eligible to receive up to \$11,000 in loan assumption payments if he or she completes up to 4 years of qualifying service.

This bill would instead provide that the program is established to provide an incentive for persons to enlist or reenlist in the National Guard, the State Military Reserve, or the Naval Militia. The bill would authorize persons who otherwise qualify for participation in the program, and who are enrolled in, or have completed, a program of study in a qualifying vocational diploma program, to participate in the program.

The bill would require the Student Aid Commission to report annually to the Legislature regarding the total number of participants in the program, as well as the number of participants who receive a loan assumption benefit, classified by payment year, and categorized by age, ethnicity, and gender. The bill would require the Legislative Analyst's Office, in consultation with the Military Department and the Student



Aid Commission, to evaluate the programs discussed above. The bill would require that this evaluation be submitted, in writing, to the Director of Finance and the Legislature no later than July 1, 2006.

The bill would specify that, in ~~any~~ *the 2004–05 fiscal year, the commission shall issue up to 100 new warrants under this program, and, commencing with the 2005–06 fiscal year, the commission may not issue more than the number of warrants that are authorized by the Governor and the Legislature in the annual Budget Act for the assumption of loans under this bill.*

(4) Existing law, in effect until January 1, 2007, requests the Office of the Adjutant General to make copies of the enrollment fee waiver application of the Board of Governors of the California Community Colleges and the Free Application for Federal Student Aid (FAFSA) available to each member of the California National Guard, the State Military Reserve, and the Naval Militia who does not have a baccalaureate degree. Existing law also requests the Office of the Adjutant General to assist these persons in completing these forms, as needed.

This bill would extend the operation of the provisions containing these requests until January 1, 2012.

(5) *The bill would incorporate additional changes to Sections 66025.6 and 69751 of the Education Code proposed by AB 1997, to become operative only if AB 1997 and this bill are both chaptered and become effective on or before January 1, 2005, and this bill is chaptered last.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 66025.6 of the Education Code is
2 amended to read:
3 66025.6. (a) As used in this section, the following terms have
4 the following meanings:
5 (1) “Active duty” means either of the following:
6 (A) Active federal service or full-time national guard duty on
7 behalf of the United States of America either voluntarily, or when
8 involuntarily ordered to duty by appropriate authorities under Title
9 10 or Title 32 of the United States Code during a period of armed
10 conflict, mobilization, contingency operations, or other crisis.



1 (B) (i) Active military duty in the service of the state when the
2 Governor has issued a proclamation of a state of insurrection
3 pursuant to Section 143 of the Military and Veterans Code or a
4 proclamation of a state of emergency; or

5 (ii) When the National Guard is on active duty pursuant to
6 Section 146 of the Military and Veterans Code, or is called to active
7 service or duty under Chapter 7.5 (commencing with Section 400)
8 of Part 1 of Division 2 of the Military and Veterans Code, and a
9 certificate of satisfactory service, or an equivalent thereof, is
10 issued by the Military Department.

11 (2) “Qualifying member” means a person who:

12 (A) Is a resident, as defined in Section 68017.

13 (B) Is currently an active member of, and has satisfactorily
14 served for at least one year in, the California National Guard, the
15 State Military Reserve, or the Naval Militia, and maintains
16 satisfactory service throughout the period that he or she receives
17 consideration pursuant to this section, or throughout the period
18 that his or her student loan payments are assumed under Article
19 12.5 (commencing with Section 69750) of Chapter 2 of Part 42,
20 whichever is longer.

21 (C) Has completed a baccalaureate degree, or is currently
22 enrolled, and in good standing, in an undergraduate program of
23 instruction, or has been admitted to a program in which he or she
24 will be enrolled, on at least a half-time basis, at an institution of
25 higher education in this state, or is enrolled and in good standing
26 in or has completed a program of instruction in a vocational
27 diploma program as defined in Section 94746 where enrollment
28 qualifies a student for participation in the Federal Family
29 Education Loan Program (20 U.S.C. Sec. 1071 et seq.) or any loan
30 program approved by the Student Aid Commission.

