

ASSEMBLY BILL

No. 2787

Introduced by Assembly Member Chávez

February 19, 2016

An act to amend Section 70022 of the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

AB 2787, as introduced, Chávez. Student financial aid: Middle Class Scholarship Program: private nonprofit postsecondary educational institutions.

Under existing law, the Middle Class Scholarship Program provides that, subject to an available and sufficient appropriation, commencing with the 2014–15 academic year, an undergraduate student enrolled at the University of California or the California State University, and meeting certain requirements, is eligible for a scholarship award that, combined with other federal, state, and institutionally administered grants and fee waivers, totals up to 40% of the systemwide tuition and fees. Under existing law, to receive an award under the Middle Class Scholarship Program, a student is required to have an annual household income that does not exceed \$150,000 as adjusted to reflect changes in the cost of living, satisfy specified requirements for a Cal Grant award, be a California resident or exempt from paying nonresident tuition, file specified financial aid forms, timely apply for publicly funded student financial aid for which he or she is eligible, maintain at least a 2.0 grade point average, be pursuing his or her first undergraduate baccalaureate degree or be enrolled in a specified professional teacher preparation program, and be enrolled at least part time.

Existing law transfers \$159,000,000 from the General Fund to the Middle Class Scholarship Fund, and appropriates that sum to the Student Aid Commission for purposes of the scholarship program for the 2017–18 fiscal year.

Existing law requires the University of California and the California State University, in order for students of their respective segments to remain eligible to receive a scholarship award under the Middle Class Scholarship Program, to not supplant their respective institutional need-based grants with funds provided for scholarships under this program, and to maintain their funding amounts at a level that, at a minimum, is equal to the level maintained for undergraduate students during the 2013–14 academic year.

This bill would extend the Middle Class Scholarship Program to undergraduate students who meet the requirements of the program and are enrolled in private nonprofit postsecondary educational institutions, commencing with the 2017–18 academic year, as specified, but the bill would not affect the statutory appropriation for the program for the 2017–18 fiscal year that is referenced above. The bill would subject participating private nonprofit postsecondary educational institutions to the requirement to maintain its scholarship funding levels, as referenced above.

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 70022 of the Education Code is amended
2 to read:
3 70022. (a) (1) Subject to an available and sufficient
4 appropriation, commencing with the 2014–15 academic year, an
5 undergraduate student enrolled in the California State University
6 ~~or University~~, the University of ~~California~~ *California*, or,
7 *commencing with the 2017–18 academic year, a private nonprofit*
8 *postsecondary educational institution* who meets the requirements
9 of paragraph (2) is eligible for a scholarship award as described
10 in that paragraph.
11 (2) Each academic year, except as provided in paragraphs (3)
12 and (4), an eligible student shall receive a scholarship award in an
13 amount that, combined with other federal, state, or institutionally
14 administered student grants or fee waivers received by an eligible

1 student, is up to 40 percent of the amount charged to that student
2 in that academic year for mandatory systemwide tuition and fees,
3 *fees of a student of the California State University or the University*
4 *of California, or the tuition and mandatory fees of a student of a*
5 *private nonprofit postsecondary educational institution*, if all of
6 the following requirements are met, to the satisfaction of the
7 commission, each academic year:

8 (A) The student’s annual household income does not exceed
9 one hundred fifty thousand dollars (\$150,000). For awards
10 distributed for the 2016–17 academic year and subsequent
11 academic years, the commission shall annually adjust the maximum
12 income level set under this subparagraph in accordance with the
13 percentage changes in the cost of living within the meaning of
14 paragraph (1) of subdivision (e) of Section 8 of Article XIII B of
15 the California Constitution. For purposes of this article, annual
16 household income shall be calculated in a manner that is consistent
17 with the requirements applicable to the
18 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
19 (Chapter 1.7 (commencing with Section 69430)) and Section
20 69506.

21 (B) Beginning with awards distributed in the 2015–16 academic
22 year, the student’s household asset level shall not exceed one
23 hundred fifty thousand dollars (\$150,000). For awards distributed
24 in the 2016–17 academic year and subsequent academic years, the
25 commission shall annually adjust the maximum household asset
26 level set under this subparagraph in accordance with the percentage
27 changes in the cost of living within the meaning of paragraph (1)
28 of subdivision (e) of Section 8 of Article XIII B of the California
29 Constitution. For purposes of this article, student’s household asset
30 level shall be calculated in a manner that is consistent with the
31 requirements applicable to the
32 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
33 (Chapter 1.7 (commencing with Section 69430)) and Section
34 69506.

