

AMENDED IN ASSEMBLY AUGUST 1, 2016

AMENDED IN SENATE APRIL 19, 2016

AMENDED IN SENATE APRIL 6, 2016

**SENATE BILL**

**No. 1314**

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**Introduced by Senator Block**

February 19, 2016

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An act to amend Sections 66021.2, 69434, 69435.3, 69436, 70022, 70022.5, and 70023 of the Education Code, relating to student financial aid, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1314, as amended, Block. Cal Grant Program: Middle Class Scholarship Program: community college baccalaureate degree program students.

**Existing**

(1) *Existing* law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, establishes the Cal Grant A and B Entitlement Awards, the California Community College Transfer Entitlement Awards, and the Competitive Cal Grant A and B Awards and eligibility requirements for these awards for participating students attending qualifying institutions.

This bill would provide that community college students participating in specified baccalaureate degree programs who also satisfy specified eligibility requirements shall receive these awards for upper division coursework fees.

**Under**

(2) *Under* existing law, the Middle Class Scholarship Program provides that an undergraduate student enrolled at the University of

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

Existing law transfers ~~\$159,000,000~~ \$117,000,000 from the General Fund to the Middle Class Scholarship Fund and appropriates that sum to the Student Aid Commission for purposes of the scholarship program for the 2017–18 fiscal year, and each fiscal year thereafter.

This bill would extend awards under the Middle Class Scholarship Program to community college students enrolled in upper division coursework of a baccalaureate degree program, as specified, and would require the Office of the Chancellor of the California Community Colleges to provide the commission with any financial data that are necessary for the determination of award amounts for these students. By expanding the appropriation described above, the bill would make an appropriation.

*(3) This bill would incorporate additional changes to Section 69436 of the Education Code proposed by AB 1449 that would become operative if this bill and AB 1449 are both enacted and this bill is chaptered last.*

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Section 66021.2 of the Education Code is  
2 amended to read:

1 66021.2. Consistent with the state’s historic commitment to  
2 provide educational opportunity by ensuring both student access  
3 to and selection of an institution of higher education for students  
4 with financial need, the long-term policy of the  
5 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program  
6 established pursuant to Chapter 1.7 (commencing with Section  
7 69430) of Part 42 shall be as follows:

8 (a) Commencing with the 2001–02 academic year and every  
9 year thereafter, an applicant for a Cal Grant A or B award shall  
10 receive an award that is not in excess of the financial need amount  
11 determined by the Student Aid Commission pursuant to Section  
12 69432.9 if he or she complies with all of the following  
13 requirements:

14 (1) Demonstrates financial need under the criteria adopted  
15 pursuant to Section 69432.9.

16 (2) Attains a grade point average, as defined in Section 69432.7,  
17 meeting the requirements of Chapter 1.7 (commencing with Section  
18 69430) of Part 42.

19 (3) Complies with each of the eligibility criteria applicable to  
20 the type of Cal Grant award for which he or she is applying.

21 (b) (1) (A) The maximum Cal Grant A award for a student  
22 attending the University of California or the California State  
23 University shall equal the mandatory systemwide fees in the  
24 segment attended by the student.

25 (B) The maximum Cal Grant B award for a student who is  
26 attending the University of California, the California State  
27 University, or the California Community Colleges when not  
28 enrolled in upper division coursework as described in paragraph  
29 (2), shall equal the mandatory systemwide fees in the segment  
30 attended by the student, except for community college students  
31 who receive waivers from the Board of Governors of the California  
32 Community Colleges, plus the access award calculated as specified  
33 in Article 3 (commencing with Section 69435) of Chapter 1.7 of  
34 Part 42, except that in the first year of enrollment in a qualifying  
35 institution, the maximum award shall be only for the amount of  
36 the access award.

37 (2) (A) The maximum Cal Grant A award for a community  
38 college student enrolled in upper division coursework of a  
39 baccalaureate degree program, described in Article 3 (commencing  
40 with Section 78040) of Chapter 1 of Part 48 of Division 7, shall

1 equal the per unit fees charged for the upper division coursework  
2 for the academic term.

3 (B) The maximum Cal Grant B award for a community college  
4 student enrolled in upper division coursework of a baccalaureate  
5 degree program, described in Article 3 (commencing with Section  
6 78040) of Chapter 1 of Part 48 of Division 7, shall equal the per  
7 unit fees charged for the upper division coursework for the  
8 academic term, plus the access award calculated as specified in  
9 Article 3 (commencing with Section 69435) of Chapter 1.7 of Part  
10 42.

11 (c) The maximum Cal Grant awards for students attending  
12 nonpublic institutions shall be as follows:

13 (1) The maximum Cal Grant A award shall equal the tuition  
14 award level established in the Budget Act of 2000, or the amount  
15 as adjusted in subsequent annual budget acts.

16 (2) The maximum Cal Grant B award shall equal the amount  
17 of the tuition award as established in the Budget Act of 2000, or  
18 the amount as adjusted in subsequent annual budget acts, plus the  
19 amount of the access costs specified in Section 69435, except that,  
20 in the first year of enrollment in a qualifying institution, the  
21 maximum award shall be only for the amount of the access award.

