

AMENDED IN ASSEMBLY AUGUST 20, 2012

AMENDED IN ASSEMBLY JUNE 25, 2012

AMENDED IN SENATE MAY 25, 2012

AMENDED IN SENATE MAY 2, 2012

AMENDED IN SENATE APRIL 9, 2012

**SENATE BILL**

**No. 1466**

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**Introduced by Senator De León**

February 24, 2012

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An act to add and repeal Section 69432.75 of the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

SB 1466, as amended, De León. Student financial aid: Cal Grant Program eligibility.

Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Cal Grant Program), 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. The Cal Grant Program establishes different maximum household income levels for recipients of each of those Cal Grant awards.

This bill would, commencing with the 2014–15 academic year, and notwithstanding any other law, require a student to be eligible for the receipt of a Cal Grant award funded from the Higher Education

Investment Tax Credit Program Special Fund pursuant to specified priorities if he or she meets the requirements established for a Cal Grant award for the 2011–12 academic year, except that a student granted the lowest priority may have a maximum household income that is no greater than \$100,000 *an amount adopted by the commission pursuant to specified procedures*. The bill would state that any moneys that may be appropriated for purposes of this bill would be required to be in addition to, and intended to supplement, other moneys appropriated for the Cal Grant Program. The bill also would provide that those moneys are intended to provide initial and renewal *Entitlement and Competitive Cal Grant A, B, and C awards and Cal Grant Transfer Entitlement awards*, pursuant to specified priorities, to students who would otherwise be ineligible if not for the expanded eligibility provided by this bill. *The bill would provide that awards provided by this bill are payable only to the extent that funds are available for distribution, and would require the commission to inform each recipient of an award under this bill that the award is for one academic year only and is not an entitlement and that future awards are subject to the availability of funds for distribution.* The bill would repeal this provision on a specified date, and would make specified findings and declarations relating to the need to fund postsecondary education.

~~This bill would become operative only if SB 1356 is enacted and takes effect on or before January 1, 2013 not become operative until the Franchise Tax Board sends a letter to the Student Aid Commission verifying that legislation has been enacted that provides for an investment tax credit for the purpose of funding this bill.~~

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. The Legislature finds and declares all of the
- 2 following:
- 3 (a) In addressing California’s fiscal crisis, state budget solutions
- 4 over the last several fiscal years have included deep cuts and
- 5 payment deferrals that have decimated billions of dollars in funding
- 6 for all segments of postsecondary education.
- 7 (b) In 2000, the state contributed 18.6 billion dollars to public
- 8 postsecondary education, and this funding has declined every year

1 since then. In the 2010–11 fiscal year, the state contributed 12.4  
2 billion dollars to postsecondary education.

3 (c) The share of expenditures borne by students in the form of  
4 fees has tripled, from 13 percent in 2000, to 40 percent in 2011,  
5 making a public postsecondary education unaffordable for the  
6 middle class. Most middle income students are leaving school  
7 thousands of dollars in debt, and they end up sending monthly  
8 payments to out-of-state banks rather than contributing to the local  
9 economy.

10 (d) With less access to postsecondary education due to courses  
11 being cut, each year students are taking longer and longer to  
12 graduate. It now takes the average student 7 years to graduate from  
13 a California Community College, 6.5 years to graduate from a  
14 California State University, and 4.5 years to graduate from a  
15 University of California.

16 (e) Educational attainment levels predict the overall economic  
17 performance of states and nations. California was always among  
18 the top states in degree-completion rates, but it now ranks among  
19 the bottom 10 states.

20 (f) By 2018, 63 percent of all of jobs in the United States will  
21 require some form of postsecondary education or training,  
22 according to estimates by the Georgetown University Center on  
23 Education and the Workforce. The United States is on track to  
24 deliver only a fraction of this education. Currently, only 38 percent  
25 of America’s young adults have a college degree, compared to 58  
26 percent in South Korea.

27 (g) California’s postsecondary education system has helped  
28 build and sustain an entrepreneurial spirit that has shaped new  
29 sectors of the state’s economy. During tough times like these, we  
30 need novel approaches to steer the state back on track.

31 (h) Estimates show that the Higher Education Investment Tax  
32 Credit Program Special Fund will be fully subscribed for each of  
33 the five years of the program, allowing the California Student Aid  
34 Commission to expand eligibility for Cal Grant awards for middle  
35 class families.

36 (i) All Californians deserve access to an affordable  
37 postsecondary education.

