

**Senate Bill No. 81**

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Passed the Senate June 19, 2015

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*Secretary of the Senate*

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Passed the Assembly June 19, 2015

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2015, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 8152, 69431.7, 69432, 69437, 70022, 70023, 79148, 79149.3, 84750.5, 89772, 92493, 92495, and 92495.5 of, to add Sections 52334.7, 68075.7, 70022.5, 84044, 84751.6, 84751.7, and 94874.9 to, to add Article 8 (commencing with Section 79240) to Chapter 9 of Part 48 of Division 7 of Title 3 of, to add Part 53 (commencing with Section 88700) and Part 54 (commencing with Section 88800) to Division 7 of Title 3 of, and to repeal and add Section 88540 of, the Education Code, to amend Sections 17039, 17053.86, 23036, and 23686 of, and to add and repeal Sections 12207, 17053.87, and 23687 of, the Revenue and Taxation Code, and to add Item 6910-102-0001 to Section 2.00 of the Budget Act of 2014 (Chapters 25 and 663 of the Statutes of 2014), relating to postsecondary education, and making an appropriation therefor, to take effect immediately, bill related to the budget.

## LEGISLATIVE COUNSEL'S DIGEST

SB 81, Committee on Budget and Fiscal Review. Postsecondary education: budget.

(1) Existing law provides for the attendance of apprentices at local educational agencies, defined to mean school districts and county offices of education, and community colleges under vocational education program standards that are established with the participation of the State Department of Education, the Chancellor of the California Community Colleges, and the Division of Apprenticeship Standards of the Department of Industrial Relations. Existing law requires the chancellor to allocate the hours for instruction related and supplemental to on-the-job training, to be paid from funds appropriated by the Legislature directly to participating local educational agencies and community colleges that contract with apprenticeship programs.

This bill would require the chancellor to notify participating local educational agencies and community colleges of the initial allocation of related and supplemental hours within 30 days of the enactment of the annual Budget Act. The bill would require the chancellor to report certain information relating to allocated hours

to the California Apprenticeship Council within 30 days of each apportionment period for each participating local educational agency and community college.

(2) Existing law authorizes various career technical education programs, including regional occupational centers and programs, specialized secondary programs, partnership academies, and agricultural career technical education programs.

The bill would authorize the Superintendent of Public Instruction to certify, by name, each regional occupational center or program, county office of education, or adult education program that provides a program of training to prepare adult students for gainful employment in a recognized occupation, to legally authorize the center, program, or office to provide an educational program beyond secondary education, as specified.

(3) Existing law exempts certain students of the California State University and the California Community Colleges from paying nonresident tuition.

This bill would provide that, effective for academic terms beginning after July 1, 2015, a student enrolled at a campus of the California Community Colleges or the California State University who resides in California, meets the definition of “covered individual” under a specified federal statute, and is eligible for education benefits under either of 2 specified federal “GI Bill” programs, is exempt from paying nonresident tuition and any other fees exclusively applicable to nonresident students at that campus.

The bill would provide that a student who qualifies under this bill for an exemption from paying nonresident tuition and other fees exclusively applicable to nonresident students would be exempt from paying nonresident tuition and these other fees for each academic term for which he or she enrolls while he or she is continuously enrolled, as defined, at the campus he or she attends. To the extent that this provision would create new duties for community college districts, it would constitute a state-mandated local program.

The bill would authorize a community college district to report the attendance of a student who is exempt from nonresident tuition and other fees under this bill for apportionment purposes.

(4) 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 establishes the maximum tuition award amount for each Cal Grant A and B award for new recipient students attending private nonprofit postsecondary educational institutions at \$9,084 for the 2014–15 award year and \$8,056 for the 2015–16 award year and each award year thereafter.

This bill would increase the maximum tuition award amount for Cal Grant A and B for new recipients at private nonprofit postsecondary educational institutions to \$9,084 for the 2015–16 and 2016–17 award year.

(5) Under existing law, the Cal Grant Program requires, among other things, that a total of 22,500 Competitive Cal Grant A and B awards be granted annually.

This bill would instead, commencing with the 2015–16 academic year, require that a total of 25,750 Competitive Cal Grant A and B awards be granted annually. The bill would also make conforming changes and delete an obsolete provision.

(6) Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education. The programs administered by the commission include the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program and the Middle Class Scholarship Program.

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, is for an amount of up to 40% of the systemwide tuition and fees. Under existing law, a student receiving an award under the Middle Class Scholarship Program is required to have an annual household income that does not exceed \$150,000, 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 parttime.

This bill would require that a student meet these requirements each academic year, to the satisfaction of the commission, to be eligible for an award under the Middle Class Scholarship Program. The bill would provide that \$150,000 maximum annual household income amount would be adjusted, beginning in 2016–17 academic year, for changes in the cost of living, as defined. The bill, beginning with awards distributed for the 2015–16 academic year, would prohibit a student from receiving an award under the program if that student’s household asset level exceeds \$150,000, as adjusted, beginning in the 2016–17 academic year, for changes in the cost of living. The bill would provide that a scholarship awarded under the Middle Class Scholarship Program can be renewed, as specified.

(7) Existing law requires specified amounts to be transferred, upon order of the Director of Finance, from the General Fund to the Middle Class Scholarship Fund each fiscal year commencing with the 2014–15 fiscal year. Existing law appropriates these funds to the Student Aid Commission for allocation pursuant to the Middle Class Scholarship Program. Existing law provides that, upon order of the Director of Finance, if the May Revision projects a deficit for the next fiscal year, the amounts specified for transfer may be reduced by up to 33% and, beginning with the 2016–17 fiscal year, and each year thereafter, to an amount greater than or equal to \$200,000,000.

This bill would reduce the amounts specified for transfer to the Middle Class Scholarship Fund for the 2015–16, 2016–17, and 2017–18 fiscal years from \$152,000,000 to \$82,000,000, from \$228,000,000 to \$116,000,000, and from \$305,000,000 to \$159,000,000, respectively, subject to a further 33% reduction as specified above, and would express the Legislature’s intent that any savings realized in this regard be used to support higher education.

(8) This bill would require funds appropriated to the board of governors for the Foster Care Education Program to be used for

foster parent and relative/kinship care provider education, as specified.

(9) Existing law establishes various student equity-related programs, including the Student Success and Basic Skills Students program, the Student Financial Aid Administration program, the Student Success and Support Program, and the Telecommunications and Technology Infrastructure program.

This bill would require the Chancellor of the California Community Colleges to submit reports to the Department of Finance and the Legislature, by December 31 of each fiscal year, on the use of funds appropriated in the Budget Act for the prior fiscal year for the Student Success and Basic Skills Students program, the Student Financial Aid Administration program, the technical assistance provided to community college districts pursuant to the Student Success and Support Program, and the Telecommunications and Technology Infrastructure program, as specified.

(10) Existing law requires the Board of Governors of the California Community Colleges to develop criteria and standards, in accordance with specified statewide minimum requirements, for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and allocating state general apportionment revenues. Those statewide minimum requirements include, among other things, a requirement that the calculations of each community college district's revenue level for each fiscal year be based on specified criteria, with revenue adjustments being made for increases or decreases in attendance and for other specified reasons.

This bill, if the annual budget act identifies funds appropriated to do so, would require the chancellor to adjust the budget request formula, as specified.

(11) The Schools and Local Public Safety Protection Act of 2012, an initiative measure approved by the voters at the November 6, 2012, statewide general election, among other things, increased certain tax rates and deposited the revenues from those increases in tax into the Education Protection Account. The act provides that all moneys in the Education Protection Account are continuously appropriated for the support of school districts, county offices of education, charter schools, and community college districts, and requires 11% of the moneys appropriated to be allocated quarterly

by the Board of Governors of the California Community Colleges to community college districts to provide general purpose funding to community college districts, as specified. The act requires that allocation to be offset by certain amounts, provided that no community college district receives less than \$100 per full-time equivalent student.

This bill would require an amount to be determined by the Director of Finance to be appropriated, on or before June 30 of each fiscal year, from the General Fund to the Board of Governors of the California Community Colleges if the revenues distributed to community college districts that are intended to offset the Education Protection Account allocation are less than the estimated amount reflected in the Budget Act for that year. If the revenues distributed to community college districts that are intended to offset the Education Protection Account allocation exceed the estimated amount reflected in the Budget Act for that fiscal year, the bill would require the Director of Finance to reduce a specified item of that Budget Act that appropriates funds to the board of governors by the excess amount.

(12) This bill would require an amount to be determined by the Director of Finance to be appropriated, on or before June 30 of each fiscal year from the General Fund to the Board of Governors of the California Community Colleges if specified redevelopment-related revenues distributed to community college districts are less than the estimated amount reflected in the Budget Act for that fiscal year. If the specified redevelopment-related revenues distributed to community college districts exceed the estimated amount reflected in the Budget Act for that fiscal year, the bill would require the Director of Finance to reduce a specified item of that Budget Act that appropriates funds to the board of governors by the excess amount.

(13) Existing law, until June 30, 2015, establishes the Career Technical Education Pathways Program, which requires the Chancellor of the California Community Colleges and the Superintendent of Public Instruction to assist economic and workforce regional development centers and consortia, community colleges, middle schools, high schools, and regional occupational centers and programs to improve linkages and career technical education pathways between high schools and community colleges, as specified.

This bill would continue the operation of the program until July 1, 2016, and would appropriate \$48,000,000 for the support of the program.

(14) Existing law establishes the California Community Colleges, under the administration of the Board of Governors of the California Community Colleges, as one of the segments of public postsecondary education in this state. Existing law authorizes the establishment of community college districts under the administration of community college governing boards, and authorizes these districts to provide instruction at community college campuses throughout the state.

This bill would establish a financial and professional development grant funding program, which would authorize the governing board of a community college district to apply to the Chancellor of the California Community Colleges for, and would require the chancellor to distribute, multiyear financial and professional development grant funding upon appropriation of funds for that purpose for community colleges within the district to adopt or expand the use of evidence-based models of academic assessment and placement, remediation, and student support that accelerate the progress of underprepared students toward achieving postsecondary educational and career goals. The bill would require community colleges that receive these grants to report specified information to the chancellor's office on program outcomes. The bill would make the chancellor's office responsible for administering the grant program and distributing and monitoring awards to recipient community college districts, developing application criteria, administrative guidelines, and other requirements for purposes of administering the grant program, and providing the information submitted by community college districts to the Legislative Analyst's Office. The bill would require the Legislative Analyst's Office to report to the Legislature on the progress of the grant program in achieving its prescribed purpose, as specified.

This bill would appropriate the sum of \$60,000,000 from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts under the financial grant and professional development funding program described above.

(15) Under existing law, the Board of Governors of the California Community Colleges appoints a Chancellor of the California Community Colleges to serve as the chief executive officer of the segment.

This bill would require the chancellor to solicit, from community college districts that choose to apply for a grant under this bill, applications seeking funding for plans to provide instruction in basic skills to students enrolled, or who will enroll at, California State University campuses. The bill would specify information that would be included in these applications.

The bill would require the chancellor to award grants of \$2,000,000 each to 5 of the applicant community college districts in accordance with specified criteria. The bill would require, no later than April 1, 2017, that, based on specified data provided by the districts that received the grants, the chancellor, following consultation with the Chancellor of the California State University, report to the Legislature, the Legislative Analyst's Office, and the Department of Finance on the effectiveness of the plans in delivering instruction in basic skills to the targeted students.

The bill would appropriate \$10,000,000 from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts under the bill.

(16) Existing law authorizes the California State University to pledge its annual General Fund support appropriation, less certain amounts, to secure the payment of its debt obligations issued by the trustees pursuant to the State University Revenue Bond Act of 1947. Existing law authorizes the California State University to fund debt service for capital expenditures, as defined, from its General Fund support appropriation, as specified.

Existing law prohibits the California State University from using its General Fund support appropriation to fund certain capital expenditures and certain capital outlay projects before obtaining approval from the Department of Finance pursuant to specified procedures. Under existing law, if the California State University plans to use any of its support appropriation in the annual budget for the subsequent fiscal year for certain capital expenditures or for certain capital outlay projects, the California State University is required to simultaneously submit, on or before September 1, 10 months before the commencement of that fiscal year, a report

to specified committees of the Legislature and the Department of Finance.

This bill instead would require the California State University, if the university plans to use any authorized moneys for the subsequent fiscal year for those capital expenditures or capital outlay projects, to simultaneously submit, on or before September 1, 10 months before the commencement of that fiscal year, a preliminary report to specified committees and subcommittees of the Legislature and the Department of Finance. The bill would require the California State University to submit a final report, on or before December 1, to those same entities, as specified.

This bill would, commencing with the 2014–15 fiscal year, authorize the California State University to use its support appropriation in the annual budget for the capital expenditures and capital outlay projects identified in the resolution approved by the Trustees of the California State University on January 28, 2015, titled “Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Systemwide Infrastructure Improvement Projects (RFIN 01-15-04),” thereby making an appropriation.

This bill would, commencing with the 2015–16 fiscal year, authorize the California State University to use its support appropriation in the annual budget for the capital expenditures and capital outlay projects identified in the “2015–2016 CSU/State Funded Capital Outlay Program” referenced in the resolution approved by the Trustees of the California State University on November 13, 2014, titled “Approval of the 2015–2016 Capital Outlay Program and the 2015–2016 through 2019–2020 Five-Year Capital Improvement Program (RCPBG 11-14-17).”

(17) Under existing law, the University of California is established, under the administration of the Regents of the University of California, as one of the segments of public postsecondary education in this state. The University of California provides instruction to students at campuses in Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara, and Santa Cruz.

Existing law authorizes the University of California to issue revenue bonds, secured by a specified pledge of revenues. Existing law authorizes the University of California to pledge its annual General Fund support appropriation, less certain amounts, to secure

the payment of its general revenue bonds or commercial paper associated with the general revenue bond program. Existing law authorizes the University of California to fund debt service for capital expenditures, as defined, from its General Fund support appropriation, as specified.

This bill would authorize the University of California to also pledge its annual General Fund support appropriation to secure payment for availability payments, as defined, lease payments, installment payments, and other similar or related payments. The bill would authorize the university to make availability payments, lease payments, installment payments, and other similar or related payments from its annual General Fund support appropriation, as specified. The bill would, for capital expenditures related to the Merced 2020 Project, provide that the University of California may proceed with capital expenditures or capital outlay projects only if all work traditionally performed by persons with University of California Service Unit (SX) job classifications is performed only by employees of the University of California. The bill would also make conforming changes.

(18) Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts specified institutions, including an independent institution of higher education that is accredited by the Accrediting Commission for Senior Colleges and Universities, Western Association of Schools and Colleges, or the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges, from its provisions, and is repealed on January 1, 2017.

This bill would, among other things, authorize an independent institution of higher education that is exempt from the act as accredited by one of these accrediting agencies to execute a contract with the bureau for the bureau to review and, as appropriate, act on complaints concerning the institution.