35 (C) The student satisfies the eligibility requirements for a Cal
36 Grant award pursuant to Section 69433.9, except that a student
37 who is exempt from nonresident tuition under Section 68130.5
38 shall not be required to satisfy the requirements of subdivision (a)
39 of Section 69433.9.

1 (D) The student is exempt from paying nonresident ~~tuition.~~
2 *tuition, or would be exempt if the student attended a public*
3 *institution.*

4 (E) The student completes and submits a Free Application for
5 Federal Student Aid (FAFSA) application. The FAFSA must be
6 submitted or postmarked by no later than March 2. If the student
7 is not able to complete a FAFSA application, the student may
8 satisfy this subparagraph by submitting an application determined
9 by the commission to be equivalent to the FAFSA application for
10 purposes of this article by March 2.

11 (F) The student makes a timely application or applications for
12 all other federal, state, or institutionally administered grants or fee
13 waivers for which the student is eligible.

14 (G) The student maintains satisfactory academic progress in a
15 manner that is consistent with the requirements applicable to the
16 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
17 pursuant to subdivision (m) of Section 69432.7.

18 (H) The student is pursuing his or her first undergraduate
19 baccalaureate degree or has completed a baccalaureate degree and
20 has been admitted to, and is enrolled in, a program of professional
21 teacher preparation at an institution approved by the California
22 Commission on Teacher Credentialing.

23 (I) The student is enrolled at least part time.

24 (3) (A) The percentage specified in paragraph (2) shall be
25 reduced by 0.6-percent increments per one thousand dollars
26 (\$1,000) of annual household income in excess of one hundred
27 thousand dollars (\$100,000), to a minimum 10 percent of
28 ~~mandatory systemwide~~ *the* tuition and fees for an academic year,
29 provided that no scholarship award shall be provided to a student
30 with an annual household income exceeding one hundred fifty
31 thousand dollars (\$150,000). Beginning with award calculations
32 for the 2016–17 academic year, and for subsequent academic years,
33 the commission shall annually adjust the income levels specified
34 in this subparagraph by the percentage change in the cost of living
35 within the meaning of paragraph (1) of subdivision (e) of Section
36 8 of Article XIII B of the California Constitution and shall adjust
37 the incremental reduction accordingly to ensure that a minimum
38 of 10 percent of ~~mandatory systemwide~~ *the* tuition and fees for an
39 academic year are awarded. This reduction shall be in addition to
40 any reduction required by Section 70023.

1 (B) Notwithstanding subparagraph (A), for any student who
2 qualifies for a scholarship award of at least one dollar (\$1), the
3 minimum annual scholarship amount for full-time enrollment is
4 ninety dollars (\$90).

5 (4) For the 2014–15, 2015–16, and 2016–17 academic years,
6 the maximum amount of a student’s scholarship award shall be 35
7 percent, 50 percent, and 75 percent, respectively, of the total
8 scholarship award amount that the student would otherwise be
9 eligible to receive.

10 (b) In order for students enrolled in their respective segments
11 to remain eligible to receive a scholarship award under this article,
12 the University of ~~California and California~~, the California State
13 ~~University~~ *University, and a participating private nonprofit*
14 *postsecondary educational institution* shall not supplant their
15 respective institutional need-based grants with the funds provided
16 for scholarships under this article, and shall maintain their funding
17 amounts at a level that, at a minimum, is equal to the level
18 maintained for undergraduate students during the 2013–14
19 academic year.

20 (c) The University of California and the California State
21 University shall report on the implementation of this article as part
22 of the report made pursuant to Section 66021.1.

23 (d) A Middle Class Scholarship Program award authorized
24 pursuant to this article shall be defined as a full-time equivalent
25 grant. An award to a part-time student shall be a fraction of a
26 full-time grant, as determined by the proportionate amount charged
27 for ~~systemwide~~ *the* tuition and fees. A part-time student shall not
28 be discriminated against in the selection of Middle Class
29 Scholarship Program awards. For purposes of this section,
30 “full-time student” and “part-time student” have the same meaning
31 as specified in subdivision (f) of Section 69432.7.

32 (e) *Section 70023 does not apply to a student attending a private*
33 *nonprofit postsecondary educational institution.*