38 SEC. 2. Section 69432.75 is added to the Education Code, to  
39 read:

1 69432.75. (a) Commencing with the 2014–15 academic year,  
2 and notwithstanding any other law, a student shall be eligible for  
3 the receipt of a Cal Grant award funded from the Higher Education  
4 Investment Tax Credit Program Special Fund pursuant to the  
5 priorities established in subdivision (b) if he or she meets the  
6 requirements established for a Cal Grant award for the 2011–12  
7 academic year, except that for students granted priority pursuant  
8 to paragraph (3) of subdivision (b) the maximum household income  
9 shall be no greater than ~~one hundred thousand dollars (\$100,000),~~  
10 ~~which shall be calculated in a manner that is consistent with the~~  
11 ~~requirements applicable to this chapter and Section 69506~~ *the*  
12 *maximum household income level adopted pursuant to subdivision*  
13 *(d).*

14 (b) The commission shall grant the following priorities when  
15 using funds from the Higher Education Investment Tax Credit  
16 Program Special Fund to award Cal Grants to students eligible  
17 pursuant to subdivision (a):

18 (1) First priority shall be given to students who meet the  
19 eligibility requirements established for ~~a~~ *an Entitlement Cal Grant*  
20 ~~A, B, or B~~ *award or a Cal Grant Transfer Entitlement award*  
21 for the 2011–12 academic year.

22 (2) Second priority shall be given to students who meet the  
23 eligibility requirements established for a Competitive Cal Grant  
24 A or B award for the 2011–12 academic year, up to the maximum  
25 number of awards authorized for Competitive Cal Grant A or B  
26 awards in the annual Budget Act.

27 (3) Third priority shall be given to all other students who meet  
28 the eligibility requirements established for ~~a~~ *an Entitlement Cal*  
29 *Grant A or B award or a Cal Grant Transfer Entitlement award*  
30 for the 2011–12 academic year, except that, notwithstanding  
31 subdivision (k) of Section 69432.7, these students may have a  
32 maximum household income no greater than ~~one hundred thousand~~  
33 ~~dollars (\$100,000), as calculated pursuant to subdivision (a)~~ *the*  
34 *maximum household income level adopted pursuant to subdivision*  
35 *(d).*

36 (c) (1) Any moneys that may be appropriated from the Higher  
37 Education Investment Tax Credit Program Special Fund for  
38 purposes of this section shall be in addition to, and are intended  
39 to supplement, other moneys appropriated for the Cal Grant  
40 Program.

1 (2) Any moneys that may be appropriated from the Higher  
2 Education Investment Tax Credit Program Special Fund for  
3 purposes of this section are intended to provide initial and renewal  
4 *Entitlement and Competitive Cal Grant A, ~~B~~, and B awards*  
5 *and Cal Grant Transfer Entitlement awards, pursuant to the*  
6 *priorities specified in (b), to students who would otherwise be*  
7 *ineligible if not for the expanded eligibility provided by this*  
8 *section.*

9 *(d) Commencing on April 1, 2014, and each April 1 thereafter,*  
10 *the commission shall certify the funds available for distribution*  
11 *from the Higher Education Investment Tax Credit Program Special*  
12 *Fund for the following award year commencing on July 1, adjusted*  
13 *by the difference between the estimated awards and the actual*  
14 *awards for the preceding award year. The amount available for*  
15 *distribution in any award year shall not exceed 80 percent of the*  
16 *fund balance. Notwithstanding any other law, the commission shall*  
17 *thereafter determine the highest maximum household income level*  
18 *that is capable of being supported by the funds available for*  
19 *distribution for the following award year. The commission shall*  
20 *thereafter adopt that amount as the maximum household income*  
21 *level for the following award year.*

22 *(e) If, after making awards for an award year pursuant to this*  
23 *section, funds remain in the Higher Education Investment Tax*  
24 *Credit Program Special Fund, those funds shall remain in the*  
25 *Higher Education Investment Tax Credit Program Special Fund*  
26 *and be available for allocation in future award years.*

27 *(f) Awards provided by this section are payable only to the*  
28 *extent that funds are available for distribution from the Higher*  
29 *Education Investment Tax Credit Program Special Fund. The*  
30 *commission shall inform each recipient of an award under this*  
31 *section that the award is for one academic year only and is not an*  
32 *entitlement and that future awards are subject to the availability*  
33 *of funds for distribution in the Higher Education Investment Tax*  
34 *Credit Program Special Fund.*

35 ~~(g)~~

36 *(g) This section shall remain in effect until December 1, 2018,*  
37 *or until all funds in the Higher Education Investment Tax Credit*  
38 *Program Special Fund are expended, whichever date comes last,*  
39 *and as of that date is repealed, unless a later enacted statute, that*  
40 *is enacted before December 1, 2018, or before the date when all*

1 funds in the Higher Education Investment Tax Credit Program  
2 Special Fund are expended, whichever comes last, deletes or  
3 extends that period.

4 SEC. 3. This act shall ~~become operative only if Senate Bill~~  
5 ~~1356 is enacted and takes effect on or before January 1, 2013~~ *not*  
6 *become operative until the Franchise Tax Board sends a letter to*  
7 *the Student Aid Commission verifying that legislation has been*  
8 *enacted that provides for an investment tax credit for the purpose*  
9 *of funding this act.*