(19) 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.

Existing law requires the Treasurer to certify the amount of moneys available in an academic year from the College Access Tax Credit Fund for distribution, and provides that an amount determined by the Student Aid Commission is available for expenditure from this fund, upon appropriation to the commission by the Legislature in the annual Budget Act, 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 for the commission's related administrative costs.

This bill would instead provide that the moneys deposited in the College Access Tax Credit Fund would be continuously appropriated to the commission for the purpose of making those awards.

(20) The Personal Income Tax Law and the Corporation Tax Law, for taxable years beginning on or after January 1, 2014, and before January 1, 2017, allow a credit equal to a certain percentage of a contribution to the College Access Tax Credit Fund for specified education purposes, as provided. Existing law specifies that the aggregate amount of credit that may be allocated under both laws shall not exceed \$500,000,000 for each calendar year, as specified, and requires the California Educational Facilities Authority to perform certain duties with regard to allocating and certifying the tax credits allowed under these provisions. Existing state constitutional law governing insurance taxation imposes an annual tax on the gross premiums of an insurer, as defined, doing business in this state at specified rates.

This bill, for taxable years beginning on or after January 1, 2017, and before January 1, 2018, would establish similar credits under the Personal Income Tax Law, the Corporation Tax Law, and the law governing insurance taxation, which would allow a credit equal to a certain percentage of a contribution to the College Access Tax Credit Fund. The bill would limit the aggregate amount of

these new credits to be allocated from exceeding a total of \$500,000,000 for that year, as specified, and would require the California Educational Facilities Authority to perform certain duties in order to allocate and certify these new credits.

(21) The Personal Income Tax Law and the Corporation Tax Law provide for an alternative minimum tax and provide that, except for specified credits, no credit shall reduce the regular tax, as defined, below the tentative minimum tax. Existing state constitutional law prohibits the Legislature from making any gift, or authorizing the making of any gift, of any public money or thing of value to any individual, municipal or other corporation.

This bill, for taxable years beginning on or after January 1, 2014, would add to those specified credits, the credit for contributions to the College Access Tax Credit Fund and would make legislative findings and declarations regarding the statewide public purpose served by these provisions.

(22) Existing law establishes the California Community Colleges, under the administration of the Board of Governors of the California Community Colleges, the California State University, under the administration of the Trustees of the California State University, and the University of California, under the administration of the Regents of the University of California, as the 3 segments of public postsecondary education in this state. The Master Plan for Higher Education in California, originally prepared in 1959, set forth, among other things, the basic goals and functions of these segments.

This bill would require the Legislative Analyst's Office to conduct a study, including specified analyses, to assess the need for new campuses of the California State University or the University of California. The bill would require these 2 segments to provide data needed by the Legislative Analyst's Office to meet the requirements of this bill upon that office's request. The bill would require the Legislative Analyst's Office to submit to the Legislature and the Department of Finance: a report relating to the California State University and containing the data and analysis required by the bill on or before January 1, 2017; and a report relating to the University of California and containing the data and analysis required by the bill on or before January 1, 2018.

(23) The Budget Act of 2012 appropriated \$4,750,000 from the 2006 University Capital Outlay Bond Fund for a classroom and

academic office building on the campus of the University of California, Merced. The Budget Act of 2013 authorized moneys appropriated to the University of California from the General Fund to be used to fund the construction phase of that classroom and academic office building.

This bill would authorize the University of California to use any project savings from the 2012 appropriation referenced above for the construction phase of the classroom and academic office building at the University of California, Merced. The bill would also provide that the unencumbered balance of the funds appropriated for that building in the 2012 appropriation referenced above would be available for encumbrance until June 30, 2016. These provisions would constitute an appropriation.

(24) This bill would appropriate the sum of \$48,000,000 from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts to provide funding for specified purposes relating to facilities, hazardous substances response, architectural barrier removal, seismic retrofit projects, instructional equipment and library materials, and water conservation projects, as specified. The bill would require the chancellor to allocate funds to community college districts on the basis of actual reported full-time equivalent students, except as provided. The bill would authorize the chancellor to establish guidelines for the use of the moneys allocated.

(25) Existing law authorizes the Board of Governors of the California Community Colleges, in consultation with the California State University and the University of California, to establish a statewide baccalaureate degree pilot program at not more than 15 community college districts, with one baccalaureate degree program each, to be determined by the Chancellor of the California Community Colleges and approved by the board of governors.

This bill would appropriate the sum of \$6,000,000 from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts to support the implementation of the baccalaureate degree pilot program. The bill would authorize the use of these funds to support professional development activities.

(26) This bill would appropriate the sum of \$1,000,000 from the General Fund for use pursuant to legislation enacted in the first year of the 2015–16 Regular Session of the Legislature related to

a study of those eligible for admission to the University of California and the California State University.

(27) The Budget Act of 2014 made appropriations for the support of state government for the 2014–15 fiscal year.

This bill would amend the Budget Act of 2014 by making an additional appropriation of \$23,000,000 from the General Fund for the Awards for Innovation in Higher Education program.

(28) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(29) Funds appropriated by this bill would be applied toward the minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution, as specified.

(30) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Appropriation: yes.

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

SECTION 1. Section 8152 of the Education Code is amended to read:

8152. (a) The reimbursement rate shall be established in the annual Budget Act and the rate shall be commonly applied to all providers of instruction specified in subdivision (d).

(b) For purposes of this section, each hour of teaching time may include up to 10 minutes of passing time and breaks.

(c) This section also applies to isolated apprentices, as defined in Section 3074 of the Labor Code, for which alternative methods of instruction are provided.

(d) The Chancellor of the California Community Colleges shall make the reimbursements specified in this section for teaching time provided by local educational agencies.

(e) The hours for related and supplemental instruction derived from funds appropriated pursuant to subdivision (b) of Section

8150 shall be allocated by the Chancellor of California Community Colleges directly to participating local educational agencies that contract with apprenticeship programs pursuant to subdivision (f).

(f) Reimbursements may be made under this section for related and supplemental instruction provided to indentured apprentices only if the instruction is provided by a program approved by the Division of Apprenticeship Standards of the Department of Industrial Relations in accordance with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

(g) The initial allocation of hours made pursuant to subdivision (e) for related and supplemental instruction at the beginning of a fiscal year, when multiplied by the hourly reimbursement rate, shall equal 100 percent of the total appropriation for apprenticeships. The Chancellor of the California Community Colleges shall notify participating local educational agencies of the initial allocation within 30 days of the enactment of the annual Budget Act.

(h) If funds remain from the appropriation pursuant to subdivision (b) of Section 8150, the Chancellor of the California Community Colleges shall reimburse local educational agencies for unfunded related and supplemental instruction hours from any of the three previous fiscal years, in the following order:

(1) Reported related and supplemental instruction hours, as described in subdivision (b) of Section 8154, that were paid at a rate less than the hourly rate specified in the Budget Act.

(2) Reported related and supplemental instruction hours that were not reimbursed.

(i) The Chancellor of the California Community Colleges shall report to the California Apprenticeship Council within 30 days of each apportionment period the following information for each participating local educational agency:

(1) The number of related and supplemental instruction hours allocated to the local educational agency.

(2) The number of related and supplemental instruction hours reported by the local educational agency.

(3) At the final or recalculation apportionment, the hourly rate paid for related and supplemental instruction hours reported above the local educational agency's initial allocation of hours for related and supplemental instruction.

SEC. 2. Section 52334.7 is added to the Education Code, to read:

52334.7. (a) The Superintendent may certify, by name, any regional occupational center or program, county office of education, or adult education program established pursuant to Section 52501 that provides a program of training to prepare adult students for gainful employment in a recognized occupation, to legally authorize the center, program, or office to provide an educational program beyond secondary education, including an education program that leads to a degree or certificate, for purposes of the center, program, or office participating in any student financial assistance program authorized by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.).

(b) A regional occupational center or program, county office of education, or adult education program established pursuant to Section 52501 applying for certification pursuant to subdivision (a) shall comply with all of the following:

(1) It shall admit as regular students to its program of training only those students who meet one or more of the following requirements:

(A) Have a high school diploma.

(B) Have the recognized equivalent of a high school diploma.

(C) Are beyond the age of compulsory school attendance.

(2) It shall provide an eligible program of training, as defined in Section 668.8 of Title 34 of the Code of Federal Regulations, as this section reads on July 1, 2015, to prepare students for gainful employment in a recognized occupation.

(3) It shall be accredited or preaccredited.

(4) It shall have been in existence for at least two years as described in subsection (b) of Section 600.6 of Title 34 of the Code of Federal Regulations, as this section reads on July 1, 2015.

(5) It shall be an institution or site physically located in the state.

(6) It shall agree to submit any dispute involving the final denial, withdrawal, or termination of its accreditation to initial arbitration before initiating any other legal action.

(7) It shall satisfy all applicable eligibility requirements specified in federal rulemaking pursuant to Sections 600.6, 600.7, and 600.9 of Title 34 of the Code of Federal Regulations, as these sections

read on July 1, 2015, other than the authorization provided for in subdivision (a).

(8) It shall apply in writing to the Superintendent, as an individual center, program, or office, to be considered for certification pursuant to subdivision (a).

(c) Any person may file a complaint under the Uniform Complaint Procedures, as set forth in Title 5 of the California Code of Regulations, regarding an alleged violation by a local agency of federal or state law or regulations governing adult education programs established pursuant to Section 52501 or regional occupational centers and programs.

(d) The Superintendent shall adopt regulations that authorize any person to file a complaint under the Uniform Complaint Procedures, as set forth in Title 5 of the California Code of Regulations, regarding an alleged violation by a county office of education of federal or state law or regulations governing that county office's participation in any student financial assistance program authorized by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.).

(e) The Superintendent may decertify, for purposes of participating in any student financial aid assistance program authorized by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.), a regional occupational center or program, county office of education, or adult education program established pursuant to Section 52501 previously certified in accordance with subdivision (a) if the Superintendent determines that the regional occupational center or program, county office of education, or adult education program established pursuant to Section 52501 is no longer in compliance with the requirements outlined in subdivision (b).

SEC. 3. Section 68075.7 is added to the Education Code, to read:

68075.7. Notwithstanding any other law:

(a) Effective for academic terms beginning after July 1, 2015, a student enrolled at a campus of the California Community Colleges or the California State University who meets all of the following requirements shall be exempt from paying nonresident tuition or any other fee that is exclusively applicable to nonresident students:

(1) The student resides in California.

(2) The student meets the definition of “covered individual,” as that term is defined in subsection (c) of Section 3679 of Title 38 of the United States Code, as that provision read on July 1, 2015.

(3) The student is eligible for education benefits under either the federal Montgomery GI Bill–Active Duty program (Chapter 30 (commencing with Section 3001) of Title 38 of the United States Code) or the Post-9/11 GI Bill program (Chapter 33 (commencing with Section 3301) of Title 38 of the United States Code), as each read on July 1, 2015.

(b) After the expiration of the three-year period following discharge or death as described in subsection (c) of Section 3679 of Title 38 of the United States Code, a student who qualifies for an exemption from paying nonresident tuition and other applicable fees under subdivision (a) shall be deemed to maintain “covered individual” status as long as the student remains continuously enrolled at a campus, even if the student enrolls in multiple programs, and the student shall continue to be exempt from paying nonresident tuition and other fees that are exclusively applicable to nonresident students. As used in this section, “continuously enrolled” means enrolled for at least the fall and spring semesters of an academic year, or for at least three of the quarters in an academic year for an institution using the quarter system.

(c) The attendance of a community college student who is exempt from paying nonresident tuition and other fees pursuant to this section may be reported by the community college district of attendance for apportionment purposes.

SEC. 4. Section 69431.7 of the Education Code is amended to read:

69431.7. (a) As used in this section, “fund” means the College Access Tax Credit Fund created by Sections 17053.86 and 17053.87 of the Revenue and Taxation Code.

(b) Any moneys allocated to the commission 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) (1) The moneys allocated to the commission pursuant to Sections 17053.86 and 17053.87 of the Revenue and Taxation

Code shall be available for the purpose of making awards to students in accordance with this section.

(2) To the extent feasible, the commission shall make annual disbursements from the moneys allocated to the commission 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.

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

SEC. 5. Section 69432 of the Education Code is amended to read:

69432. (a) Cal Grant Program awards shall be known as “Cal Grant A Entitlement Awards,” “Cal Grant B Entitlement Awards,” “California Community College Transfer Entitlement Awards,” “Competitive Cal Grant A and B Awards,” “Cal Grant C Awards,” and “Cal Grant T Awards.”

(b) Maximum award amounts for students at independent institutions and for Cal Grant C and T awards shall be identified in the annual Budget Act. Maximum award amounts for Cal Grant A and B awards for students attending public institutions shall be referenced in the annual Budget Act.

(c) (1) Notwithstanding subdivision (b), and subdivision (c) of Section 66021.2, commencing with the 2013–14 award year, the maximum tuition award amounts for Cal Grant A and B awards for students attending private for-profit and nonprofit postsecondary educational institutions shall be as follows:

(A) Four thousand dollars (\$4,000) for new recipients attending private for-profit postsecondary educational institutions.

(B) For the 2015–16 and 2016–17 award years, nine thousand eighty-four dollars (\$9,084) for new recipients attending private

nonprofit postsecondary educational institutions. For the 2017–18 award year and each award year thereafter, eight thousand fifty-six dollars (\$8,056) for new recipients attending private nonprofit postsecondary educational institutions.

(2) The renewal award amount for a student whose initial award is subject to a maximum award amount specified in this subdivision shall be calculated pursuant to paragraph (2) of subdivision (a) of Section 69433.

(3) Notwithstanding subparagraph (A) of paragraph (1), new recipients attending private for-profit postsecondary educational institutions that are accredited by the Western Association of Schools and Colleges as of July 1, 2012, shall have the same maximum tuition award amounts as are set forth in subparagraph (B) of paragraph (1).

SEC. 6. Section 69437 of the Education Code is amended to read:

69437. (a) Commencing with the 2001–02 academic year, and each academic year thereafter, there shall be established the Competitive Cal Grant A and B award program for students who did not receive a Cal Grant A or B entitlement award pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436). Awards made under this section are not entitlements. The submission of an application by a student under this section shall not entitle that student to an award. The selection of students under this article shall be determined pursuant to subdivision (c) and other relevant criteria established by the commission.

(b) Commencing with the 2015–16 academic year, a total of 25,750 Cal Grant A and B awards shall be granted annually under this article on a competitive basis for applicants who meet the general eligibility criteria established in Article 1 (commencing with Section 69430) and the priorities established by the commission pursuant to subdivision (c).

(1) Fifty percent of the awards referenced in this subdivision are available to all students, including California community college students, who meet the financial need and academic requirements established pursuant to this article. A student enrolling at a qualifying baccalaureate degree granting institution shall apply by the March 2 deadline. A California community

college student is eligible to apply at the March 2 or the September 2 deadline.

