

AMENDED IN ASSEMBLY MARCH 23, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 25

Introduced by Assembly Member Gipson

December 1, 2014

An act to amend Section 69432.7 of the Education Code, relating to financial aid.

LEGISLATIVE COUNSEL'S DIGEST

AB 25, as amended, Gipson. Financial aid: Cal Grant program: renewal.

The 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.

Existing law requires the commission to certify by November 1 of each year a qualifying institution's latest 3-year cohort default rate and graduation rate as most recently reported by the United States Department of Education. Existing law provides that an otherwise qualifying institution with a 3-year cohort default rate that is equal to or greater than 15.5% is ineligible for initial and renewal Cal Grant awards at the institution. Existing law provides that an otherwise qualifying institution is ineligible for an initial or renewal Cal Grant award at the institution if the institution has a graduation rate of 30% or less for students taking 150% or less of the expected time to complete degree requirements, as specified, with certain exceptions.

This bill would require the commission to establish an appeal process for an otherwise qualifying institution that fails to satisfy the 3-year cohort default rate and graduation rate requirements, and would make nonsubstantive and conforming changes. *requirements and would authorize the commission to grant the appeal for an academic year only if the commission makes a specified determination.*

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 69432.7 of the Education Code, as
2 amended by Section 2 of Chapter 667 of the Statutes of 2014, is
3 amended to read:
4 69432.7. As used in this chapter, the following terms have the
5 following meanings:
6 (a) An “academic year” is July 1 to June 30, inclusive. The
7 starting date of a session shall determine the academic year in
8 which it is included.
9 (b) “Access costs” means living expenses and expenses for
10 transportation, supplies, and books.
11 (c) “Award year” means one academic year, or the equivalent,
12 of attendance at a qualifying institution.
13 (d) “College grade point average” and “community college
14 grade point average” mean a grade point average calculated on the
15 basis of all college work completed, except for nontransferable
16 units and courses not counted in the computation for admission to
17 a California public institution of higher education that grants a
18 baccalaureate degree.
19 (e) “Commission” means the Student Aid Commission.
20 (f) “Enrollment status” means part- or full-time status.
21 (1) “Part time,” for purposes of Cal Grant eligibility, means 6
22 to 11 semester units, inclusive, or the equivalent.
23 (2) “Full time,” for purposes of Cal Grant eligibility, means 12
24 or more semester units or the equivalent.
25 (g) “Expected family contribution,” with respect to an applicant,
26 shall be determined using the federal methodology pursuant to
27 subdivision (a) of Section 69506 (as established by Title IV of the
28 federal Higher Education Act of 1965, as amended (20 U.S.C. Sec.

1 1070 et seq.)) and applicable rules and regulations adopted by the
2 commission.

3 (h) “High school grade point average” means a grade point
4 average calculated on a 4.0 scale, using all academic coursework,
5 for the sophomore year, the summer following the sophomore
6 year, the junior year, and the summer following the junior year,
7 excluding physical education, Reserve Officers’ Training Corps
8 (ROTC), and remedial courses, and computed pursuant to
9 regulations of the commission. However, for high school graduates
10 who apply after their senior year, “high school grade point average”
11 includes senior year coursework.

12 (i) “Instructional program of not less than one academic year”
13 means a program of study that results in the award of an associate
14 or baccalaureate degree or certificate requiring at least 24 semester
15 units or the equivalent, or that results in eligibility for transfer from
16 a community college to a baccalaureate degree program.

17 (j) “Instructional program of not less than two academic years”
18 means a program of study that results in the award of an associate
19 or baccalaureate degree requiring at least 48 semester units or the
20 equivalent, or that results in eligibility for transfer from a
21 community college to a baccalaureate degree program.

22 (k) (1) “Maximum household income and asset levels” means
23 the applicable household income and household asset levels for
24 participants, including new applicants and renewing recipients, in
25 the Cal Grant Program, as defined and adopted in regulations by
26 the commission for the 2001–02 academic year, which shall be
27 set pursuant to the following income and asset ceiling amounts:
28
29

30 CAL GRANT PROGRAM INCOME CEILINGS

| | Cal Grant A, C, and T | Cal Grant B |
|---|--------------------------|-------------|
| Dependent and Independent students with dependents* | | |
| Family Size | | |
| Six or more | \$74,100 | \$40,700 |
| Five | \$68,700 | \$37,700 |
| Four | \$64,100 | \$33,700 |
| Three | \$59,000 | \$30,300 |

| | | | |
|---|-----------------------|----------|----------|
| 1 | Two | \$57,600 | \$26,900 |
| 2 | | | |
| 3 | Independent | | |
| 4 | Single, no dependents | \$23,500 | \$23,500 |
| 5 | Married | \$26,900 | \$26,900 |
| 6 | | | |

7 *Applies to independent students with dependents other than a
 8 spouse.

