

Senate Bill No. 174

CHAPTER 363

An act to add Section 69431.7 to the Education Code, relating to student financial aid, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 16, 2014. Filed with
Secretary of State September 16, 2014.]

LEGISLATIVE COUNSEL'S DIGEST

SB 174, De León. Student financial aid: Cal Grant Program.

Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, establishes the Cal Grant A and B Entitlement awards, the California Community College Transfer Cal Grant 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. Under the Cal Grant B Entitlement Program, awards may be made for access costs, defined as living expenses and expenses for transportation, supplies, and books, in an amount not to exceed \$1,551 annually, as adjusted in the annual Budget Act.

This bill would require the Treasurer to certify the amount of moneys available in an academic year from the College Access Tax Credit Fund for distribution, and provide that an amount determined by the Student Aid Commission would be available for expenditure, upon appropriation to the commission by the Legislature in the annual Budget Act, from the College Access Tax Credit Fund, for distribution to students to supplement Cal Grant B access cost awards to bring those students' total annual awards for access costs to not more than \$5,000 and to defray the administrative costs incurred by the commission in implementing the bill.

The bill would become operative only if SB 798 is enacted and becomes operative on or before January 1, 2015.

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

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

SECTION 1. The Legislature finds and declares all of the following:

(a) In addressing California's fiscal crisis, state budget solutions over the last several fiscal years have included deep cuts and payment deferrals that have resulted in the loss of billions of dollars in funding for all segments of postsecondary education.

(b) In the 2011–12 fiscal year, the state contributed \$16.4 billion to postsecondary education. However, the share of expenditures borne by California State University students in the form of fees has nearly doubled, from 18 percent in 2007–08, to 30 percent in 2011–12. A public postsecondary education has become unaffordable for the middle class. Most students are leaving school thousands of dollars in debt, and they end up sending monthly payments to out-of-state banks rather than contributing to the local economy.

(c) With less access to postsecondary education due to courses being cut, each year students are taking longer and longer to graduate. It now takes the average student seven years to graduate from a California Community College campus, six and one-half years to graduate from a California State University campus, and four and one-half years to graduate from a University of California campus.

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

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

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

(g) Estimates show that the College Access Tax Credit Fund will be fully subscribed for each of the three years of the program, allowing the California Student Aid Commission to fund larger access grants to California’s neediest students.

(h) All Californians deserve access to an affordable postsecondary education.

SEC. 2. Section 69431.7 is added to the Education Code, to read:

69431.7. (a) As used in this section, “fund” means the College Access Tax Credit Fund created by Section 17053.86 of the Revenue and Taxation Code.

(b) Any moneys that may be appropriated from the fund for purposes of this section shall be in addition to, and are intended to supplement, other moneys appropriated for the Cal Grant Program. Upon the creation of the fund, and during its existence, the amount of the Cal Grant B access award as established in the annual Budget Act shall not be adjusted below the amount set forth in the Budget Act of 2012.

(c) On April 1, 2015, and on April 1 annually thereafter, the Treasurer shall certify the amount of moneys available for distribution from the fund for the academic year commencing the following July 1. The amount

available for distribution in any academic year shall not exceed 85 percent of the certified fund balance. Notwithstanding any other law, the commission shall thereafter determine the amount of the supplemental awards to be granted and the administrative costs that will be incurred, and include these amounts in the budget change proposals submitted each fiscal year pursuant to Section 69518. The amount determined by the commission under this subdivision shall be available, upon appropriation by the Legislature to the commission in the annual Budget Act, for the purpose of making awards to students in accordance with this section.

(d) If, after making supplemental awards pursuant to subdivision (e), moneys remain in the fund, those moneys shall remain in the fund for allocation in future fiscal years.

(e) Disbursements shall be made upon annual appropriation by the Legislature to the commission under this section for both of the following purposes:

(1) To supplement awards made for access costs under Article 3 (commencing with Section 69435), Article 4 (commencing with Section 69436), and Article 5 (commencing with Section 69437). The amount of the supplemental award, when added to the amount of the award made for access costs established by the annual Budget Act, shall not exceed five thousand dollars (\$5,000). An award under this section is payable only to the extent that moneys are available from the fund. The commission shall inform each recipient of an award under this section that the award is for one academic year only, is not an entitlement, and that future supplemental awards are subject to the availability of moneys in the fund.

(2) To defray the administrative costs incurred by the commission in implementing this section.

SEC. 3. This act shall become operative only if Senate Bill 798 is enacted and becomes operative on or before January 1, 2015.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

As our state economy is recovering, it is important to provide adequate funding for Cal Grant B access awards beginning in the 2015–16 academic year so that students receiving these awards can stay enrolled, and it is therefore necessary that this act take effect immediately so that this program may be funded by donations to the College Access Tax Credit Fund made during 2014.