(2) Fifty percent of the awards referenced in this subdivision are reserved for students who will be enrolled at a California community college. The commission shall establish a second application deadline of September 2 for community college students to apply for these awards effective with the fall term or semester of the 2001–02 academic year.

(3) If any awards are not distributed pursuant to paragraphs (1) and (2) upon initial allocation of the awards under this article, the commission shall make awards to as many eligible students as possible, beginning with the students with the lowest expected family contribution and highest academic merit, consistent with the criteria adopted by the commission pursuant to subdivision (c), as practicable without exceeding an annual cumulative total of 25,750 awards.

(c) (1) On or before February 1, 2001, acting pursuant to a public hearing process that is consistent with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), the commission shall establish selection criteria for Cal Grant A and B awards under the competitive program that give special consideration to disadvantaged students, taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student's access to, and ability to persist in, postsecondary education programs.

(2) Additional consideration shall be given to both of the following:

(A) Students pursuing Cal Grant B awards who reestablish their grade point averages.

(B) Students who did not receive awards pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436).

(d) All other students who meet the eligibility requirements pursuant to Article 1 (commencing with Section 69430) are eligible to compete for an award pursuant to this article.

SEC. 7. Section 70022 of the Education Code is amended to read:

70022. (a) (1) Subject to an available and sufficient appropriation, commencing with the 2014–15 academic year, an undergraduate student enrolled in the California State University or the University of California who meets the requirements of paragraph (2) is eligible for a scholarship award as described in that paragraph.

(2) Each academic year, except as provided in paragraphs (3) and (4), an eligible student shall receive a scholarship award in an amount that, combined with other federal, state, or institutionally administered student grants or fee waivers received by an eligible student, is up to 40 percent of the amount charged to that student in that academic year for mandatory systemwide tuition and fees, if all of the following requirements are met, to the satisfaction of the commission, each academic year:

(A) The student’s annual household income does not exceed one hundred fifty thousand dollars (\$150,000). For awards distributed for the 2016–17 academic year and subsequent academic years, the commission shall annually adjust the maximum income level set under this subparagraph in accordance with the percentage changes 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. For purposes of this article, annual household income shall be calculated in a manner that is consistent with the requirements applicable to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Chapter 1.7 (commencing with Section 69430)) and Section 69506.

(B) Beginning with awards distributed in the 2015–16 academic year, the student’s household asset level shall not exceed one hundred fifty thousand dollars (\$150,000). For awards distributed in the 2016–17 academic year and subsequent academic years, the commission shall annually adjust the maximum household asset level set under this subparagraph in accordance with the percentage changes 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. For purposes of this article, student’s household asset level shall be calculated in a manner that is consistent with the requirements applicable to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program

(Chapter 1.7 (commencing with Section 69430)) and Section 69506.

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

(D) The student is exempt from paying nonresident tuition.

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

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

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

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

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

(3) (A) The percentage specified in paragraph (2) shall be reduced by 0.6-percent increments per one thousand dollars (\$1,000) of annual household income in excess of one hundred thousand dollars (\$100,000), to a minimum 10 percent of mandatory systemwide tuition and fees for an academic year, provided that no scholarship award shall be provided to a student with an annual household income exceeding one hundred fifty thousand dollars (\$150,000). This reduction shall be in addition to any reduction required by subdivision (e) of Section 70023.

(B) Notwithstanding subparagraph (A), for any student who qualifies for a scholarship award of at least one dollar (\$1), the

minimum annual scholarship amount for full-time enrollment is ninety dollars (\$90).

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

(b) In order for students enrolled in their respective segments to remain eligible to receive a scholarship award under this article, the University of California and the California State University shall not supplant their respective institutional need-based grants with the funds provided for scholarships under this article, and shall 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.

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

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

SEC. 8. Section 70022.5 is added to the Education Code, to read:

70022.5. (a) A scholarship award under this article may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program. Commencing with the 2016–17 academic year, the total number of years of eligibility for grants pursuant to this article shall be based on the student’s educational level in his or her course of study as designated by the institution of attendance when the recipient initially receives payment for a grant.

(b) For a student enrolled in an institutionally prescribed five-year undergraduate program, a scholarship award under this article may be renewed for a total of up to five academic years of

attendance as long as the student meets the requirements of Section 70022.

(c) A recipient of a scholarship award under this article who has completed a baccalaureate degree, and who has been admitted to and is enrolled in a program of professional teacher preparation at an institution approved by the Commission on Teacher Credentialing, is eligible for, but not entitled to, renewal of the scholarship award for an additional academic year of full-time attendance as long as the student meets the requirements of Section 70022.

SEC. 9. Section 70023 of the Education Code is amended to read:

70023. (a) For each academic year, the commission shall determine an amount sufficient, when combined with other federal, state, or institutionally administered student grants or fee waivers received by eligible students from other sources, to provide scholarships to eligible students in the amounts described in paragraphs (2) and (3) of subdivision (a) of Section 70022. The University of California and the California State University shall provide the commission with any financial aid data that are necessary for the determination of these amounts.

(b) The commission shall annually determine if the amounts appropriated under this section in each fiscal year are sufficient to cover the costs of the scholarships as projected to be awarded pursuant to the program. If those amounts are not sufficient for this purpose, the scholarships shall be reduced proportionately by an equal percentage for all recipients of scholarships under this article.

(c) The commission may adopt regulations necessary to carry out the purposes of this article under subdivision (b) as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of the Administrative Procedure Act, including Section 11349.6 of the Government Code, the adoption of those regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare, notwithstanding subdivision (e) of Section 11346.1 of the Government Code. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, any regulation adopted pursuant to this section shall not remain in effect more

than 180 days unless the commission complies with all provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, as required by subdivision (e) of Section 11346.1 of the Government Code.

(d) The unencumbered balance, as of June 30 of each fiscal year, of the amount appropriated from the Middle Class Scholarship Fund pursuant to paragraph (1) of subdivision (e) shall revert to the General Fund.

(e) (1) Upon order of the Director of Finance, the following amounts shall be transferred from the General Fund to the Middle Class Scholarship Fund, and are hereby appropriated to the commission for allocation pursuant to this article:

(A) For the 2014–15 fiscal year, one hundred seven million dollars (\$107,000,000).

(B) For the 2015–16 fiscal year, eighty-two million dollars (\$82,000,000).

(C) For the 2016–17 fiscal year, one hundred sixteen million dollars (\$116,000,000).

(D) For the 2017–18 fiscal year and for each fiscal year thereafter, one hundred fifty-nine million dollars (\$159,000,000).

(2) An annual appropriation to the commission is hereby established in the amounts and for the fiscal years described in paragraph (1) to carry out the purposes of this section and Section 70022.

(3) It is the intent of the Legislature that any savings realized from changes made to the allocations under this subdivision by a bill providing for appropriations related to the Budget Bill for the 2015–16 fiscal year shall be used to support higher education.

(4) The funds transferred and appropriated pursuant to paragraph (1) shall only be available for encumbrance in the fiscal year in which they are transferred, and the General Fund shall have no liability or any obligation beyond the transfers explicitly authorized in paragraph (1) unless a subsequent transfer or allocation is required pursuant to statute.

(5) In any fiscal year, additional appropriations may be enacted pursuant to statute to carry out the purposes of this article.

(6) (A) Beginning with the Governor’s Budget proposal for the 2014–15 fiscal year, and in the Governor’s Budget for each fiscal year thereafter, the Department of Finance shall include a fund condition statement for the Middle Class Scholarship Fund for the

fiscal year of the proposed budget and the two immediately preceding fiscal years prepared in accordance with existing law.

(B) Upon order of the Director of Finance and commencing with the 2013–14 fiscal year, if the May Revision projects a budget deficit for the next fiscal year, the amount specified in paragraph (1) for the fiscal year for which the budget deficit is projected may be reduced by up to 33 percent.

(f) Subject to an appropriation in the annual Budget Act for its purposes, the commission may begin implementation of, and establish outreach services relating to, this article.

SEC. 10. Section 79148 of the Education Code is amended to read:

79148. To the extent that sufficient federal funds and other resources are available, the Division of Apprenticeship Standards of the Department of Industrial Relations, in partnership with the California Community Colleges Chancellor’s Office, shall develop and implement innovative apprenticeship training demonstration projects in high-growth industries in emerging and transitioning occupations that meet local labor market needs and that are validated by current labor market data.

SEC. 11. Section 79149.3 of the Education Code is amended to read:

79149.3. (a) The reimbursement rate shall be established in the annual Budget Act and the rate shall be commonly applied to all providers of instruction specified in subdivision (d).

(b) For purposes of this section, each hour of teaching time may include up to 10 minutes of passing time and breaks.

(c) This section also applies to isolated apprentices, as defined in Section 3074 of the Labor Code, for which alternative methods of instruction are provided.

(d) The Chancellor of the California Community Colleges shall make the reimbursements specified in this section for teaching time provided by community colleges.

(e) The hours for related and supplemental instruction derived from funds appropriated pursuant to subdivision (b) of Section 79149 shall be allocated by the Chancellor of the California Community Colleges directly to participating community colleges that contract with apprenticeship programs pursuant to subdivision (f).

(f) Reimbursements may be made under this section for related and supplemental instruction provided to indentured apprentices only if the instruction is provided by a program approved by the Division of Apprenticeship Standards of the Department of Industrial Relations in accordance with Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.

(g) The initial allocation of hours for related and supplemental instruction pursuant to subdivision (e) at the beginning of any fiscal year when multiplied by the hourly rate established in the Budget Act for that year shall equal 100 percent of total appropriation for apprenticeships. The Chancellor of the California Community Colleges shall notify participating community colleges of the initial allocation within 30 days of the enactment of the annual Budget Act.

(h) If funds remain from the appropriation pursuant to subdivision (b) of Section 79149, the Chancellor of the California Community Colleges shall reimburse community colleges for unfunded related and supplemental instruction hours from any of the three previous fiscal years, in the following order:

(1) Reported related and supplemental instruction hours as described in subdivision (b) of Section 79149.5 that were paid at a rate less than the hourly rate specified in the Budget Act.

(2) Reported related and supplemental instruction hours that were not reimbursed.

(i) The Chancellor of the California Community Colleges shall report to the California Apprenticeship Council within 30 days of each apportionment period the following information for each participating community college:

(1) The number of related and supplemental instruction hours allocated to the community college.

(2) The number of related and supplemental instruction hours reported by the community college.

(3) At the final or recalculation apportionment, the hourly rate paid for related and supplemental instruction hours reported above the community college's initial allocation of hours for related and supplemental instruction.

SEC. 12. Article 8 (commencing with Section 79420) is added to Chapter 9 of Part 48 of Division 7 of Title 3 of the Education Code, to read:

## Article 8. Foster Care Education Program

79420. Funds appropriated to the Board of Governors of the California Community Colleges for the Foster Care Education Program shall be used for foster parent and relative/kinship care provider education in accordance with the following provisions:

(a) The Chancellor of the California Community Colleges shall allocate these funds exclusively for foster parent and relative/kinship care provider education and training, as specified by the chancellor, in consultation with an advisory committee that includes foster parents, representatives of statewide foster parent organizations, parent and relative/kinship care providers, and representatives of the State Department of Social Services.

(b) If a community college district accepts funds for this program, the district shall comply with all reporting requirements, guidelines, and other conditions for receipt of those funds established by the chancellor.

(c) Each college receiving funds for this program shall have a plan for foster parent and relative/kinship care provider education that includes the provision of training to facilitate the development of foster family homes, small family homes, and relative/kinship homes that care for no more than six children who have special mental, emotional, developmental, or physical needs.

(d) The State Department of Social Services shall facilitate the participation of county welfare departments in the Foster Care Education Program.

SEC. 13. Section 84044 is added to the Education Code, to read:

84044. (a) No later than December 31 of each fiscal year, the Chancellor of the California Community Colleges shall submit reports to the Department of Finance and the Legislature on the use of funds appropriated in the Budget Act for the prior fiscal year for the following purposes:

(1) The Student Success for Basic Skills Students program, including any outcomes associated with the use of funds.

(2) The Student Financial Aid Administration program, including the distribution of the funds, specific uses of the funds, strategies employed to reach low-income and disadvantaged students potentially eligible for financial aid, the extent to which community college districts were successful in increasing the

number of students accessing financial aid, and the impact on student enrollment.

(3) The technical assistance provided to community college districts pursuant to the Student Success and Support Program.

(4) The Telecommunications and Technology Infrastructure program, including summaries of allocations and expenditures by program and by community college district.

(b) Reports to the Legislature pursuant to this section shall be submitted pursuant to Section 9795 of the Government Code.

SEC. 14. Section 84750.5 of the Education Code is amended to read:

84750.5. (a) The board of governors, in accordance with the statewide requirements contained in paragraphs (1) to (9), inclusive, of subdivision (d), and in consultation with institutional representatives of the California Community Colleges and statewide faculty and staff organizations, so as to ensure their participation in the development and review of policy proposals, shall develop criteria and standards for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, and for the purpose of allocating the state general apportionment revenues.

(b) In developing the criteria and standards, the board of governors shall utilize and strongly consider the recommendations and work product of the “System Office Recommendations Based on the Report of the Work Group on Community College Finance” that was adopted by the board at its meeting of March 7, 2005. The board of governors shall complete the development of these criteria and standards, accompanied by the necessary procedures, processes, and formulas for utilizing its criteria and standards, by March 1, 2007, and shall submit on or before that date a report on these items to the Legislature and the Governor.

(c) (1) It is the intent of the Legislature in enacting this section to improve the equity and predictability of general apportionment and growth funding for community college districts in order that the districts may more readily plan and implement instruction and related programs, more readily serve students according to the policies of the state’s master plan for higher education, and enhance the quality of instruction and related services for students.

(2) It is the intent of the Legislature to determine the amounts to be appropriated for the purposes of this section through the

annual Budget Act. Nothing in this section shall be construed as limiting the authority either of the Governor to propose, or the Legislature to approve, appropriations for California Community Colleges programs or purposes.

(d) The board of governors shall develop the criteria and standards within the following statewide minimum requirements:

(1) The calculations of each community college district's revenue level for each fiscal year shall be based on the level of general apportionment revenues (state and local) the district received for the prior year plus any amount attributed to a deficit from the adopted standards to be developed pursuant to this section, with revenue adjustments being made for increases or decreases in full-time equivalent students (FTES), for equalization of funding per credit FTES, for necessary alignment of funding per FTES between credit and noncredit programs, for inflation, and for other purposes authorized by law.

(2) Commencing with the 2006–07 fiscal year, the funding mechanism developed pursuant to this section shall recognize the need for community college districts to receive an annual allocation based on the number of colleges and comprehensive centers in the district. In addition to this basic allocation, the marginal amount of credit revenue allocated per FTES shall be funded at a rate not less than four thousand three hundred sixty-seven dollars (\$4,367), as adjusted for the change in the cost-of-living in subsequent annual budget acts.