31 (b) (1) Any qualifying member, and any member of the
32 California National Guard, the State Military Reserve, or the
33 Naval Militia who meets the qualifications of subparagraphs (A)
34 and (B) of paragraph (2) of subdivision (a) and who is enrolled,
35 and in good standing in a graduate program of instruction, who
36 undertakes active duty is entitled to an academic leave of absence
37 for any academic session that the person is unable to attend or
38 complete because he or she is on active duty. It is the intent of the
39 Legislature that a graduate or undergraduate student who is called
40 to active military duty as a member of the California National



1 Guard, the State Military Reserve, or the Naval Militia not be
2 academically penalized as a result of any academic leave of
3 absence that he or she takes in accordance with this paragraph.

4 (2) The graduation requirements for a qualifying member who,
5 within one year of returning from active duty, resumes his or her
6 studies at the same postsecondary educational institution shall be,
7 to the extent that it is feasible, the same as the graduation
8 requirements at the time the qualifying member initially enrolled.

9 (c) The Military Department shall determine whether an
10 individual meets the requirements of “active duty” and
11 “qualifying member,” as they are set forth in subdivision (a). The
12 department shall issue a certificate to individuals who meet those
13 requirements.

14 (d) This section shall remain in effect only until January 1,
15 2012, and as of that date is repealed, unless a later enacted statute
16 that is enacted before January 1, 2012, deletes or extends that date.

17 *SEC. 1.5. Section 66025.6 of the Education Code is amended*
18 *to read:*

19 66025.6. (a) As used in this section, the following terms have
20 the following meanings:

21 (1) “Active duty” means either of the following:

22 (A) Active federal service or full-time national guard duty on
23 behalf of the United States of America either voluntarily, or when
24 involuntarily ordered to duty by appropriate authorities under Title
25 10 or Title 32 of the United States Code during a period of armed
26 conflict, mobilization, contingency operations, or other crisis.

27 (B) (i) Active military duty in the service of the state when the
28 Governor has issued a proclamation of a state of insurrection
29 pursuant to Section 143 of the Military and Veterans Code or a
30 proclamation of a state of emergency; or

31 (ii) When the National Guard is on active duty pursuant to
32 Section 146 of the Military and Veterans Code, or is called to active
33 service or duty under Chapter 7.5 (commencing with Section 400)
34 of Part 1 of Division 2 of the Military and Veterans Code, and a
35 certificate of satisfactory service, or an equivalent thereof, is
36 issued by the Military Department.

37 (2) “Qualifying member” means a person who:

38 (A) Is a resident, as defined in Section 68017.

39 (B) Is currently an active member of, and has satisfactorily
40 served for at least one year in, the California National Guard, the



1 State Military Reserve, or the Naval Militia, and maintains
2 satisfactory service throughout the period that ~~tuition and fees are~~
3 ~~waived~~ *he or she receives consideration pursuant to* pursuant to
4 this section, *or throughout the period that his or her student loan*
5 *payments are assumed under Article 12.5 (commencing with*
6 *Section 69750) of Chapter 2 of Part 42, whichever is longer.*

7 (C) ~~Is~~ *Has completed a baccalaureate degree, or is currently*
8 *enrolled, and in good standing, in an undergraduate program of*
9 *instruction, or has been admitted to a program in which he or she*
10 *will be enrolled, on at least a half-time basis, at a campus of the*
11 ~~University of California, the California State University, or the~~
12 ~~California Community Colleges~~ *an institution of higher education*
13 *in this state, or is enrolled in or has completed a program of*
14 *instruction in a vocational diploma program as defined in Section*
15 *94746 where enrollment qualifies a student for participation in the*
16 *Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et*
17 *seq.) or any loan program approved by the Student Aid*
18 *Commission.*

