

AMENDED IN ASSEMBLY FEBRUARY 9, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1501

Introduced by ~~Committee on Budget (Blumenfield (Chair), Alejo, Bonilla, Brownley, Buchanan, Butler, Cedillo, Chesbro, Dickinson, Feuer, Gordon, Huffman, Mitchell, Monning, and Swanson)~~ Assembly Member John A. Pérez

(Coauthors: Assembly Members Alejo, Allen, Ammiano, Atkins, Beall, Block, Blumenfield, Bonilla, Bradford, Brownley, Buchanan, Butler, Charles Calderon, Campos, Carter, Cedillo, Chesbro, Davis, Dickinson, Eng, Feuer, Fuentes, Furutani, Galgiani, Gatto, Gordon, Hall, Hayashi, Roger Hernández, Hill, Huber, Hueso, Huffman, Lara, Bonnie Lowenthal, Ma, Mitchell, Monning, Pan, Perea, V. Manuel Pérez, Skinner, Solorio, Torres, Wieckowski, Williams, and Yamada)

January 10, 2012

An act to add Article 22 (commencing with Section 70020) to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, relating to the Budget Act of 2012: student financial aid, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1501, as amended, ~~Committee on Budget~~ John A. Pérez. ~~Budget Act of 2012. Student financial aid: Middle Class Scholarship Program.~~

(1) Existing law provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory

systemwide fees, among other fees, be paid by students at these institutions.

This bill would establish the Middle Class Scholarship Program under the administration of the Student Aid Commission. The bill would provide that, commencing with the 2012–13 academic year, undergraduate students enrolled at the University of California or the California State University would receive a scholarship award that, combined with other financial aid received by an eligible student, would be at least $\frac{2}{3}$ of the amount charged that student for mandatory systemwide fees in that academic year if the student meets the following conditions: annual household income does not exceed \$150,000; is a resident of this state or exempt from paying nonresident tuition; files specified financial aid forms; and makes timely application or applications for publicly funded student financial aid, as defined, for which he or she is eligible.

The bill would provide that a student whose annual household income exceeds \$150,000, but does not exceed \$160,000, and who otherwise meets the requirements, would receive a scholarship that is reduced by 10% for each \$1,000 by which his or her annual household income exceeds \$150,000.

The bill would require, in order for students enrolled in their respective segments to remain eligible to receive financial aid under the bill, the University of California and the California State University to maintain their respective institutional student financial aid programs at a level that, at a minimum, is equivalent to the level maintained during the 2011–12 academic year.

The bill would continuously appropriate from the Middle Class Scholarship Fund to the Student Aid Commission an amount determined by the Student Aid Commission to be sufficient, when combined with financial aid received by eligible students from other sources, to cover the cost of at least $\frac{2}{3}$ of the amount of mandatory systemwide fees charged to resident students and students who are exempt from nonresident tuition in the 2012–13 academic year and subsequent academic years. These funds would be allocated to the Regents of the University of California and the Trustees of California State University for implementation of this bill.

The bill would authorize the Student Aid Commission, in the event that, in any academic year, there are funds remaining in the Middle Class Scholarship Fund after funds have been allocated to all eligible students of the respective universities, to expend these remaining funds

for purposes of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program.

The bill would appropriate \$150,000,000 from the Middle Class Scholarship Fund to the Chancellor of the California Community Colleges for allocation to community college districts based on calculations of full-time equivalent students. The funds allocated to a community college district pursuant to this provision would be expended for the provision of scholarship grants to students to reduce the impact of enrollment fees on, or to help cover the cost of textbooks and other educational expenses.

(2) This bill would become operative only if AB 1500 of the 2011–12 Regular Session is chaptered and establishes a Middle Class Scholarship Fund.

(3) This bill would declare that it is to take effect immediately as an urgency statute.

This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2012.

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

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

1 SECTION 1. Article 22 (commencing with Section 70020) is
2 added to Chapter 2 of Part 42 of Division 5 of Title 3 of the
3 Education Code, to read:

4
5 Article 22. Middle Class Scholarship Program

6
7 70020. The Middle Class Scholarship Program is hereby
8 established under the administration of the Student Aid
9 Commission.

10 70021. (a) (1) Commencing with the 2012–13 academic year,
11 an undergraduate student enrolled in the California State
12 University or the University of California who meets the
13 requirements of paragraph (2) is eligible for a grant award as
14 described in paragraph (2).