(A) To the extent that the Budget Act of 2006 contains an appropriation of one hundred fifty-nine million four hundred thirty-eight thousand dollars (\$159,438,000) for community college equalization, the Legislature finds and declares that community college equalization for credit FTES has been effectively accomplished as of March 31, 2007.

(B) The chancellor shall develop criteria for the allocation of one-time grants for those districts that would have qualified for more equalization under prior law than pursuant to this section and the Budget Act of 2006, and for those districts that would have qualified for more funding under a proposed rural college access grant than pursuant to this section and the Budget Act of 2006, as determined by the chancellor. Appropriations for the one-time grants shall be provided pursuant to paragraph (24) of subdivision (a) of Section 43 of Chapter 79 of the Statutes of 2006.

(3) Noncredit instruction shall be funded at a uniform rate of two thousand six hundred twenty-six dollars (\$2,626) per FTES, as adjusted for the change in the cost of living provided in subsequent annual budget acts.

(4) Funding for instruction in career development and college preparation, as authorized pursuant to Section 84760.5, shall be provided as follows:

(A) (i) Beginning in the 2006–07 fiscal year, career development and college preparation FTES may be funded at a rate of three thousand ninety-two dollars (\$3,092) per FTES for courses in programs that conform to the requirements of Section 84760.5. This rate shall be adjusted for the change in the cost of living or as otherwise provided in subsequent annual budget acts.

(ii) Beginning in the 2015–16 fiscal year, career development and college preparation FTES shall be funded at the same level as the credit rate specified in paragraph (2). This rate shall be adjusted for the change in the cost of living or as otherwise provided in subsequent annual budget acts.

(iii) The Legislative Analyst shall report to the Legislature on or before March 1, 2017, regarding the change in funding specified in clause (ii), including whether community colleges offered additional classes or programs related to career development or college preparation, and whether there was any change in FTES.

(iv) (I) The requirement for submitting a report imposed under clause (iii) is inoperative on March 30, 2019, pursuant to Section 10231.5 of the Government Code.

(II) A report submitted pursuant to clause (iii) shall be submitted in compliance with Section 9795 of the Government Code.

(B) Changes in career development and college preparation FTES shall result in adjustments to revenues as follows:

(i) Increases in career development and college preparation FTES shall result in an increase in revenues in the year of the increase and at the average rate per career development and college preparation FTES, including any cost-of-living adjustment authorized by statute or by the annual Budget Act.

(ii) Decreases in career development and college preparation FTES shall result in a revenue reduction in the year following the decrease at the average rate per career development and college preparation FTES.

(5) Except as otherwise provided by statute, current categorical programs providing direct services to students, including extended opportunity programs and services, and disabled students programs and services, shall continue to be funded separately through the annual Budget Act, and shall not be assumed under the budget formula otherwise specified by this section.

(6) For credit and noncredit instruction, changes in FTES shall result in adjustments in district revenues as follows:

(A) Increases in FTES shall result in an increase in revenues in the year of the increase and at the amount per FTES provided for in paragraph (2) or (3), as appropriate, including any cost-of-living adjustment authorized by statute or by the annual Budget Act.

(B) Decreases in FTES shall result in revenue reductions beginning in the year following the initial year of decrease in FTES, and at the district's marginal funding per FTES.

(C) Districts shall be entitled to the restoration of any reductions in apportionment revenue due to decreases in FTES during the three years following the initial year of decrease in FTES if there is a subsequent increase in FTES.

(7) Revenue adjustments shall be made to reflect cost changes, using the same inflation adjustment as required for school districts pursuant to paragraph (2) of subdivision (d) of Section 42238.02. These revenue adjustments shall be made to the college and center basic allocations, credit and noncredit FTES funding rates, and career development and college preparation FTES funding rates.

(8) The statewide requested increase in budgeted workload FTES shall be based, at a minimum, on the sum of the following computations:

(A) Determination of an equally weighted average of the rate of change in the California population of persons between the ages of 19 and 24 and the rate of change in the California population of persons between the ages of 25 and 65, both as determined by the Department of Finance's Demographic Research Unit as determined for the preceding fiscal year.

(B) To the extent the California unemployment rate exceeds 5 percent for the most recently completed fiscal year, that positive difference shall be added to the rate computed in subparagraph (A). In no event shall that positive difference exceed 2 percent.

(C) The chancellor may also add to the amounts calculated pursuant to subparagraphs (A) and (B) the number of FTES in the

areas of transfer, vocational education, and basic skills that were unfunded in the current fiscal year. For this purpose, the following computation shall be determined for each district, and a statewide total shall be calculated:

(i) Establish the base level of FTES earned in the prior fiscal year for transfer courses consisting of courses meeting the California State University breadth or Intersegmental General Education Transfer Curriculum requirements or major course prerequisites accepted by the University of California or the California State University.

(ii) Establish the base level of FTES earned in the prior fiscal year for vocational education courses consisting of courses defined by the chancellor's office Student Accountability Model codes A and B that are consistent with the courses used for measuring success in this program area under the accountability system established pursuant to Section 84754.5.

(iii) Establish the base level of FTES in the prior fiscal year for basic skills courses, both credit and noncredit.

(iv) Add the sum of FTES for clauses (i) to (iii), inclusive.

(v) Multiply the result of the calculation made under clause (iv) by one plus the district's funded growth rate in the current fiscal year. This figure shall represent the maintenance of effort level for the budget year.

(vi) FTES in transfer, vocational education, and basic skills that are in excess of the total calculated pursuant to clause (v), shall be considered in excess of the maintenance of effort level, and shall be eligible for overcap growth funding if the district exceeds its overall funded FTES.

(vii) In no event shall the amount calculated pursuant to clause (vi) exceed the total unfunded FTES for that fiscal year. To the extent the computation specified in subdivision (c) requires the reporting of additional data by community college districts, that reporting shall be a condition of the receipt of apportionment for growth pursuant to this section and those funds shall be available to offset any and all costs of providing the data.

(9) Except as specifically provided in statute, regulations of the board of governors for determining and allocating the state general apportionment to the community college districts shall not require district governing boards to expend the allocated revenues in

specified categories of operation or according to the workload measures developed by the board of governors.

(e) (1) The Chancellor of the Community Colleges shall develop, and the board of governors shall adopt, a revised apportionment growth formula for use commencing with the 2015–16 fiscal year. The chancellor shall allocate apportionments pursuant to the revised formula only after the revised formula, and any formulas for adjustment pursuant to paragraph (2), have been adopted by the board of governors. The revised apportionment growth formula shall support the primary missions of the segment, and shall be based on each community's need for access to the community colleges, as determined by local demographics. In developing the revised formula, the chancellor shall consider multiple factors in determining need; however, the primary factors shall be:

(A) (i) The number of persons under 25 years of age without a college degree, within a community college district's boundaries, and the number of persons 25 to 64 years of age, inclusive, without a college degree, within a community college district's boundaries.

(ii) Notwithstanding clause (i), the chancellor may use alternative age ranges depending on the availability of data.

(B) The number of persons who are unemployed, have limited English skills, who are in poverty, or who exhibit other signs of being disadvantaged, as determined by the chancellor, within a community college district's boundaries.

(2) Beginning with the 2016–17 fiscal year, the chancellor shall adjust upward the need determination based on each community college's effectiveness in serving residents of neighborhoods, within or outside of the community college district's boundaries, that exhibit the highest levels of need in the state.

(3) The chancellor shall calculate each community college district's proportionate share of the statewide need for access to the community colleges based on the application of this formula described in paragraph (1), as adjusted pursuant to paragraph (2).

(4) The chancellor shall calculate the difference between each community college district's proportionate share of the statewide need for access to the community colleges, as calculated pursuant to paragraph (3), and its current proportionate share of statewide enrollment in the community colleges.

(5) (A) Until a community college district reaches its highest level of apportionment revenues previously received, its apportionment revenues shall be eligible to increase by the lesser of 1 percent of its current apportionment base, or one-half of the statewide growth allocation on an proportionate basis, regardless of need.

(B) After a community college district reaches its highest level of apportionment revenues previously received, it shall be eligible to increase its apportionment revenues by the lesser of one-half of 1 percent of its current apportionment base, or one-quarter of the statewide growth allocation on an proportionate basis, regardless of its need.

(6) The remainder of the apportionment growth funding shall be allocated to allow each community college district to grow its apportionment revenues based on its relative share of the difference between the amounts calculated in paragraph (4), up to a maximum of its apportionment base for the preceding fiscal year appropriate to ensure that community college district is advancing the primary missions of the segment. The maximum established by the chancellor shall not be less than 5 percent nor greater than 10 percent of a community college district's apportionment base for the preceding fiscal year.

(7) Unless otherwise agreed upon by the board of governors, apportionment reductions shall be allocated proportionally based on the most recent levels of apportionment revenues.

(8) (A) It is the intent of the Legislature, consistent with direction provided in the 2014–15 Budget Act, that apportionment growth funding be expended for purposes of increasing the number of FTES in courses or programs that support the primary missions of the segment.

(B) (i) Notwithstanding Section 10231.5 of the Government Code, on or before October 15, 2015, and each year thereafter, the chancellor shall report to the Legislature on the course sections and FTES added at each community college that received apportionment growth funding in the prior fiscal year, including the number of course sections and if any course sections and FTES were added that are within the primary missions of the segment and those that are not within the primary missions of the segment.

(ii) A report submitted to the Legislature pursuant to clause (i) shall be submitted in compliance with Section 9795 of the Government Code.

(C) For purposes of this section, “primary missions of the segment” means credit courses and those noncredit courses specified in paragraphs (2) to (6), inclusive, of subdivision (a) of Section 84757.

(f) (1) It is the intent of the Legislature to allow for changes to the criteria and standards developed pursuant to subdivisions (a) to (d), inclusive, in order to recognize increased operating costs and to improve instruction.

(2) (A) If the annual budget act identifies funds appropriated specifically for the purposes of this subdivision, the chancellor shall adjust the budget request formula to allocate those funds without altering of any adjustments described in subdivision (d). At least 30 days before allocating any state general apportionment revenues using a budget request formula revised pursuant to this subdivision, the chancellor shall submit to the Department of Finance and the Legislature a description of the specific adjustments made to the budget request formula.

(B) A report to the Legislature pursuant to subparagraph (A) shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 15. Section 84751.6 is added to the Education Code, to read:

84751.6. (a) (1) On or before June 30 of each fiscal year, an amount to be determined by the Director of Finance shall be appropriated from the General Fund to the Board of Governors of the California Community Colleges in augmentation of Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act for that fiscal year.

(2) The funds appropriated pursuant to paragraph (1) shall only be available to the extent that revenues distributed to community college districts pursuant to Sections 34177, 34179.5, 34179.6, and 34188 of the Health and Safety Code are less than the estimated amount reflected in the Budget Act for that fiscal year, as determined by the Director of Finance.

(b) On or before June 30 of each fiscal year, the Director of Finance shall determine if the revenues distributed to community college districts pursuant to Sections 34177, 34179.5, 34179.6,

and 34188 of the Health and Safety Code exceed the estimated amount reflected in the Budget Act for that fiscal year and shall reduce Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act for that fiscal year by the amount of that excess.

(c) In making the determinations pursuant to subdivisions (a) and (b), the Director of Finance shall consider any other local property tax revenues and student fee revenues collected in amounts greater than or less than the estimated amounts reflected in the Budget Act for that fiscal year.

(d) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee of his or her intent to notify the Controller of the necessity to take action pursuant to either subdivision (a) or subdivision (b), and shall report either the amount to be appropriated pursuant to subdivision (a) or the amount to be reduced pursuant to subdivision (b).

(e) The Controller shall make funds appropriated pursuant to subdivision (a) available not sooner than five days after notification by the Director of Finance. The Chancellor of the California Community Colleges shall work with the Controller to allocate these funds to community college districts as soon as practicable.

(f) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for that fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year.

SEC. 16. Section 84751.7 is added to the Education Code, to read:

84751.7. (a) (1) On or before June 30 of each fiscal year, an amount to be determined by the Director of Finance shall be appropriated from the General Fund to the Board of Governors of the California Community Colleges in augmentation of Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act for that fiscal year.

(2) The funds appropriated pursuant to paragraph (1) shall only be available to the extent that offsetting revenues distributed to community college districts pursuant to subparagraph (A) of

paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution are less than the estimated amount reflected in the Budget Act for that fiscal year, as determined by the Director of Finance.

(b) On or before June 30 of each fiscal year, the Director of Finance shall determine if the offsetting revenues distributed to community college districts pursuant to subparagraph (A) of paragraph (3) of subdivision (e) of Section 36 of Article XIII of the California Constitution exceed the estimated amount reflected in the Budget Act for that fiscal year and shall reduce Schedule (1) of Item 6870-101-0001 of Section 2.00 of the Budget Act for that fiscal year by the amount of that excess.

(c) The Director of Finance shall notify the Chairperson of the Joint Legislative Budget Committee of his or her intent to notify the Controller of the necessity to take action pursuant to either subdivision (a) or subdivision (b), and shall report either the amount to be appropriated pursuant to subdivision (a) or the amount to be reduced pursuant to subdivision (b).

(d) The Controller shall make funds appropriated pursuant to subdivision (a) available not sooner than five days after notification by the Director of Finance. The Chancellor of the California Community Colleges shall work with the Controller to allocate these funds to community college districts as soon as practicable.

(e) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202, for that fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202, for that fiscal year.

SEC. 17. Section 88540 of the Education Code is repealed.

SEC. 18. Section 88540 is added to the Education Code, to read:

88540. This part shall become inoperative on July 1, 2016, and, as of January 1, 2017, is repealed, unless a later enacted statute that becomes operative on or before January 1, 2017, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 19. Part 53 (commencing with Section 88700) is added to Division 7 of Title 3 of the Education Code, to read:

**PART 53. BASIC SKILLS PARTNERSHIP PILOT PROGRAM**

88700. (a) It is the intent of the state that school districts, community college districts, the California State University, and the University of California coordinate their efforts to provide instruction in basic skills in an efficient and effective way.

(b) The Chancellor of the California Community Colleges shall solicit applications from community college districts seeking funding for plans to provide instruction in basic skills to students enrolled, or who will enroll, at California State University campuses. As used in this section, “chancellor” means the Chancellor of the California Community Colleges.

(c) A community college district that chooses to apply for a grant under this section shall include the following components of its plan in its application:

(1) A list of the community colleges and the California State University campuses that will work jointly to develop effective instruction in basic skills and provide instruction to focus on students enrolled, or who will enroll, at California State University campuses.

(2) A commitment from the California State University campuses listed in paragraph (1) that these campuses will direct students to instruction at community colleges.