10 CAL GRANT PROGRAM ASSET CEILINGS

| | Cal Grant A, C, and T | Cal Grant B |
|----------------|--------------------------|-------------|
| 15 Dependent** | \$49,600 | \$49,600 |
| 16 Independent | \$23,600 | \$23,600 |

18 **Applies to independent students with dependents other than a
 19 spouse.

21 (2) The commission shall annually adjust the maximum
 22 household income and asset levels based on the percentage change
 23 in the cost of living within the meaning of paragraph (1) of
 24 subdivision (e) of Section 8 of Article XIII B of the California
 25 Constitution. The maximum household income and asset levels
 26 applicable to a renewing recipient shall be the greater of the
 27 adjusted maximum household income and asset levels or the
 28 maximum household income and asset levels at the time of the
 29 renewing recipient’s initial Cal Grant award. For a recipient who
 30 was initially awarded a Cal Grant for an academic year before the
 31 2011–12 academic year, the maximum household income and asset
 32 levels shall be the greater of the adjusted maximum household
 33 income and asset levels or the 2010–11 academic year maximum
 34 household income and asset levels. An applicant or renewal
 35 recipient who qualifies to be considered under the simplified needs
 36 test established by federal law for student assistance shall be
 37 presumed to meet the asset level test under this section. Before
 38 disbursing any Cal Grant funds, a qualifying institution shall be
 39 obligated, under the terms of its institutional participation

1 agreement with the commission, to resolve any conflicts that may
2 exist in the data the institution possesses relating to that individual.

3 (l) (1) “Qualifying institution” means an institution that
4 complies with paragraphs (2) and (3) and is any of the following:

5 (A) A California private or independent postsecondary
6 educational institution that participates in the Pell Grant Program
7 and in at least two of the following federal student aid programs:

8 (i) Federal Work-Study Program.

9 (ii) Federal Stafford Loan Program.

10 (iii) Federal Supplemental Educational Opportunity Grant
11 Program.

12 (B) A nonprofit institution headquartered and operating in
13 California that certifies to the commission that 10 percent of the
14 institution’s operating budget, as demonstrated in an audited
15 financial statement, is expended for purposes of institutionally
16 funded student financial aid in the form of grants, that demonstrates
17 to the commission that it has the administrative capacity to
18 administer the funds, that is accredited by the Western Association
19 of Schools and Colleges, and that meets any other state-required
20 criteria adopted by regulation by the commission in consultation
21 with the Department of Finance. A regionally accredited institution
22 that was deemed qualified by the commission to participate in the
23 Cal Grant Program for the 2000–01 academic year shall retain its
24 eligibility as long as it maintains its existing accreditation status.

25 (C) A California public postsecondary educational institution.

26 (2) (A) The institution shall provide information on where to
27 access California license examination passage rates for the most
28 recent available year from graduates of its undergraduate programs
29 leading to employment for which passage of a California licensing
30 examination is required, if that data is electronically available
31 through the Internet Web site of a California licensing or regulatory
32 agency. For purposes of this paragraph, “provide” may exclusively
33 include placement of an Internet Web site address labeled as an
34 access point for the data on the passage rates of recent program
35 graduates on the Internet Web site where enrollment information
36 is also located, on an Internet Web site that provides centralized
37 admissions information for postsecondary educational systems
38 with multiple campuses, or on applications for enrollment or other
39 program information distributed to prospective students.

1 (B) The institution shall be responsible for certifying to the
2 commission compliance with the requirements of subparagraph
3 (A).

4 (3) (A) The commission shall certify by November 1 of each
5 year the institution's latest official three-year cohort default rate
6 and graduation rate as most recently reported by the United States
7 Department of Education. For purposes of this section, the
8 graduation rate is the percentage of full-time, first-time degree or
9 certificate-seeking undergraduate students who graduate in 150
10 percent or less of the expected time to complete degree
11 requirements as most recently reported publicly in any format,
12 including preliminary data records, by the United States
13 Department of Education.

14 (B) For purposes of the 2011–12 academic year, an otherwise
15 qualifying institution with a three-year cohort default rate reported
16 by the United States Department of Education that is equal to or
17 greater than 24.6 percent shall be ineligible for initial and renewal
18 Cal Grant awards at the institution.

19 (C) For purposes of the 2012–13 academic year, and every
20 academic year thereafter, an otherwise qualifying institution with
21 a three-year cohort default rate that is equal to or greater than 15.5
22 percent, as certified by the commission on October 1, 2011, and
23 every year thereafter, shall be ineligible for initial and renewal Cal
24 Grant awards at the institution.