15 (2) Each academic year, a student shall receive a scholarship
16 grant in an amount that, combined with other financial aid received
17 by an eligible student, is at least two-thirds of the amount charged

1 *that student in that academic year for mandatory systemwide fees,*
2 *if all of the following requirements are met:*

3 *(A) The student's annual household income does not exceed*
4 *one hundred fifty thousand dollars (\$150,000), except as provided*
5 *in paragraph (3). For purposes of this article, annual household*
6 *income shall be calculated in a manner that is consistent with the*
7 *requirements applicable to the*
8 *Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program*
9 *(Chapter 1.7 (commencing with Section 69430)) and Section 69506.*

10 *(B) The student is either a resident of the state or is exempt from*
11 *paying nonresident tuition.*

12 *(C) The student completes and submits a Free Application for*
13 *Federal Student Aid (FAFSA) application. If the student is not able*
14 *to complete a FAFSA application, the student submits an*
15 *application determined by the university he or she attends to be*
16 *equivalent to the FAFSA application for purposes of this article.*

17 *(D) The student makes a timely application or applications for*
18 *publicly funded student financial aid from programs for which he*
19 *or she is eligible, other than the program established by this article.*
20 *For purposes of this subparagraph, "publicly funded student*
21 *financial aid" includes federal, institutional, and state student*
22 *financial aid programs.*

23 *(3) The scholarship award under this article of a student whose*
24 *annual household income is greater than one hundred fifty*
25 *thousand dollars (\$150,000), but does not exceed one hundred*
26 *sixty thousand dollars (\$160,000), and who otherwise meets the*
27 *requirements of paragraph (2), shall be reduced by 10 percent for*
28 *each one thousand dollars (\$1,000) that the student's annual*
29 *household income exceeds one hundred fifty thousand dollars*
30 *(\$150,000).*

31 *(b) In order for students enrolled in their respective segments*
32 *to remain eligible to receive financial aid under this article, the*
33 *University of California and the California State University shall*
34 *maintain their respective institutional student financial aid*
35 *programs at a level that, at a minimum, is equivalent to the level*
36 *maintained during the 2011–12 academic year.*

37 *(c) The University of California and the California State*
38 *University shall report on the implementation of this article as*
39 *part of the report made pursuant to Section 66021.1. The California*
40 *Community Colleges shall report on the implementation of this*

1 *article, including, but not necessarily limited to, the allocation*
2 *and use of funds by community college districts, as part of the*
3 *annual report made pursuant to paragraph (2) of subdivision (b)*
4 *of Section 70901.*

5 *70022. It is the intent of the Legislature that all of the following*
6 *occur:*

7 *(a) The program created pursuant to this article shall augment,*
8 *and not replace, other state-supported financial aid and*
9 *institutional aid programs and federal grants.*

10 *(b) That the amount of the student financial aid provided to*
11 *students under this article be increased to accommodate increases*
12 *in the cost of mandatory systemwide fees charged to students of*
13 *the University of California and the California State University,*
14 *respectively, that may occur during and after the 2011–12*
15 *academic year.*

16 *(c) That the University of California and the California State*
17 *University do not raise mandatory systemwide fees that would*
18 *decrease the value of a scholarship award under this article.*

19 *70023. The following amount is hereby appropriated:*

20 *(a) (1) Notwithstanding Section 13340 of the Government Code,*
21 *an amount determined by the Student Aid Commission to be*
22 *sufficient, when combined with financial aid received by eligible*
23 *students from other sources, to cover the cost of at least two-thirds*
24 *of the amount of mandatory systemwide fees charged to resident*
25 *students and students who are exempt from nonresident tuition in*
26 *the 2012–13 academic year and subsequent academic years is*
27 *hereby continuously appropriated from the Middle Class*
28 *Scholarship Fund established by Section 70026 to the Student Aid*
29 *Commission for allocation to the Regents of the University of the*
30 *California and the Trustees of the California State University for*
31 *implementation of this article. The University of California and*
32 *the California State University shall provide the Student Aid*
33 *Commission with any information that is necessary for the*
34 *determination of this amount.*

35 *(2) In the event that, in any academic year, there are funds*
36 *remaining in the Middle Class Scholarship Fund after funds have*
37 *been allocated to all eligible students of the respective universities,*
38 *the Student Aid Commission is authorized to expend these*
39 *remaining funds for purposes of the*

1 *Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Program*
2 *(Chapter 1.7 (commencing with Section 69430)).*

3 *(b) One hundred fifty million dollars (\$150,000,000) from the*
4 *Middle Class Scholarship Fund established by Section 70026 to*
5 *the Chancellor of the California Community Colleges for allocation*
6 *to community college districts based on calculations of full-time*
7 *equivalent students. Funds allocated to a community college*
8 *district pursuant to this subdivision shall be expended for the*
9 *provision of grants to students to reduce the impact of enrollment*
10 *fees on, or to help cover the cost of textbooks and other educational*
11 *expenses.*

12 *SEC. 2. This act shall become operative only if Assembly Bill*
13 *1500 of the 2011–12 Regular Session is chaptered and establishes*
14 *a Middle Class Scholarship Fund.*

15 *SEC. 3. This act is an urgency statute necessary for the*
16 *immediate preservation of the public peace, health, or safety within*
17 *the meaning of Article IV of the Constitution and shall go into*
18 *immediate effect. The facts constituting the necessity are:*

19 *In order to provide urgently needed financial aid to California*
20 *public postsecondary students in time for the beginning of the*
21 *2012–13 academic year, it is necessary that this act take effect*
22 *immediately.*

23 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
24 ~~changes relating to the Budget Act of 2012.~~

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27 **CORRECTIONS:**

28 **Heading—Coauthors—Line 4.**
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