(3) A narrative explaining the strategy for directing students to instruction at community colleges and integrating this instruction with programs at California State University campuses.

(4) A letter from each of the presidents of the California State University campuses listed in the application pursuant to paragraph (1) indicating support for the plan and identifying the fiscal impact for his or her particular campus.

(5) A narrative describing any effective evidence-based instructional strategies and practices the community colleges have implemented for the delivery of basic skills instruction and any efforts the community colleges have made to incorporate effective evidence-based instructional strategies and practices within the delivery of their basic skills instruction.

(6) A narrative describing how faculty was involved in the development of the plan.

(7) A narrative describing if and how the community college district intends to incorporate the use of student success data to inform the delivery of its basic skills instruction.

(8) A narrative describing the measures the community colleges listed pursuant to paragraph (1) will undertake to collaborate with local school districts serving kindergarten and grades 1 to 12, inclusive, to better articulate English and mathematics instruction between high schools located in the community college district and the community colleges and the California State University campuses listed pursuant to paragraph (1).

(d) (1) The chancellor, in consultation with the Chancellor of the California State University, shall award grants of two million dollars (\$2,000,000) each to five of the applicant community college districts.

(2) The grants shall be awarded based on the projected success of the applicant districts in maximizing the following factors, which are listed below in order of decreasing priority:

(A) The number of students enrolled, or who will enroll, at California State University campuses and who would benefit from access to instruction in basic skills at the community colleges participating in the plan.

(B) The number of California State University campuses participating in the plan.

(C) The number of community college campuses participating in the plan.

(D) The likelihood that the plan would be implemented effectively.

(E) The use of effective evidence-based instructional strategies and practices the community colleges have implemented for the delivery of basic skills instruction. Community college districts are encouraged to align the delivery of basic skills instruction with California State University campus programs that will accelerate the progress of underprepared students toward college completion.

(e) (1) Upon awarding the grants, the chancellor shall allocate one million dollars (\$1,000,000) of the grant funds to each community college district selected for a grant.

(2) The chancellor shall release the remainder of a grant amount only after the community college district has submitted records

demonstrating that students enrolled, or planning to enroll, at California State University campuses have accessed instruction in basic skills at the community colleges pursuant to the plan. Notwithstanding this reporting condition, the chancellor shall release any amount of a grant that remains as of May 1, 2018, to the community college district by June 30, 2018.

(f) As a condition of receiving a grant pursuant to this section, a community college district shall provide all of the following information to the chancellor by February 1, 2017:

(1) The number of students enrolled, or who will enroll, at California State University campuses who were provided, or are being provided, instruction by community colleges pursuant to the adopted plan.

(2) The number of students who successfully completed basic skills instruction at the community colleges, defined as demonstrating competency on California State University assessments or successful completion of appropriate college-level courses.

(3) The number of students provided instruction at the community colleges who subsequently enrolled at a California State University campus and demonstrated competency on California State University assessments or successful completion of appropriate college-level courses.

(4) To the extent available, first-year retention and success rates at the California State University of students who received basic skills instruction at the community colleges pursuant to the plan.

(5) A qualitative description of the local successes or challenges that community colleges encountered when partnering with California State University campuses to provide instruction in basic skills to students enrolled, or who will enroll, at those campuses.

(6) A narrative describing the use of effective evidence-based practices by the community colleges to deliver basic skills instruction to accelerate the progress of underprepared students toward achieving postsecondary educational and career goals. This narrative shall also include a description of the efforts of the community colleges to implement or expand the use of effective evidence-based practices to deliver basic skills instruction.

(7) A narrative describing the measures implemented by the community college district to collaborate with local school districts

servicing kindergarten and grades 1 to 12, inclusive, to better articulate English and mathematics instruction between high schools located in the community college district and the community colleges and the California State University campuses listed pursuant to paragraph (1) of subdivision (c).

(g) No later than April 1, 2017, and following consultation with the Chancellor of the California State University, the chancellor shall analyze the information provided under subdivision (f), and report to the Legislature, the Legislative Analyst's Office, and the Department of Finance on the effectiveness of the plans in delivering instruction in basic skills to students enrolled, or who will enroll, at California State University campuses. This report shall also include a report on costs avoided by the California State University, if any, and recommendations on expanded use of community colleges to deliver basic skills instruction to California State University students. A report to the Legislature pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(h) The attendance of students enrolled in a basic skills course pursuant to this section may be reported by a community college district for apportionment purposes.

(i) The sum of ten million dollars (\$10,000,000) is hereby appropriated from the General Fund to the chancellor for allocation to community college districts to establish a basic skills partnership program at five community college districts in accordance with this section.

(j) For the purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the appropriation made by subdivision (i) shall be deemed to be "General Fund revenues appropriated for community college districts," as defined in subdivision (d) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the "total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B," as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014–15 fiscal year.

SEC. 20. Part 54 (commencing with Section 88800) is added to Division 7 of Title 3 of the Education Code, to read:

PART 54. COMMUNITY COLLEGES BASIC SKILLS AND  
STUDENT OUTCOMES TRANSFORMATION PROGRAM

CHAPTER 1. GENERAL PROVISIONS

88800. A financial and professional development grant funding program, administered by the Chancellor of the California Community Colleges, is hereby established. The chancellor shall distribute multiyear grants, upon appropriation by the Legislature, to the governing boards of community college districts pursuant to applications that satisfy the requirements of this part. Moneys allocated pursuant to this program shall be expended for community colleges within a district that receives a grant to adopt or expand the use of evidence-based models of academic assessment and placement, remediation, and student support that accelerate the progress of underprepared students toward achieving postsecondary educational and career goals.

88805. (a) (1) The governing board of a community college district may apply for funds pursuant to this part for the purpose of making more effective, evidence-based practices available to more underprepared students who enroll at campuses of the California Community Colleges. A community college within the district may receive funds to implement these evidence-based practices for the first time or to expand to additional students any evidence-based practices that are in effect as of the date of the district's application for funds.

(2) Community colleges may use funds allocated pursuant to this part to support remedial education curriculum redesign, professional development and release time for faculty, and support staff as appropriate, and data collection and reporting.

(b) The evidence-based practices implemented or expanded pursuant to funding received as specified in subdivision (a) shall include basic skills improvement strategies that have demonstrated effectiveness in accelerating the progress of underprepared students toward, and increasing the number of underprepared students who successfully achieve in a timely manner, one or both of the following goals:

(1) Completing a college-level English or mathematics course, or both, within a sequence of three or fewer courses after

enrollment in a community college, to prepare students for college-level work.

(2) Earning an industry-relevant college certificate or degree within two years.

88810. (a) In order to receive a grant, the governing board of a community college district shall demonstrate in its application for funding, consistent with subdivision (b) of Section 88805, that the community colleges that are to participate in the grant program will redesign their curriculum, career pathways, assessment and placement procedures, or any combination thereof, to implement, or significantly expand the use or application of, two or more of the following evidence-based practices and principles:

(1) Adopting placement tests or other student assessment indicators and related policies that may include multiple measures of student performance, including grades in high school courses, especially overall grade point average, results from the common assessment system, and input from counselors.

(2) Increasing the placement of students directly in gateway English and mathematics courses that are transferable to the University of California or the California State University and career pathways, with remedial instruction integrated as appropriate for underprepared students.

(3) Aligning content in remedial courses with the students' programs of academic or vocational study to target students' actual needs and increase relevance. This paragraph is intended to encourage the development of remedial instruction focused on a student's identified academic need informed by the student's intended course of study.

(4) Contextualizing remedial instruction in foundational skills for the industry cluster, pathways, or both, in which the student seeks to advance.

(5) Providing proactive student support services that are integrated with the instruction provided.

(6) Developing two- and three-course sequences, as appropriate, for completion of a college-level English or mathematics course, or both, for underprepared students, by either utilizing technology, where appropriate, to enhance the adoption of the high impact practices specified in paragraphs (1) to (5), inclusive, or implementing other effective basic skills course strategies and practices not specified in paragraphs (1) to (5), inclusive, subject

to the college providing evidence that substantiates the practice is effective.

(b) Community colleges are encouraged to collaborate with local school districts serving kindergarten and grades 1 to 12, inclusive, to better articulate English and math instruction between the high schools and the community colleges.

(c) Each participating community college shall be responsible for all of the following:

(1) Developing a plan based on two or more of the evidence-based principles and practices described in subdivision (a) that demonstrates a clear strategy for ensuring that both of the following occur within a five-year period:

(A) A progressively increasing share of the students who enroll at participating community colleges within the community college district achieve the goals listed in subdivision (b) of Section 88805.

(B) A significantly greater share of entering students who are enrolled at the community college achieve the goals listed in subdivision (b) of Section 88805 within a shorter time period than before the implementation of the plan at the community college.

(2) Ensuring that the plan developed pursuant to paragraph (1) does all the following:

(A) Describes the community college's current practices with regard to the selected high impact practices and its readiness to implement the new interventions.

(B) Articulates targets for the share of entering students projected to be served by these interventions over the three-year implementation period.

(C) Sets goals for the share of entering students who complete a college-level English or mathematics course within three semesters or less after enrollment.

(D) Identifies key strategies and implementation benchmarks for evaluating the progress of campus efforts to implement the selected interventions.

(E) Details the number of campus faculty likely to be involved in all selected high impact interventions and the plan for addressing their professional and technical assistance needs.

(3) Ensuring that its faculty participate in professional development regarding academic programs or new curriculum developed or expanded pursuant to the plan, using grant funds to support that faculty participation.

(4) Commencing in the year that a community college receives a grant and for the following three fiscal years, annually reporting to the chancellor's office on program outcomes, disaggregated by the demographic characteristics, high school grade point average, and initial placement level of its students, for purposes of measuring progress compared to the community college's performance before its implementation of the plan. These reports should include all of the following:

(A) The total number and percentage of entering students identified as underprepared before receipt of the grant.

(B) The number and percentage of entering students served by the grant program, disaggregated by type of practice implemented.

(C) The number and percentage of entering students achieving the goals listed in subdivision (b) of Section 88805.

(D) The number of faculty involved and faculty needs regarding the adoption and operation of courses under the plan.

(E) If applicable, a narrative describing any subsequent adjustments to the design of the college's basic skills course practices or strategies adopted pursuant to paragraph (6) of subdivision (a).

(F) A description of any additional or expanded student supports offered.

(G) A narrative describing the community college's efforts to collaborate with local school districts serving kindergarten and grades 1 to 12, inclusive, to better articulate English and math instruction between the high schools and the community colleges.

(5) These plans should be developed in consultation with campus faculty.

(d) The office of the Chancellor of the California Community Colleges shall be responsible for all of the following:

(1) Developing application criteria, administrative guidelines, and other requirements for purposes of administering the grant program. Applications that would do one or both of the following shall be given priority consideration within the application criteria:

(A) Scale up existing practices.

(B) Provide services to greater proportions of students.

(2) Administering the grant program and distributing and monitoring awards to recipient community college districts.

(3) Providing the information submitted pursuant to paragraph (4) of subdivision (c) to the Legislative Analyst's Office.

(e) (1) The Legislative Analyst’s Office shall aggregate, analyze, and report the information submitted pursuant to paragraph (3) of subdivision (d) to the Legislature on the progress of the grant program in achieving its prescribed purpose. The Legislative Analyst’s Office shall issue an interim report by December 1, 2019, and a final report by December 1, 2021.

(2) (A) The requirement for submitting a report imposed under this subdivision is inoperative on July 1, 2026, pursuant to Section 10231.5 of the Government Code.

(B) A report to be submitted pursuant to paragraph (1) shall be submitted in compliance with Section 9795 of the Government Code.

SEC. 21. Section 89772 of the Education Code is amended to read:

89772. (a) (1) Commencing with the 2014–15 fiscal year, and for each fiscal year thereafter, if the California State University plans to use any of its support appropriation in the annual budget, or any other revenues pursuant to paragraph (1) of subdivision (a) of Section 89770, for the subsequent fiscal year for capital expenditures, pursuant to and as defined in paragraph (1) of subdivision (b) of Section 89770, or for capital outlay projects pursuant to Section 89771, it shall simultaneously submit, on or before September 1, 10 months before the commencement of that fiscal year, a preliminary report to the committees in each house of the Legislature that consider the state budget, the budget subcommittees in each house of the Legislature that consider appropriations for the California State University, and the Department of Finance.

(2) The preliminary report shall detail the scope of all capital expenditures and capital outlay projects and how those capital expenditures and capital outlay projects will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(3) The California State University shall submit, on or before December 1, a final report to the committees in each house of the Legislature that consider the state budget, the budget subcommittees in each house of the Legislature that consider appropriations for the California State University, and the Department of Finance.

(4) The final report shall detail the scope of all capital expenditures and capital outlay projects and how those capital expenditures and capital outlay projects will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(5) The Department of Finance shall review the final report and submit, by February 1, a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the state budget and the budget subcommittees in each house of the Legislature that consider appropriations for the California State University. These committees may review and respond to the list of preliminarily approved capital expenditures and capital outlay projects before April 1.

(6) The Department of Finance shall submit a final list of approved capital expenditures and capital outlay projects to the California State University by no earlier than April 1, three months before the commencement of the fiscal year of the planned expenditures.

(b) The Department of Finance may approve capital expenditures, as defined in paragraphs (3) and (4) of subdivision (b) of Section 89770, no sooner than 30 days after submitting, in writing, a list of expenditures being considered for approval, to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the state budget and the Chairperson of the Joint Legislative Budget Committee.

(c) The California State University shall not use its General Fund support appropriation to fund any capital expenditures, as defined in paragraphs (1), (3), and (4) of subdivision (b) of Section 89770, or capital outlay projects defined in subdivision (b) of Section 89771 before receiving approval from the Department of Finance pursuant to this section.

(d) (1) For the 2014–15 fiscal year only, if the California State University plans to use any of its support appropriation in the annual budget for the 2014–15 fiscal year for capital expenditures defined in paragraph (1) of subdivision (b) of Section 89770 or for capital outlay projects pursuant to Section 89771, the California State University shall simultaneously submit, on or before August

1, 2014, a report to the committees in each house of the Legislature that consider the state budget, the budget subcommittees in each house of the Legislature that consider appropriations for the California State University, and the Department of Finance. This report shall detail the scope of all capital expenditures and capital outlay projects and how those capital expenditures and capital outlay projects will be funded. This report shall include the same level of detail as a capital outlay budget change proposal.

(2) The Department of Finance shall review, by November 1, 2014, the report and submit a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the State Budget, and the budget subcommittees in each house of the Legislature that consider appropriations for the California State University. These committees may review and respond to the list of preliminarily approved capital expenditures and capital outlay projects before December 1, 2014.

(3) The Department of Finance shall submit a final list of approved projects to the California State University no earlier than December 1, 2014.