25 (D) (i) An otherwise qualifying institution that becomes
26 ineligible under this paragraph for initial and renewal Cal Grant
27 awards shall regain its eligibility for the academic year for which
28 it satisfies the requirements established in subparagraph (B), (C),
29 or (F), as applicable.

30 (ii) If the United States Department of Education corrects or
31 revises an institution's three-year cohort default rate or graduation
32 rate that originally failed to satisfy the requirements established
33 in subparagraph (B), (C), or (F), as applicable, and the correction
34 or revision results in the institution's three-year cohort default rate
35 or graduation rate satisfying those requirements, that institution
36 shall immediately regain its eligibility for the academic year to
37 which the corrected or revised three-year cohort default rate or
38 graduation rate would have been applied.

39 (E) An otherwise qualifying institution for which no three-year
40 cohort default rate or graduation rate has been reported by the

1 United States Department of Education shall be provisionally
2 eligible to participate in the Cal Grant Program until a three-year
3 cohort default rate or graduation rate has been reported for the
4 institution by the United States Department of Education.

5 (F) For purposes of the 2012–13 academic year, and every
6 academic year thereafter, an otherwise qualifying institution with
7 a graduation rate of 30 percent or less, as certified by the
8 commission pursuant to subparagraph (A), shall be ineligible for
9 initial and renewal Cal Grant awards at the institution, except as
10 provided for in subparagraph (H).

11 (G) Notwithstanding any other law, the requirements of this
12 paragraph shall not apply to institutions with 40 percent or less of
13 undergraduate students borrowing federal student loans, using
14 information reported to the United States Department of Education
15 for the academic year two years before the academic year in which
16 the commission is certifying the three-year cohort default rate or
17 graduation rate pursuant to subparagraph (A).

18 (H) Notwithstanding subparagraph (F), an otherwise qualifying
19 institution that maintains a three-year cohort default rate that is
20 less than 15.5 percent and a graduation rate above 20 percent for
21 students taking 150 percent or less of the expected time to complete
22 degree requirements, as certified by the commission pursuant to
23 subparagraph (A), shall be eligible for initial and renewal Cal Grant
24 awards at the institution through the 2016–17 academic year.

25 (I) The commission shall do all of the following:

26 (i) Notify initial Cal Grant recipients seeking to attend, or
27 attending, an institution that is ineligible for initial and renewal
28 Cal Grant awards under subparagraph (C) or (F) that the institution
29 is ineligible for initial Cal Grant awards for the academic year for
30 which the student received an initial Cal Grant award.

31 (ii) Notify renewal Cal Grant recipients attending an institution
32 that is ineligible for initial and renewal Cal Grant awards at the
33 institution under subparagraph (C) or (F) that the student's Cal
34 Grant award will be reduced by 20 percent, or eliminated, as
35 appropriate, if the student attends the ineligible institution in an
36 academic year in which the institution is ineligible.

37 (iii) Provide initial and renewal Cal Grant recipients seeking to
38 attend, or attending, an institution that is ineligible for initial and
39 renewal Cal Grant awards at the institution under subparagraph
40 (C) or (F) with a complete list of all California postsecondary

1 educational institutions at which the student would be eligible to
2 receive an unreduced Cal Grant award.

3 (iv) (I) Establish an appeal process for an otherwise qualifying
4 institution that fails to satisfy the three-year cohort default rate and
5 graduation *rate* requirements in subparagraphs (C) and (F),
6 respectively.

7 ~~(H) In assessing whether to grant an appeal, the commission~~
8 ~~may consider cohort size and the likelihood of an otherwise~~
9 ~~qualifying institution regaining eligibility in the academic year~~
10 ~~next following the institution's loss of eligibility.~~

11 ~~(H) It is the intent of the Legislature that the commission shall~~
12 ~~define a specific cohort size or range of sizes that constitute a small~~
13 ~~cohort for the purposes of the appeals process.~~

14 *(II) The commission may grant an appeal for an academic year*
15 *only if the commission has determined the institution has a cohort*
16 *size of 20 individuals or less and the cohort is not representative*
17 *of the overall institutional performance, or the commission has*
18 *determined that the institution has provided sufficient evidence*
19 *that the institution will meet all Cal Grant participation*
20 *requirements in the next academic year.*

21 (m) "Satisfactory academic progress" means those criteria
22 required by applicable federal standards published in Title 34 of
23 the Code of Federal Regulations. The commission may adopt
24 regulations defining "satisfactory academic progress" in a manner
25 that is consistent with those federal standards.