19 (b) (1) (A) *Any qualifying member, and any member of the*
20 *California National Guard, the State Military Reserve, or the*
21 *Naval Militia who meets the qualifications of subparagraphs (A)*
22 *and (B) of paragraph (2) of subdivision (a) and who is enrolled,*
23 *and in good standing in a graduate program of instruction, who*
24 *undertakes active duty is entitled to an academic leave of absence*
25 *for any academic session that the* ~~qualifying member person~~ *is*
26 *unable to attend or complete because he or she is on active duty.*

27 ~~(2) A qualifying member who takes an academic leave of~~
28 ~~absence during an academic session pursuant to this subdivision~~
29 ~~may have his or her transcripts cleared for that academic term.~~

30 ~~(3) The~~

31 (B) *It is the intent of the Legislature that a graduate or*
32 *undergraduate student who is called to active military duty as a*
33 *member of the California National Guard, the State Military*
34 *Reserve, or the Naval Militia not be academically penalized as a*
35 *result of any academic leave of absence that he or she takes in*
36 *accordance with this paragraph.*

37 (2) *To the extent that it is feasible, graduation requirements for*
38 *a qualifying member who, within one year of returning from active*
39 *duty, resumes his or her studies at the same postsecondary*



1 educational institution shall be the same as the graduation
2 requirements at the time the qualifying member initially enrolled.

3 (c) The Military Department shall determine whether an
4 individual meets the requirements of “active duty” and
5 “qualifying member,” as they are set forth in subdivision (a). The
6 department shall issue a certificate to individuals who meet those
7 requirements.

8 (d) This section shall remain in effect only until January 1,
9 ~~2007~~ 2012, and as of that date is repealed, unless a later enacted
10 statute that is enacted before January 1, ~~2007~~ 2012, deletes or
11 extends that date.

12 SEC. 2. Section 69433.4 of the Education Code is amended
13 to read:

14 69433.4. (a) Notwithstanding any other provision of law, a
15 recipient of a Cal Grant award who is a member of the National
16 Guard, the State Military Reserve, or the Naval Militia on active
17 duty within the meaning of Section 66025.6, who is obliged to
18 withdraw from his or her studies because of that active duty, and
19 who later resumes those studies no later than one year after
20 completing that active duty, does not forfeit either any of the
21 monetary value of the Cal Grant award or any of his or her period
22 of eligibility for that award.

23 (b) This section shall remain in effect only until January 1,
24 2012, and as of that date is repealed, unless a later enacted statute
25 that is enacted before January 1, 2012, deletes or extends that date.

26 SEC. 3. Section 69750 of the Education Code is amended to
27 read:

28 69750. Commencing with the 2004–05 fiscal year, the
29 National Guard Assumption Program of Loans for Education is
30 established to provide an incentive for persons to enlist or reenlist
31 in the National Guard, the State Military Reserve, or the Naval
32 Militia within the meaning of Section 66025.6 who seek, or who
33 have completed, degrees at institutions of higher education within
34 this state, or who are enrolled in or have completed a program of
35 instruction in a vocational diploma program, as defined in Section
36 94746, where enrollment qualifies a student for participation in the
37 Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et
38 seq.) or any loan program approved by the Student Aid
39 Commission for this purpose.



1 SEC. 4. Section 69750.3 of the Education Code is amended
2 to read:

3 69750.3. (a) A person who meets all of the following
4 conditions is eligible to enter into an agreement for loan
5 assumption, to be redeemed pursuant to Section 69750.5:

6 (1) The applicant agrees to enlist, or reenlist, in the National
7 Guard, the State Military Reserve, or the Naval Militia.

8 (2) The applicant is enrolled in an institution of higher
9 education or a vocational diploma program, as defined in Section
10 94746, that participates in the loan assumption program set forth
11 in this article.

12 (3) In order to meet the costs associated with obtaining a degree
13 or enrollment in a qualified vocational diploma program as
14 defined in Section 94746, the applicant has received, or is
15 approved to receive, a loan under one or more of the following
16 designated loan programs:

17 (A) The Federal Family Education Loan Program (20 U.S.C.
18 Sec. 1071 et seq.).