(4) The California State University shall not proceed with any capital expenditures defined in paragraph (1) of subdivision (b) of Section 89770 or capital outlay projects defined in Section 89771, before receiving approval from the Department of Finance pursuant to this subdivision.

(e) (1) Notwithstanding subdivision (c), commencing with the 2014–15 fiscal year, the California State University may use its support appropriation in the annual budget for the capital expenditures and capital outlay projects identified in the resolution approved by the Trustees of the California State University on January 28, 2015, titled “Approval to Issue Trustees of the California State University, Systemwide Revenue Bonds and Related Debt Instruments for Systemwide Infrastructure Improvement Projects (RFIN 01-15-04).”

(2) Notwithstanding subdivision (c), commencing with the 2015–16 fiscal year, the California State University may use its support appropriation in the annual budget for the capital expenditures and capital outlay projects identified in the “2015–2016 CSU/State Funded Capital Outlay Program” referenced in the resolution approved by the Trustees of the

California State University on November 13, 2014, titled “Approval of the 2015–2016 Capital Outlay Program and the 2015–2016 through 2019–2020 Five-Year Capital Improvement Program (RCPBG 11-14-17).”

(f) Notwithstanding Section 10231.5 of the Government Code, commencing with the 2015–16 fiscal year, on or before February 1 of each fiscal year, the California State University shall simultaneously submit a progress report to the Joint Legislative Budget Committee and the Department of Finance detailing the scope, funding, and current status of all capital expenditures undertaken pursuant to Section 89770 and for all capital outlay projects undertaken pursuant to Section 89771.

SEC. 22. Section 92493 of the Education Code is amended to read:

92493. (a) (1) The University of California may pledge, along with its other revenues, its annual General Fund support appropriation less the amount of that appropriation that is required to fund general obligation bond payments and the State Public Works Board rental payments, to secure the payment of any of the university’s general revenue bonds or commercial paper associated with the general revenue bond program and to secure payment for any availability payments, lease payments, installment payments, and other similar or related payments.

(2) To the extent the university pledges any part of its support appropriation as a source of revenue securing any obligation, it shall provide that this commitment of revenue is subject to annual appropriation by the Legislature.

(3) The university may fund debt service for capital expenditures defined in subdivision (b), and make availability payments, lease payments, installment payments, and other similar or related payments for capital expenditures defined in subdivision (b), from its General Fund support appropriation pursuant to Sections 92495 and 92495.5.

(4) The state hereby covenants with the holders of the university’s obligations secured by the pledge of the university permitted by this section that, so long as any of the obligations referred to in this subdivision remain outstanding, the state will not impair or restrict the ability of the university to pledge any support appropriation or support appropriations that may be enacted for the university. The university may include this covenant of the

state in the agreements or other documents underlying the university's obligations to this effect.

(b) For purposes of this section, the following definitions shall apply:

(1) "Availability payments" are payments made by the university to a contractor for providing an available facility.

(2) "Capital expenditures" means any of the following:

(A) The costs to design, construct, or equip academic facilities to address seismic and life safety needs, enrollment growth, or modernization of out-of-date facilities, and renewal or expansion of infrastructure to serve academic programs.

(B) The debt service amount associated with refunding, defeasing, or retiring State Public Works Board lease revenue bonds.

(C) The costs to design, construct, or equip energy conservation projects.

(c) Nothing in this section shall require the Legislature to make an appropriation from the General Fund in any specific amount to support the University of California.

(d) The ability to utilize its support appropriation as stated in this section shall not be used as a justification for future increases in student tuition, additional employee layoffs, or reductions in employee compensation at the University of California.

SEC. 23. Section 92495 of the Education Code is amended to read:

92495. (a) (1) Commencing with the 2013–14 fiscal year and for each fiscal year thereafter, if the University of California plans to use any of its support appropriation in the annual budget for the subsequent fiscal year for capital expenditures pursuant to Section 92493, as defined in subparagraph (A) of paragraph (2) of subdivision (b) of that section, or for capital outlay projects pursuant to Section 92494, as defined in paragraph (1) of subdivision (b) of that section, it shall simultaneously submit, on or before September 1, 10 months before the commencement of that fiscal year, a report to the committees in each house of the Legislature that consider the annual state budget, the budget subcommittees in each house of the Legislature that consider appropriations for the University of California, and the Department of Finance.

(2) The report shall detail the scope of capital expenditures or capital outlay projects and how the capital expenditures or capital outlay projects will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(3) The Department of Finance shall review the report and submit, by February 1, a list of preliminarily approved capital expenditures and capital outlay projects to the committees in each house of the Legislature that consider the annual state budget and the budget subcommittees in each house of the Legislature that consider appropriations for the University of California. These committees may review and respond to the list of preliminarily approved capital expenditures and capital outlay projects before April 1.

(4) The Department of Finance shall submit a final list of approved capital expenditures and capital outlay projects to the University of California no earlier than April 1, three months before the commencement of the fiscal year of the planned expenditures.

(b) The Department of Finance may approve capital expenditures defined in subparagraph (C) of paragraph (2) of subdivision (b) of Section 92493, or capital outlay projects defined in paragraph (2) of subdivision (b) of Section 92494, no sooner than 30 days after submitting, in writing, a list of capital expenditures and capital outlay projects being considered for approval to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee.

(c) The University of California shall not use its General Fund support appropriation to fund a capital expenditure defined in subparagraph (A) or (C) of paragraph (2) of subdivision (b) of Section 92493, or capital outlay project defined in subdivision (b) of Section 92494, before receiving approval from the Department of Finance pursuant to this section.

(d) (1) For the 2013–14 fiscal year only, if the University of California plans to use any of its support appropriation in the annual budget for the 2013–14 fiscal year for capital expenditures pursuant to Section 92493, as defined in subparagraph (A) of paragraph (2) of subdivision (b) of that section, or for capital outlay projects pursuant to Section 92494, it shall simultaneously submit,

on or before August 1 of that fiscal year, a report to the Joint Legislative Budget Committee and the Department of Finance. This report shall detail the scope of each capital outlay project or capital expenditure and how it will be funded, and it shall provide the same level of detail as a capital outlay budget change proposal.

(2) The Department of Finance shall review the report and submit a list of preliminarily approved projects to the Joint Legislative Budget Committee by November 1 of that fiscal year.

(3) The Department of Finance shall submit a final list of approved projects to the University of California no earlier than December 1 of that fiscal year.

(4) The University of California shall not proceed with any capital expenditures pursuant to Section 92493, as defined in subparagraph (A) of paragraph (2) of subdivision (b) of that section, or capital outlay projects pursuant to Section 92494, before receiving approval from the Department of Finance pursuant to this subdivision.

(e) Notwithstanding subdivision (b), the University of California may use the authority provided in Section 92493 for the Merced Classroom and Academic Office Building, as specified in Provision 3 of Item 6440-001-0001 of Section 2.00 of the Budget Act of 2013.

(f) For capital expenditures related to the Merced 2020 Project, the University of California may proceed with capital expenditures pursuant to Section 92493, as defined in paragraph (2) of subdivision (b) of that section, or capital outlay projects pursuant to Section 92494, only if all work traditionally performed by persons with University of California Service Unit (SX) job classifications is performed only by employees of the University of California.

(g) Notwithstanding Section 10231.5 of the Government Code, commencing with the 2014–15 fiscal year, on or before February 1 of each fiscal year, the University of California shall simultaneously submit a progress report to the Joint Legislative Budget Committee and the Department of Finance detailing the scope, funding, and current status of all capital expenditures undertaken pursuant to Section 92493 and for all capital outlay projects undertaken pursuant to Section 92494.

SEC. 24. Section 92495.5 of the Education Code is amended to read:

92495.5. The university shall manage its general revenue bond program and the payments referenced in Section 92493, in a manner so that not more than 15 percent of its General Fund support appropriation, less the amount of that appropriation that is required to fund general obligation bond payments and State Public Works Board rental payments, is used for the total of all of the following:

- (a) Payments for capital expenditures pursuant to Section 92493.
- (b) Pay-as-you-go capital outlay projects pursuant to Section 92494.
- (c) State Public Works Board rental payments.

SEC. 25. Section 94874.9 is added to the Education Code, to read:

94874.9. (a) An independent institution of higher education, as defined in Section 66010, that is exempt from this chapter pursuant to subdivision (i) of Section 94874 shall comply with all applicable state and federal laws, including laws relating to fraud, abuse, and false advertising.

(b) An institution described in subdivision (a) may execute a contract with the bureau for the bureau to review and, as appropriate, act on complaints concerning the institution, in accordance with Section 600.9 of Title 34 of the Code of Federal Regulations.

(c) The execution of a contract by the bureau with an institution pursuant to subdivision (b) shall constitute establishment by the state of that institution to offer programs beyond secondary education, including programs leading to a degree or certificate, in accordance with Section 600.9 of Title 34 of the Code of Federal Regulations.

(d) The bureau shall use a standard form contract for purposes of this section.

(e) A contract executed pursuant to this section shall, at a minimum, do all of the following:

- (1) Require an institution to do all of the following:
  - (A) Cooperate with the bureau to resolve complaints received pursuant to this section.
  - (B) Provide the following disclosure notice in all written and Internet-based documentation in which the institution's complaint process is described, including the student catalog, student handbook, and the institution's Internet Web site:

“An individual may contact the Bureau for Private Postsecondary Education for review of a complaint. The bureau may be contacted at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and fax numbers).”

(C) Designate a person at the institution to act as a liaison to the bureau.

(D) Pay one thousand seventy-six dollars (\$1,076) each year for costs incurred by the bureau to perform activities pursuant to the contract, unless another amount is determined by the bureau.

(2) (A) Authorize the bureau, for any complaint it receives, including any complaints related to the institution’s policies or procedures, or both, as determined by the bureau, to refer the complaint to the institution, an accrediting agency, or another appropriate entity for resolution.

(B) The bureau shall notify the complainant and the institution of a referral.

(C) This paragraph shall not be construed to relieve the bureau of its responsibility to ensure that a complaint it has referred for purposes of resolution is resolved by the receiving entity.

(f) The bureau may terminate a contract executed pursuant to this section if an institution is no longer an independent institution of higher education as defined in Section 66010 or fails to comply with the provisions of the contract.

(g) All moneys collected by the bureau that relate to a contract executed pursuant to this section, including payments collected in accordance with subparagraph (D) of paragraph (1) of subdivision (e), shall be deposited in the Private Postsecondary Education Administration Fund.

(h) The bureau shall maintain, on its Internet Web site, both of the following:

(1) The provisions of the standard form contract used for purposes of this section.

(2) A list of institutions with which the bureau has executed a contract pursuant to this section.

(i) On or before February 1, 2017, and each year thereafter, the bureau shall report to the Director of Finance and, in conformity with Section 9795 of the Government Code, to the Legislature

regarding implementation of this section. The report shall include all of the following information:

(1) A list of institutions with which the bureau has executed a contract pursuant to this section.

(2) The total number of complaints received by the bureau relating to institutions listed in paragraph (1).

(3) The general nature of those complaints.

(4) The total number of those complaints referred to another entity, disaggregated by the entity to which each complaint was referred.

(5) The total number of complaints resolved, disaggregated by the entity that resolved each complaint.

(6) The total number of complaints pending, disaggregated by the entity to which each complaint was referred.

(j) Notwithstanding any other law, the Department of General Services, at the request of the bureau, may exempt contracts executed pursuant to this section from any laws, rules, resolutions, or procedures that are otherwise applicable to public contracts that the Department of General Services administers.

SEC. 26. Section 12207 is added to the Revenue and Taxation Code, to read:

12207. (a) For the taxable years beginning on or after January 1, 2017, and before January 1, 2018, there shall be allowed as a credit against the “tax,” as described in Section 12202 or 12231, an amount equal to 50 percent of the amount contributed by the taxpayer during the taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(b) (1) The aggregate amount of credit that may be allocated and certified pursuant to this section, Section 17053.87, and Section 23687 shall be an amount equal to five hundred million dollars (\$500,000,000).

(2) (A) For the purposes of this section, the California Educational Facilities Authority shall do all of the following:

(i) On a first-come-first-served basis, allocate and certify tax credits to taxpayers under this section.

(ii) Establish a procedure for taxpayers to contribute to the College Access Tax Credit Fund and to obtain from the California Educational Facilities Authority a certification for the credit allowed by this section. The procedure shall require the California

Educational Facilities Authority to certify the contribution amount eligible for credit within 45 days following receipt of the contribution.

(iii) Provide to the Department of Insurance a copy of each credit certificate issued for the calendar year by March 1 of the calendar year immediately following the year in which those certificates are issued.

(B) (i) The California Educational Facilities Authority shall adopt any regulations necessary to implement this paragraph.

(ii) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to any regulation adopted by the California Educational Facilities Authority pursuant to clause (i).

(c) In the case where the credit allowed by this section exceeds the “tax,” the excess may be carried over to reduce the “tax” in the following year, and succeeding five years if necessary, until the credit is exhausted.

(d) The tax credit allowed by subdivision (a), subdivision (a) of Section 17053.87, and subdivision (a) of Section 23687 for donations to the College Access Tax Credit Fund shall be known as the College Access Tax Credit.

(e) This section shall be repealed on December 1, 2018.

SEC. 27. Section 17039 of the Revenue and Taxation Code is amended to read:

17039. (a) Notwithstanding any provision in this part to the contrary, for the purposes of computing tax credits, the term “net tax” means the tax imposed under either Section 17041 or 17048 plus the tax imposed under Section 17504 (relating to lump-sum distributions) less the credits allowed by Section 17054 (relating to personal exemption credits) and any amount imposed under paragraph (1) of subdivision (d) and paragraph (1) of subdivision (e) of Section 17560. Notwithstanding the preceding sentence, the “net tax” shall not be less than the tax imposed under Section 17504 (relating to the separate tax on lump-sum distributions), if any. Credits shall be allowed against “net tax” in the following order:

(1) Credits that do not contain carryover or refundable provisions, except those described in paragraphs (4) and (5).

(2) Credits that contain carryover provisions but do not contain refundable provisions, except for those that are allowed to reduce “net tax” below the tentative minimum tax, as defined by Section 17062.

(3) Credits that contain both carryover and refundable provisions.

(4) The minimum tax credit allowed by Section 17063 (relating to the alternative minimum tax).

(5) Credits that are allowed to reduce “net tax” below the tentative minimum tax, as defined by Section 17062.

(6) Credits for taxes paid to other states allowed by Chapter 12 (commencing with Section 18001).

(7) Credits that contain refundable provisions but do not contain carryover provisions.

The order within each paragraph shall be determined by the Franchise Tax Board.

(b) Notwithstanding the provisions of Sections 17061 (relating to refunds pursuant to the Unemployment Insurance Code) and 19002 (relating to tax withholding), the credits provided in those sections shall be allowed in the order provided in paragraph (6) of subdivision (a).

