

ASSEMBLY BILL

No. 573

Introduced by Assembly Member Medina

February 24, 2015

An act to amend Section 69432.7 of the Education Code, relating to higher education.

LEGISLATIVE COUNSEL'S DIGEST

AB 573, as introduced, Medina. Student financial aid: Cal Grant Program: Student Aid Commission.

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 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. Existing law requires the Student Aid Commission to do certain things, including notifying all Cal Grant recipients seeking to attend, or attending, an institution that is ineligible for initial and renewal Cal Grant awards that the institution is ineligible for initial Cal Grant awards for the academic year for which the student received an initial Cal Grant award.

This bill would require the commission to establish a complete listing of California postsecondary educational institutions and identify which institutions are eligible and ineligible for participation in the Cal Grant Program. The bill would require the commission to make this information readily available on its Internet Web site.

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 is
2 amended to read:
3 69432.7. As used in this chapter, the following terms have the
4 following meanings:
5 (a) An “academic year” is July 1 to June 30, inclusive. The
6 starting date of a session shall determine the academic year in
7 which it is included.
8 (b) “Access costs” means living expenses and expenses for
9 transportation, supplies, and books.
10 (c) “Award year” means one academic year, or the equivalent,
11 of attendance at a qualifying institution.
12 (d) “College grade point average” and “community college
13 grade point average” mean a grade point average calculated on the
14 basis of all college work completed, except for nontransferable
15 units and courses not counted in the computation for admission to
16 a California public institution of higher education that grants a
17 baccalaureate degree.
18 (e) “Commission” means the Student Aid Commission.
19 (f) “Enrollment status” means part- or full-time status.
20 (1) “Part time,” for purposes of Cal Grant eligibility, means 6
21 to 11 semester units, inclusive, or the equivalent.
22 (2) “Full time,” for purposes of Cal Grant eligibility, means 12
23 or more semester units or the equivalent.
24 (g) “Expected family contribution,” with respect to an applicant,
25 shall be determined using the federal methodology pursuant to
26 subdivision (a) of Section 69506 (as established by Title IV of the
27 federal Higher Education Act of 1965, as amended (20 U.S.C. Sec.
28 1070 et seq.)) and applicable rules and regulations adopted by the
29 commission.
30 (h) “High school grade point average” means a grade point
31 average calculated on a 4.0 scale, using all academic coursework,
32 for the sophomore year, the summer following the sophomore
33 year, the junior year, and the summer following the junior year,
34 excluding physical education, Reserve Officers’ Training Corps
35 (ROTC), and remedial courses, and computed pursuant to

1 regulations of the commission. However, for high school graduates
2 who apply after their senior year, “high school grade point average”
3 includes senior year coursework.

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

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

14 (k) (1) “Maximum household income and asset levels” means
15 the applicable household income and household asset levels for
16 participants, including new applicants and renewing recipients, in
17 the Cal Grant Program, as defined and adopted in regulations by
18 the commission for the 2001–02 academic year, which shall be
19 set pursuant to the following income and asset ceiling amounts:
20
21

22 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
Two	\$57,600	\$26,900
Independent		
Single, no dependents	\$23,500	\$23,500
Married	\$26,900	\$26,900

38 *Applies to independent students with dependents other than a
39 spouse.

CAL GRANT PROGRAM ASSET CEILINGS

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

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

(2) The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. The maximum household income and asset levels applicable to a renewing recipient shall be the greater of the adjusted maximum household income and asset levels or the maximum household income and asset levels at the time of the renewing recipient’s initial Cal Grant award. For a recipient who was initially awarded a Cal Grant for an academic year before the 2011–12 academic year, the maximum household income and asset levels shall be the greater of the adjusted maximum household income and asset levels or the 2010–11 academic year maximum household income and asset levels. An applicant or renewal recipient who qualifies to be considered under the simplified needs test established by federal law for student assistance shall be presumed to meet the asset level test under this section. Before disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms of its institutional participation agreement with the commission, to resolve any conflicts that may exist in the data the institution possesses relating to that individual.

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

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

- (i) Federal Work-Study Program.
- (ii) Federal Stafford Loan Program.

1 (iii) Federal Supplemental Educational Opportunity Grant
2 Program.

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

16 (C) A California public postsecondary educational institution.

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

31 (B) The institution shall be responsible for certifying to the
32 commission compliance with the requirements of subparagraph
33 (A).

34 (3) (A) The commission shall certify by November 1 of each
35 year the institution's latest official three-year cohort default rate
36 and graduation rate as most recently reported by the United States
37 Department of Education. For purposes of this section, the
38 graduation rate is the percentage of full-time, first-time degree or
39 certificate-seeking undergraduate students who graduate in 150
40 percent or less of the expected time to complete degree

1 requirements as most recently reported publicly in any format,
2 including preliminary data records, by the United States
3 Department of Education.

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

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

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

20 (ii) If the United States Department of Education corrects or
21 revises an institution’s three-year cohort default rate or graduation
22 rate that originally failed to satisfy the requirements established
23 in subparagraph (B), (C), or (F), as applicable, and the correction
24 or revision results in the institution’s three-year cohort default rate
25 or graduation rate satisfying those requirements, that institution
26 shall immediately regain its eligibility for the academic year to
27 which the corrected or revised three-year cohort default rate or
28 graduation rate would have been applied.

29 (E) An otherwise qualifying institution for which no three-year
30 cohort default rate or graduation rate has been reported by the
31 United States Department of Education shall be provisionally
32 eligible to participate in the Cal Grant Program until a three-year
33 cohort default rate or graduation rate has been reported for the
34 institution by the United States Department of Education.

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

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

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

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

16 (i) *Establish a complete listing of California postsecondary*
17 *educational institutions and identify which institutions are eligible*
18 *and ineligible for participation in the Cal Grant program. The*
19 *commission shall make this information readily available on the*
20 *commission’s Internet Web site.*

21 (i)

22 (ii) Notify initial Cal Grant recipients seeking to attend, or
23 attending, an institution that is ineligible for initial and renewal
24 Cal Grant awards under subparagraph (C) or (F) that the institution
25 is ineligible for initial Cal Grant awards for the academic year for
26 which the student received an initial Cal Grant award.

27 (ii)

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

34 (iii)

35 (iv) Provide initial and renewal Cal Grant recipients seeking to
36 attend, or attending, an institution that is ineligible for initial and
37 renewal Cal Grant awards at the institution under subparagraph
38 (C) or (F) with a complete list of all California postsecondary
39 educational institutions at which the student would be eligible to
40 receive an unreduced Cal Grant award.

1 (m) “Satisfactory academic progress” means those criteria
2 required by applicable federal standards published in Title 34 of
3 the Code of Federal Regulations. The commission may adopt
4 regulations defining “satisfactory academic progress” in a manner
5 that is consistent with those federal standards.