19 (B) Any loan program approved by the Student Aid
20 Commission.

21 (b) A person participating in the program pursuant to this
22 article shall not be eligible to enter into more than one agreement
23 under this article.

24 SEC. 5. Section 69750.5 of the Education Code is amended
25 to read:

26 69750.5. The Student Aid Commission shall commence loan
27 assumption payments, as required by Section 69750.7, upon
28 receipt of a certificate from the Military Department verifying that
29 the applicant has completed the enlistment and military service
30 requirements, and upon determination that the applicant has
31 otherwise met the requirements of the loan assumption agreement
32 and all other conditions of this article.

33 SEC. 6. Section 69750.7 of the Education Code is amended
34 to read:

35 69750.7. The terms of the loan assumption agreements
36 granted under this article shall be as follows, subject to the specific
37 terms of each warrant:

38 (a) After a program participant has completed one year of
39 service as, or in the case of a participant who is eligible because he
40 or she has agreed to reenlist, one year of additional service as, a



1 qualifying member within the meaning of Section 66025.6, the
2 Student Aid Commission shall assume up to two thousand dollars
3 (\$2,000) of the participant's outstanding liability, related to
4 qualifying undergraduate or vocational education, under one or
5 more of the designated loan programs.

6 (b) After a program participant has completed two consecutive
7 years of service as, or in the case of a participant who is eligible
8 because he or she has agreed to reenlist, two consecutive years of
9 additional service as, a qualifying member within the meaning of
10 Section 66025.6, the commission shall assume up to an additional
11 three thousand dollars (\$3,000) of the participant's outstanding
12 liability, related to qualifying undergraduate or vocational
13 education, under one or more of the designated loan programs, for
14 a total loan assumption of up to five thousand dollars (\$5,000).

15 (c) After a program participant has completed three
16 consecutive years of service as, or in the case of a participant who
17 is eligible because he or she has agreed to reenlist, three
18 consecutive years of additional service as, a qualifying member
19 within the meaning of Section 66025.6, the commission shall
20 assume up to a maximum of an additional three thousand dollars
21 (\$3,000) of the participant's outstanding liability, related to
22 qualifying undergraduate or vocational education, under one or
23 more of the designated loan programs, for a total loan assumption
24 of up to eight thousand dollars (\$8,000).

25 (d) After a program participant has completed four consecutive
26 years of service as, or in the case of a participant who is eligible
27 because he or she has agreed to reenlist, four consecutive years of
28 additional service as, a qualifying member within the meaning of
29 Section 66025.6, the commission shall assume up to a maximum
30 of an additional three thousand dollars (\$3,000) of the participant's
31 outstanding liability, related to qualifying undergraduate or
32 vocational education, under one or more of the designated loan
33 programs, for a total loan assumption of up to eleven thousand
34 dollars (\$11,000).

35 SEC. 7. Section 69751 of the Education Code is amended to
36 read:

37 69751. (a) The Student Aid Commission shall administer
38 this article, and, in consultation with the Military Department,
39 shall adopt rules and regulations for that purpose. The rules and
40 regulations shall include, but need not be limited to, provisions



1 regarding the period of time for which a loan assumption
2 agreement shall remain valid, the reallocation of funds that are not
3 utilized, and the development of projections for funding purposes.
4 The commission shall solicit the advice of representatives from
5 postsecondary education institutions regarding the proposed rules
6 and regulations. The commission shall adopt initial regulations for
7 the program within six months of the effective date of the initial
8 appropriation funding the program.

9 (b) The Student Aid Commission shall work in conjunction
10 with lenders participating in federal loan programs to develop a
11 streamlined application process for participation in the program
12 set forth in this article.