(c) (1) Notwithstanding any other provision of this part, no tax credit shall reduce the tax imposed under Section 17041 or 17048 plus the tax imposed under Section 17504 (relating to the separate tax on lump-sum distributions) below the tentative minimum tax, as defined by Section 17062, except the following credits:

(A) The credit allowed by Section 17052.2 (relating to teacher retention tax credit).

(B) The credit allowed by former Section 17052.4 (relating to solar energy).

(C) The credit allowed by former Section 17052.5 (relating to solar energy, repealed on January 1, 1987).

(D) The credit allowed by former Section 17052.5 (relating to solar energy, repealed on December 1, 1994).

(E) The credit allowed by Section 17052.12 (relating to research expenses).

(F) The credit allowed by former Section 17052.13 (relating to sales and use tax credit).

(G) The credit allowed by former Section 17052.15 (relating to Los Angeles Revitalization Zone sales tax credit).

(H) The credit allowed by Section 17052.25 (relating to the adoption costs credit).

(I) The credit allowed by Section 17053.5 (relating to the renter's credit).

(J) The credit allowed by former Section 17053.8 (relating to enterprise zone hiring credit).

(K) The credit allowed by former Section 17053.10 (relating to Los Angeles Revitalization Zone hiring credit).

(L) The credit allowed by former Section 17053.11 (relating to program area hiring credit).

(M) For each taxable year beginning on or after January 1, 1994, the credit allowed by former Section 17053.17 (relating to Los Angeles Revitalization Zone hiring credit).

(N) The credit allowed by Section 17053.33 (relating to targeted tax area sales or use tax credit).

(O) The credit allowed by Section 17053.34 (relating to targeted tax area hiring credit).

(P) The credit allowed by Section 17053.49 (relating to qualified property).

(Q) The credit allowed by Section 17053.70 (relating to enterprise zone sales or use tax credit).

(R) The credit allowed by Section 17053.74 (relating to enterprise zone hiring credit).

(S) The credit allowed by Section 17054 (relating to credits for personal exemption).

(T) The credit allowed by Section 17054.5 (relating to the credits for a qualified joint custody head of household and a qualified taxpayer with a dependent parent).

(U) The credit allowed by Section 17054.7 (relating to the credit for a senior head of household).

(V) The credit allowed by former Section 17057 (relating to clinical testing expenses).

(W) The credit allowed by Section 17058 (relating to low-income housing).

(X) For taxable years beginning on or after January 1, 2014, the credit allowed by Section 17059.2 (relating to GO-Biz California Competes Credit).

(Y) The credit allowed by Section 17061 (relating to refunds pursuant to the Unemployment Insurance Code).

(Z) Credits for taxes paid to other states allowed by Chapter 12 (commencing with Section 18001).

(AA) The credit allowed by Section 19002 (relating to tax withholding).

(AB) For taxable years beginning on or after January 1, 2014, the credit allowed by Section 17053.86 (relating to the College Access Tax Credit Fund).

(AC) For taxable years beginning on or after January 1, 2017, the credit allowed by Section 17053.87 (relating to the College Access Tax Credit Fund).

(2) Any credit that is partially or totally denied under paragraph (1) shall be allowed to be carried over and applied to the net tax in succeeding taxable years, if the provisions relating to that credit include a provision to allow a carryover when that credit exceeds the net tax.

(d) Unless otherwise provided, any remaining carryover of a credit allowed by a section that has been repealed or made inoperative shall continue to be allowed to be carried over under the provisions of that section as it read immediately prior to being repealed or becoming inoperative.

(e) (1) Unless otherwise provided, if two or more taxpayers (other than husband and wife) share in costs that would be eligible for a tax credit allowed under this part, each taxpayer shall be eligible to receive the tax credit in proportion to his or her respective share of the costs paid or incurred.

(2) In the case of a partnership, the credit shall be allocated among the partners pursuant to a written partnership agreement in accordance with Section 704 of the Internal Revenue Code, relating to partner's distributive share.

(3) In the case of a husband and wife who file separate returns, the credit may be taken by either or equally divided between them.

(f) Unless otherwise provided, in the case of a partnership, any credit allowed by this part shall be computed at the partnership level, and any limitation on the expenses qualifying for the credit or limitation upon the amount of the credit shall be applied to the partnership and to each partner.

(g) (1) With respect to any taxpayer that directly or indirectly owns an interest in a business entity that is disregarded for tax purposes pursuant to Section 23038 and any regulations thereunder, the amount of any credit or credit carryforward allowable for any

taxable year attributable to the disregarded business entity shall be limited in accordance with paragraphs (2) and (3).

(2) The amount of any credit otherwise allowed under this part, including any credit carryover from prior years, that may be applied to reduce the taxpayer's "net tax," as defined in subdivision (a), for the taxable year shall be limited to an amount equal to the excess of the taxpayer's regular tax (as defined in Section 17062), determined by including income attributable to the disregarded business entity that generated the credit or credit carryover, over the taxpayer's regular tax (as defined in Section 17062), determined by excluding the income attributable to that disregarded business entity. No credit shall be allowed if the taxpayer's regular tax (as defined in Section 17062), determined by including the income attributable to the disregarded business entity, is less than the taxpayer's regular tax (as defined in Section 17062), determined by excluding the income attributable to the disregarded business entity.

(3) If the amount of a credit allowed pursuant to the section establishing the credit exceeds the amount allowable under this subdivision in any taxable year, the excess amount may be carried over to subsequent taxable years pursuant to subdivisions (c) and (d).

(h) (1) Unless otherwise specifically provided, in the case of a taxpayer that is a partner or shareholder of an eligible pass-thru entity described in paragraph (2), any credit passed through to the taxpayer in the taxpayer's first taxable year beginning on or after the date the credit is no longer operative may be claimed by the taxpayer in that taxable year, notwithstanding the repeal of the statute authorizing the credit prior to the close of that taxable year.

(2) For purposes of this subdivision, "eligible pass-thru entity" means any partnership or "S" corporation that files its return on a fiscal year basis pursuant to Section 18566, and that is entitled to a credit pursuant to this part for the taxable year that begins during the last year the credit is operative.

(3) This subdivision shall apply to credits that become inoperative on or after the operative date of the act adding this subdivision.

SEC. 28. Section 17053.86 of the Revenue and Taxation Code is amended to read:

17053.86. (a) (1) For taxable years beginning on or after January 1, 2014, and before January 1, 2017, there shall be allowed as a credit against the “net tax,” as defined in Section 17039, an amount equal to the following:

(A) For each taxable year beginning on and after January 1, 2014, and before January 1, 2015, 60 percent of the amount contributed by the taxpayer for the 2014 taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(B) For each taxable year beginning on and after January 1, 2015, and before January 1, 2016, 55 percent of the amount contributed by the taxpayer for the 2015 taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(C) For each taxable year beginning on and after January 1, 2016, and before January 1, 2017, 50 percent of the amount contributed by the taxpayer for the 2016 taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(2) Contributions shall be made only in cash.

(b) (1) The aggregate amount of credit that may be allocated and certified pursuant to this section and Section 23686 shall be an amount equal to the sum of all of the following:

(A) Five hundred million dollars (\$500,000,000) in credits for the 2014 calendar year and each calendar year thereafter.

(B) The amount of previously unallocated and uncertified credits.

(2) (A) For purposes of this section, the California Educational Facilities Authority shall do all of the following:

(i) On or after January 1, 2014, and before January 1, 2017, allocate and certify tax credits to taxpayers under this section.

(ii) Establish a procedure for taxpayers to contribute to the College Access Tax Credit Fund and to obtain from the California Educational Facilities Authority a certification for the credit allowed by this section. The procedure shall require the California Educational Facilities Authority to certify the contribution amount eligible for credit within 45 days following receipt of the contribution.

(iii) Provide to the Franchise Tax Board a copy of each credit certificate issued for the calendar year by March 1 of the calendar

year immediately following the year in which those certificates are issued.

(B) (i) The California Educational Facilities Authority shall adopt any regulations necessary to implement this paragraph.

(ii) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to any regulation adopted by the California Educational Facilities Authority pursuant to clause (i).

(c) (1) In the case where the credit allowed by this section exceeds the “net tax,” the excess may be carried over to reduce the “net tax” in the following year, and succeeding five years if necessary, until the credit is exhausted.

(2) A deduction shall not be allowed under this part for amounts taken into account under this section in calculating the credit allowed by this section.

(d) (1) The College Access Tax Credit Fund is hereby created as a special fund in the State Treasury. All revenue in this special fund shall be allocated as follows:

(A) First to the General Fund in an amount equal to the aggregate amount of certified credits allowed pursuant to this section and Section 23686 for the taxable year. Funds allocated to the General Fund shall be considered General Fund revenues for purposes of Sections 8 and 8.5 of Article XVI of the California Constitution.

(B) Second, upon appropriation, to the Franchise Tax Board, the California Educational Facilities Authority, the Controller, and the Student Aid Commission for reimbursement of all administrative costs incurred by those agencies in connection with their duties under this section, Section 23686, and Section 69431.7 of the Education Code.

(C) Third, notwithstanding Section 13340 of the Government Code, the remaining revenue shall be continuously appropriated to the Student Aid Commission for purposes of awarding Cal Grants to students subject to Section 69431.7 of the Education Code.

(2) The tax credit allowed by subdivision (a) and subdivision (a) of Section 23686 for donations to the College Access Tax Credit Fund shall be known as the College Access Tax Credit.

(e) This section shall be repealed on December 1, 2017.

SEC. 29. Section 17053.87 is added to the Revenue and Taxation Code, to read:

17053.87. (a) For the taxable years beginning on or after January 1, 2017, and before January 1, 2018, there shall be allowed as a credit against the “net tax,” as defined in Section 17039, an amount equal to 50 percent of the amount contributed by the taxpayer during the taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(b) (1) The aggregate amount of credit that may be allocated and certified pursuant to this section, Section 12207, and Section 23687 shall be an amount equal to five hundred million dollars (\$500,000,000).

(2) (A) For the purposes of this section, the California Educational Facilities Authority shall do all of the following:

(i) On a first-come-first-served basis, allocate and certify tax credits to taxpayers under this section.

(ii) Establish a procedure for taxpayers to contribute to the College Access Tax Credit Fund and to obtain from the California Educational Facilities Authority a certification for the credit allowed by this section. The procedure shall require the California Educational Facilities Authority to certify the contribution amount eligible for credit within 45 days following receipt of the contribution.

(iii) Provide to the Franchise Tax Board a copy of each credit certificate issued for the calendar year by March 1 of the calendar year immediately following the year in which those certificates are issued.

(B) (i) The California Educational Facilities Authority shall adopt any regulations necessary to implement this paragraph.

(ii) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to any regulation adopted by the California Educational Facilities Authority pursuant to clause (i).

(c) (1) In the case where the credit allowed by this section exceeds the “net tax,” the excess may be carried over to reduce the “net tax” in the following year, and succeeding five years if necessary, until the credit is exhausted.

(2) A deduction shall not be allowed under this part for amounts taken into account under this section in calculating the credit allowed by this section.

(d) (1) The College Access Tax Credit Fund is hereby created as a special fund in the State Treasury. All revenue in this special fund shall be allocated as follows:

(A) First to the General Fund in an amount equal to the aggregate amount of certified credits allowed pursuant to this section and Section 23687 for the taxable year. Funds allocated to the General Fund shall be considered General Fund revenues for purposes of Sections 8 and 8.5 of Article XVI of the California Constitution.

(B) Second, upon appropriation, to the Department of Insurance, the Franchise Tax Board, the California Educational Facilities Authority, the Controller, and the Student Aid Commission for reimbursement of all administrative costs incurred by those agencies in connection with their duties under this section, Section 12207, Section 23687, and Section 69431.7 of the Education Code.

(C) Third, notwithstanding Section 13340 of the Government Code, the remaining revenue shall be continuously appropriated to the Student Aid Commission for purposes of awarding Cal Grants to students subject to Section 69431.7 of the Education Code.

(2) The tax credit allowed by subdivision (a), subdivision (a) of Section 12207, and subdivision (a) of Section 23687 for donations to the College Access Tax Credit Fund shall be known as the College Access Tax Credit.

(e) This section shall be repealed on December 1, 2018.

SEC. 30. Section 23036 of the Revenue and Taxation Code is amended to read:

23036. (a) (1) The term “tax” includes any of the following:

(A) The tax imposed under Chapter 2 (commencing with Section 23101).

(B) The tax imposed under Chapter 3 (commencing with Section 23501).

(C) The tax on unrelated business taxable income, imposed under Section 23731.

(D) The tax on “S” corporations imposed under Section 23802.

(2) The term “tax” does not include any amount imposed under paragraph (1) of subdivision (e) of Section 24667 or paragraph (2) of subdivision (f) of Section 24667.

(b) For purposes of Article 5 (commencing with Section 18661) of Chapter 2, Article 3 (commencing with Section 19031) of Chapter 4, Article 6 (commencing with Section 19101) of Chapter 4, and Chapter 7 (commencing with Section 19501) of Part 10.2, and for purposes of Sections 18601, 19001, and 19005, the term “tax” also includes all of the following:

(1) The tax on limited partnerships, imposed under Section 17935, the tax on limited liability companies, imposed under Section 17941, and the tax on registered limited liability partnerships and foreign limited liability partnerships imposed under Section 17948.

(2) The alternative minimum tax imposed under Chapter 2.5 (commencing with Section 23400).

(3) The tax on built-in gains of “S” corporations, imposed under Section 23809.

(4) The tax on excess passive investment income of “S” corporations, imposed under Section 23811.

(c) Notwithstanding any other provision of this part, credits are allowed against the “tax” in the following order:

(1) Credits that do not contain carryover provisions.

(2) Credits that, when the credit exceeds the “tax,” allow the excess to be carried over to offset the “tax” in succeeding taxable years, except for those credits that are allowed to reduce the “tax” below the tentative minimum tax, as defined by Section 23455. The order of credits within this paragraph shall be determined by the Franchise Tax Board.

(3) The minimum tax credit allowed by Section 23453.

(4) Credits that are allowed to reduce the “tax” below the tentative minimum tax, as defined by Section 23455.

(5) Credits for taxes withheld under Section 18662.

(d) Notwithstanding any other provision of this part, each of the following applies:

(1) A credit may not reduce the “tax” below the tentative minimum tax (as defined by paragraph (1) of subdivision (a) of Section 23455), except the following credits:

(A) The credit allowed by former Section 23601 (relating to solar energy).

(B) The credit allowed by former Section 23601.4 (relating to solar energy).

(C) The credit allowed by former Section 23601.5 (relating to solar energy).

(D) The credit allowed by Section 23609 (relating to research expenditures).

(E) The credit allowed by former Section 23609.5 (relating to clinical testing expenses).

(F) The credit allowed by Section 23610.5 (relating to low-income housing).

(G) The credit allowed by former Section 23612 (relating to sales and use tax credit).