13 SEC. 7.5. *Section 69751 of the Education Code is amended to*
14 *read:*

15 69751. (a) The Student Aid Commission shall administer
16 this article, and, *in consultation with the Military Department,*
17 shall adopt rules and regulations for that purpose. The rules and
18 regulations shall include, but need not be limited to, provisions
19 regarding the period of time for which a loan assumption
20 agreement shall remain valid, the reallocation of funds that are not
21 utilized, and the development of projections for funding purposes.
22 The commission shall solicit the advice of representatives from
23 postsecondary ~~education~~ *educational* institutions regarding the
24 proposed rules and regulations. *The commission shall adopt initial*
25 *regulations for the program within six months of the effective date*
26 *of the initial appropriation funding the program.*

27 (b) The Student Aid Commission shall work in conjunction
28 with lenders participating in federal loan programs to develop a
29 streamlined application process for participation in the program
30 set forth in this article.

31 SEC. 8. Section 69751.3 of the Education Code is repealed.

32 SEC. 8.5. Section 69751.3 is added to the Education Code, to
33 read:

34 69751.3. (a) The Student Aid Commission shall report
35 annually to the Legislature regarding program participation,
36 including, but not necessarily limited to, both of the following, as
37 categorized on the basis of age, ethnicity, and gender:

38 (1) The total number of participants in the program established
39 by this article.



1 (2) The number of participants who receive a loan assumption
2 benefit, classified by payment year.

3 (b) The Legislative Analyst's Office, in consultation with the
4 Military Department and the Student Aid Commission, shall
5 evaluate the operation of the benefits and programs established
6 pursuant to this article, as well as those benefits established
7 pursuant to Section 66025.6. This evaluation shall be submitted,
8 in writing, to the Director of Finance and the Legislature no later
9 than July 1, 2006. It is the intent of the Legislature that the
10 Legislative ~~Analysts~~ *Analyst's* Office be reimbursed for its costs
11 in conducting this evaluation from funds appropriated to fund the
12 programs and benefits provided under this article and pursuant to
13 Section 66025.6.

14 SEC. 9. Section 69751.4 is added to the Education Code, to
15 read:

16 69751.4. Notwithstanding any other provision of law, in any
17 law:

18 (a) *In the 2004–05 fiscal year, the commission shall issue up to*
19 *100 new warrants under this article.*

20 (b) *Commencing with the 2005–06 fiscal year, the commission*
21 *shall issue no more than the number of warrants that are authorized*
22 *by the Governor and the Legislature in the annual Budget Act for*
23 *the assumption of loans under this article.*

24 SEC. 10. Section 981.8 of the Military and Veterans Code is
25 amended to read:

26 981.8. (a) The Office of the Adjutant General is requested to
27 annually make both of the following available to each member of
28 the California National Guard, the State Military Reserve, and the
29 Naval Militia who does not have a baccalaureate degree:

30 (1) A copy of the enrollment fee waiver application of the
31 Board of Governors of the California Community Colleges.

32 (2) A copy of the Free Application for Federal Student Aid
33 (FAFSA).

34 (b) The Office of the Adjutant General is requested to provide
35 assistance as necessary to help the members complete the forms
36 made available to them under subdivision (a).

37 (c) This section shall remain in effect only until January 1,
38 2012, and as of that date is repealed, unless a later enacted statute
39 that is enacted before January 1, 2012, deletes or extends that date.



1 *SEC. 11. Section 1.5 of this bill incorporates amendments to*
2 *Section 66025.6 of the Education Code proposed by both this bill*
3 *and AB 1997. It shall only become operative if (1) both bills are*
4 *enacted and become effective on or before January 1, 2005, (2)*
5 *each bill amends Section 66025.6 of the Education Code, and (3)*
6 *this bill is enacted after AB 1997, in which case Section 1 of this*
7 *bill shall not become operative.*

8 *SEC. 12. Section 7.5 of this bill incorporates amendments to*
9 *Section 69751 of the Education Code proposed by both this bill*
10 *and AB 1997. It shall only become operative if (1) both bills are*
11 *enacted and become effective on or before January 1, 2005, (2)*
12 *each bill amends Section 69751 of the Education Code, and (3)*
13 *this bill is enacted after AB 1997, in which case Section 7 of this*
14 *bill shall not become operative.*