(H) The credit allowed by Section 23612.2 (relating to enterprise zone sales or use tax credit).

(I) The credit allowed by former Section 23612.6 (relating to Los Angeles Revitalization Zone sales tax credit).

(J) The credit allowed by former Section 23622 (relating to enterprise zone hiring credit).

(K) The credit allowed by Section 23622.7 (relating to enterprise zone hiring credit).

(L) The credit allowed by former Section 23623 (relating to program area hiring credit).

(M) The credit allowed by former Section 23623.5 (relating to Los Angeles Revitalization Zone hiring credit).

(N) The credit allowed by former Section 23625 (relating to Los Angeles Revitalization Zone hiring credit).

(O) The credit allowed by Section 23633 (relating to targeted tax area sales or use tax credit).

(P) The credit allowed by Section 23634 (relating to targeted tax area hiring credit).

(Q) The credit allowed by former Section 23649 (relating to qualified property).

(R) For taxable years beginning on or after January 1, 2011, the credit allowed by Section 23685 (relating to qualified motion pictures).

(S) For taxable years beginning on or after January 1, 2014, the credit allowed by Section 23689 (relating to GO-Biz California Competes Credit).

(T) For taxable years beginning on or after January 1, 2016, the credit allowed by Section 23695 (relating to qualified motion pictures).

(U) For taxable years beginning on or after January 1, 2014, the credit allowed by Section 23686 (relating to the College Access Tax Credit Fund).

(V) For taxable years beginning on or after January 1, 2017, the credit allowed by Section 23687 (relating to the College Access Tax Credit Fund).

(2) A credit against the tax may not reduce the minimum franchise tax imposed under Chapter 2 (commencing with Section 23101).

(e) Any credit which is partially or totally denied under subdivision (d) is allowed to be carried over to reduce the “tax” in the following year, and succeeding years if necessary, if the provisions relating to that credit include a provision to allow a carryover of the unused portion of that credit.

(f) Unless otherwise provided, any remaining carryover from a credit that has been repealed or made inoperative is allowed to be carried over under the provisions of that section as it read immediately prior to being repealed or becoming inoperative.

(g) Unless otherwise provided, if two or more taxpayers share in costs that would be eligible for a tax credit allowed under this part, each taxpayer is eligible to receive the tax credit in proportion to his or her respective share of the costs paid or incurred.

(h) Unless otherwise provided, in the case of an “S” corporation, any credit allowed by this part is computed at the “S” corporation level, and any limitation on the expenses qualifying for the credit or limitation upon the amount of the credit applies to the “S” corporation and to each shareholder.

(i) (1) With respect to any taxpayer that directly or indirectly owns an interest in a business entity that is disregarded for tax purposes pursuant to Section 23038 and any regulations thereunder, the amount of any credit or credit carryforward allowable for any taxable year attributable to the disregarded business entity is limited in accordance with paragraphs (2) and (3).

(2) The amount of any credit otherwise allowed under this part, including any credit carryover from prior years, that may be applied to reduce the taxpayer’s “tax,” as defined in subdivision (a), for the taxable year is limited to an amount equal to the excess of the

taxpayer's regular tax (as defined in Section 23455), determined by including income attributable to the disregarded business entity that generated the credit or credit carryover, over the taxpayer's regular tax (as defined in Section 23455), determined by excluding the income attributable to that disregarded business entity. A credit is not allowed if the taxpayer's regular tax (as defined in Section 23455), determined by including the income attributable to the disregarded business entity is less than the taxpayer's regular tax (as defined in Section 23455), determined by excluding the income attributable to the disregarded business entity.

(3) If the amount of a credit allowed pursuant to the section establishing the credit exceeds the amount allowable under this subdivision in any taxable year, the excess amount may be carried over to subsequent taxable years pursuant to subdivisions (d), (e), and (f).

(j) (1) Unless otherwise specifically provided, in the case of a taxpayer that is a partner or shareholder of an eligible pass-thru entity described in paragraph (2), any credit passed through to the taxpayer in the taxpayer's first taxable year beginning on or after the date the credit is no longer operative may be claimed by the taxpayer in that taxable year, notwithstanding the repeal of the statute authorizing the credit prior to the close of that taxable year.

(2) For purposes of this subdivision, "eligible pass-thru entity" means any partnership or "S" corporation that files its return on a fiscal year basis pursuant to Section 18566, and that is entitled to a credit pursuant to this part for the taxable year that begins during the last year a credit is operative.

(3) This subdivision applies to credits that become inoperative on or after the operative date of the act adding this subdivision.

SEC. 31. Section 23686 of the Revenue and Taxation Code is amended to read:

23686. (a) (1) For taxable years beginning on or after January 1, 2014, and before January 1, 2017, there shall be allowed as a credit against the "tax," as defined in Section 23036, an amount equal to the following:

(A) For taxable years beginning on and after January 1, 2014, and before January 1, 2015, 60 percent of the amount contributed by the taxpayer for the 2014 taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(B) For taxable years beginning on and after January 1, 2015, and before January 1, 2016, 55 percent of the amount contributed by the taxpayer for the 2015 taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(C) For taxable years beginning on and after January 1, 2016, and before January 1, 2017, 50 percent of the amount contributed by the taxpayer for the 2016 taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(2) Contributions shall be made only in cash.

(b) (1) The aggregate amount of credit that may be allocated and certified pursuant to this section and Section 17053.86 shall be an amount equal to the sum of all of the following:

(A) Five hundred million dollars (\$500,000,000) for the 2014 calendar year and each calendar year thereafter.

(B) The amount of previously unallocated and uncertified credits.

(2) (A) For purposes of this section, the California Educational Facilities Authority shall do all of the following:

(i) On or after January 1, 2014, and before January 1, 2017, allocate and certify tax credits to taxpayers under this section.

(ii) Establish a procedure for taxpayers to contribute to the College Access Tax Credit Fund and to obtain from the California Educational Facilities Authority a certification for the credit allowed by this section. The procedure shall require the California Educational Facilities Authority to certify the contribution amount eligible for credit within 45 days following receipt of the contribution.

(iii) Provide to the Franchise Tax Board a copy of each credit certificate issued for the calendar year by March 1 of the calendar year immediately following the year in which those certificates are issued.

(B) (i) The California Educational Facilities Authority shall adopt any regulations necessary to implement this paragraph.

(ii) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to any regulation adopted by the California Educational Facilities Authority pursuant to clause (i).

(c) (1) In the case where the credit allowed by this section exceeds the “tax,” the excess may be carried over to reduce the “tax” in the following year, and succeeding five years if necessary, until the credit is exhausted.

(2) A deduction shall not be allowed under this part for amounts taken into account under this section in calculating the credit allowed by this section.

(d) This section shall be repealed on December 1, 2017.

SEC. 32. Section 23687 is added to the Revenue and Taxation Code, to read:

23687. (a) For taxable years beginning on or after January 1, 2017, and before January 1, 2018, there shall be allowed as a credit against the “tax,” as defined in Section 23036, an amount equal to 50 percent of the amount contributed by the taxpayer during the taxable year to the College Access Tax Credit Fund, as allocated and certified by the California Educational Facilities Authority.

(b) (1) The aggregate amount of credit that may be allocated and certified pursuant to this section, Section 12207, and Section 17053.87 shall be an amount equal to five hundred million dollars (\$500,000,000).

(2) (A) For the purposes of this section, the California Educational Facilities Authority shall do all of the following:

(i) On a first-come-first-served basis, allocate and certify tax credits to taxpayers under this section.

(ii) Establish a procedure for taxpayers to contribute to the College Access Tax Credit Fund and to obtain from the California Educational Facilities Authority a certification for the credit allowed by this section. The procedure shall require the California Educational Facilities Authority to certify the contribution amount eligible for credit within 45 days following receipt of the contribution.

(iii) Provide to the Franchise Tax Board a copy of each credit certificate issued for the calendar year by March 1 of the calendar year immediately following the year in which those certificates are issued.

(B) (i) The California Educational Facilities Authority shall adopt any regulations necessary to implement this paragraph.

(ii) The Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code) does not apply to any regulation

adopted by the California Educational Facilities Authority pursuant to clause (i).

(c) (1) In the case where the credit allowed by this section exceeds the “tax,” the excess may be carried over to reduce the “tax” in the following year, and succeeding five years if necessary, until the credit is exhausted.

(2) A deduction shall not be allowed under this part for amounts taken into account under this section in calculating the credit allowed by this section.

(d) The tax credit allowed by subdivision (a), subdivision (a) of Section 12207, and Section 17053.87 for donations to the College Access Tax Credit Fund shall be known as the College Access Tax Credit.

(e) This section shall be repealed on December 1, 2018.

SEC. 33. The Legislature finds and declares that the retroactive amendments made by this act to Sections 17039 and 23036 of the Revenue and Taxation Code, which authorize the College Access Tax Credit to reduce the tentative minimum tax below the regular tax, serve a statewide public purpose by ensuring that the College Access Tax Credit Fund is fully utilized, thereby benefiting students who receive Cal Grants pursuant to Section 69431.7 of the Education Code, and do not constitute a gift of public funds within the meaning of Section 6 of Article XVI of the California Constitution.

SEC. 34. (a) The Legislative Analyst’s Office shall conduct a study to assess the need for new campuses of the CSU or the UC. This study shall consist of both of the following parts:

(1) An analysis of the need within certain regions of the state for a CSU campus and statewide for a UC campus. To the extent applicable data are available, this analysis shall include all of the following:

(A) Consideration of enrollment demand based on relative demographic levels and eligible students for each county and statewide. This shall include consideration of 5- to 10-year projections of the college-age population and public high school graduates. It also shall include consideration of data, for the most recent year available, on college preparedness, including the number and share of high school graduates completing the “A-G” admissions requirements and the number and share of transfer-prepared community college students.

(B) For each county and statewide, data on UC and CSU applications, admissions, and enrollment, for the most recent academic year available, and an estimate, based on that data, of college-going rates to UC and CSU.

(C) Data on adult educational attainment by county and statewide for the most recent year available.

(2) An analysis of the physical capacities of existing UC and CSU campuses, as set forth in their respective master plans, relative to current enrollment. This analysis shall identify UC or CSU campuses already at maximum capacity and those with remaining physical capacity. The analysis also shall identify which CSU campuses no longer provide enrollment priority for local applicants.

(b) The UC and CSU shall provide data needed by the Legislative Analyst's Office to meet the requirements of this section to that office upon its request.

(c) (1) The Legislative Analyst's Office shall submit reports, including, but not necessarily limited to, the data and analyses required by this section, to the Legislature and Department of Finance as follows:

(A) A report relating to CSU shall be submitted on or before January 1, 2017.

(B) A report relating to UC shall be submitted on or before January 1, 2018.

(2) The Legislative Analyst's Office shall submit the reports required by this section in compliance with Section 9795 of the Government Code.

SEC. 35. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 36. (a) The sum of forty-eight million dollars (\$48,000,000) is hereby appropriated from the General Fund to the Board of Governors of the California Community Colleges for purposes of funding the Career Technical Education Pathways Program established pursuant to Chapter 1 (commencing with Section 88530) of Part 52 of Division 7 of Title 3 of the Education Code.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the funds

appropriated pursuant to this section shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014–15 fiscal year.

SEC. 37. (a) The sum of forty-eight million dollars (\$48,000,000) is hereby appropriated from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts. A community college district shall use its allocation for any of the following purposes:

(1) Scheduled maintenance and special repairs of facilities. As a condition for receiving and expending funds for maintenance or special repairs, a community college district shall certify in a resolution that it will increase its operations and maintenance spending from the 1995–96 fiscal year by at least the amount the community college district uses from its allocation under this paragraph for maintenance and special repairs. The question of whether a community college district has complied with its resolution shall be reviewed under the annual audit of that district.

(2) Hazardous substances abatement, clean up, and repairs.

(3) Architectural barrier removal projects that meet the requirements of the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.) and seismic retrofit projects limited to four hundred thousand dollars (\$400,000) per project.

(4) For replacement of instructional equipment and library materials. As a condition for receiving and expending funds for instructional equipment and library materials, a community college district shall certify in a resolution that it will not use any of its allocation under this paragraph for personnel services costs or operating expenses. The question of whether a community college district has complied with its resolution shall be reviewed under the annual audit of that district.

(5) Water conservation projects to reduce water consumption in cooperation with the Governor’s Executive Order B-29-15. Projects may include any of the following:

(A) Replacement of water intensive landscaping with drought tolerant landscaping, synthetic turf, provided that the turf is used only in nonathletic areas, and other nonplant materials.

(B) Drip or low-flow irrigation systems.

(C) Building improvements to reduce water usage.

(D) Installation of meters for wells to allow for monitoring of water usage.

(b) The Chancellor of the California Community Colleges shall allocate funds under this section to community college districts on the basis of actual reported full-time equivalent students, except that the chancellor may establish a minimum allocation to be received by each district. The chancellor may establish guidelines for the use of the moneys allocated.

(c) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the funds appropriated pursuant to this section shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014–15 fiscal year.

SEC. 38. (a) The sum of sixty million dollars (\$60,000,000) is hereby appropriated from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts pursuant to Part 54 (commencing with Section 88800) of Division 7 of Title 3 of the Education Code.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the funds appropriated pursuant to this section shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014–15 fiscal year.

SEC. 39. (a) The sum of six million dollars (\$6,000,000) is hereby appropriated from the General Fund to the Chancellor of

the California Community Colleges for allocation to community college districts to support the implementation of the baccalaureate degree pilot program established pursuant to Chapter 747 of the Statutes of 2014. These funds may be used to support professional development activities.

(b) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, the funds appropriated pursuant to this section shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014–15 fiscal year.

SEC. 40. The sum of one million dollars (\$1,000,000) is hereby appropriated from the General Fund for use pursuant to legislation enacted in the first year of the 2015–16 Regular Session of the Legislature related to a study of those eligible for admission to the University of California and the California State University.

SEC. 41. Item 6910-102-0001 is added to Section 2.00 of the Budget Act of 2014, to read:

6910-102-0001—For local assistance, Awards for Innovation	
in Higher Education (Proposition 98) .....	23,000,000

SEC. 42. Notwithstanding any other law:

(a) The University of California may use any project savings from the Merced Classroom and Academic Office Building project identified in Item 6440-301-6048 of Section 2.00 of the Budget Act of 2012, as added by Section 9 of Chapter 575 of the Statutes of 2012, for the construction phase of the Merced Classroom and Academic Office Building project as authorized in Provision 3 of Item 6440-001-0001 of Section 2.00 of the Budget Act of 2013.

(b) The funds appropriated in Item 6440-301-6048 of Section 2.00 of the Budget Act of 2012 shall be available for encumbrance until June 30, 2016.

SEC. 43. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified

as related to the budget in the Budget Bill, and shall take effect immediately.

Approved \_\_\_\_\_, 2015

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*Governor*