22 (d) Commencing with the 2000–01 academic year, and each  
23 academic year thereafter, the Cal Grant C award shall be utilized  
24 only for occupational or technical training.

25 (e) Commencing with the 2000–01 academic year, and each  
26 academic year thereafter, the Cal Grant T award shall be used only  
27 for one academic year of full-time attendance in a program of  
28 professional preparation that has been approved by the California  
29 Commission on Teacher Credentialing.

30 (f) An institution of higher education in this state that  
31 participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal  
32 Grant Program shall not reduce its level of per capita need-based  
33 institutional financial aid to undergraduate students, excluding  
34 loans, below the total level awarded in the 2000–01 academic year.

35 (g) The implementation of the policy set forth in this section  
36 shall maintain a balance between the state's policy goals of  
37 ensuring student access to and selection of an institution of higher  
38 education for students with financial need and academic merit.

1 (h) It is the policy of the State of California that the  
2 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program  
3 supplement the federal Pell Grant program.

4 (i) An award under the Ortiz-Pacheco-Poochigian-Vasconcellos  
5 Cal Grant Program shall not guarantee admission to an institution  
6 of higher education or admission to a specific campus or program.

7 SEC. 2. Section 69434 of the Education Code is amended to  
8 read:

9 69434. (a) A Cal Grant A award shall be used only for tuition  
10 or student fees, or both, in a for-credit instructional program with  
11 a length of not less than two academic years. Each student who  
12 meets the Cal Grant A qualifications as set forth in this article shall  
13 be guaranteed an award. The amount of any individual award is  
14 dependent on the cost of tuition or fees, or both, at the qualifying  
15 institution at which the student is enrolled. For each applicant, the  
16 award amount shall not exceed the amount of the calculated  
17 financial need.

18 (b) Pursuant to Section 66021.2, any California resident is  
19 entitled to a Cal Grant A award, and the commission, or a  
20 qualifying institution pursuant to Article 8 (commencing with  
21 Section 69450), shall allocate that award, if all of the following  
22 criteria are met:

23 (1) The student has submitted, pursuant to Section 69432.9, a  
24 complete financial aid application, submitted or postmarked no  
25 later than March 2 of the academic year of high school graduation  
26 or its equivalent for the award year immediately following the  
27 academic year of high school graduation or its equivalent, or no  
28 later than March 2 of the academic year following high school  
29 graduation or its equivalent for the second award year following  
30 the year of high school graduation or its equivalent.

31 (2) The student demonstrates financial need pursuant to Section  
32 69433.

33 (3) The student attains a high school grade point average of at  
34 least 3.0 on a four-point scale.

35 (4) The student's household has an income and asset level that  
36 does not exceed the level for Cal Grant A recipients set forth in  
37 Section 69432.7.

38 (5) The student is pursuing an undergraduate academic program  
39 of not less than two academic years that is offered by a qualifying  
40 institution.

1 (6) The student is enrolled at least part time.

2 (7) The student meets the general Cal Grant eligibility  
3 requirements set forth in Article 1 (commencing with Section  
4 69430).

5 (8) The student graduated from high school or its equivalent  
6 during or after the 2000–01 academic year.

7 (c) (1) A student who meets the Cal Grant A Entitlement  
8 Program criteria specified in this article shall receive a Cal Grant  
9 A award for tuition or fees, or both, pursuant to Section 66021.2.

10 (2) A community college student participating in a baccalaureate  
11 degree program pursuant to Article 3 (commencing with Section  
12 78040) of Chapter 1 of Part 48 of Division 7 who meets the Cal  
13 Grant A Entitlement Program criteria specified in this article shall  
14 receive a Cal Grant A award for upper division coursework fees  
15 pursuant to Section 66021.2.

16 SEC. 3. Section 69435.3 of the Education Code is amended to  
17 read:

18 69435.3. (a) Any California resident is entitled to receive a  
19 Cal Grant B award, and the commission shall allocate that award  
20 pursuant to Section 66021.2, if all of the following criteria are met:

21 (1) The student has submitted, pursuant to Section 69432.9, a  
22 complete financial aid application, submitted or postmarked no  
23 later than March 2 of the academic year of high school graduation  
24 or its equivalent for the award year immediately following the  
25 academic year of high school graduation or its equivalent, or no  
26 later than March 2 of the academic year following high school  
27 graduation or its equivalent for the second award year following  
28 the year of high school graduation or its equivalent.

29 (2) The student demonstrates financial need pursuant to Section  
30 69433.

31 (3) The student attains a high school grade point average of at  
32 least 2.0 on a four-point scale.

33 (4) The student’s household has an income and asset level that  
34 does not exceed the level for Cal Grant B recipients as set forth in  
35 Section 69432.7.

36 (5) The student is pursuing an undergraduate academic program  
37 of not less than one academic year that is offered by a qualifying  
38 institution.

39 (6) The student is enrolled at least part time.

1 (7) The student meets the general Cal Grant eligibility  
2 requirements set forth in Article 1 (commencing with Section  
3 69430).

4 (8) The student graduated from high school or its equivalent  
5 during or after the 2000–01 academic year.

6 (b) A student, including a community college student  
7 participating in upper division coursework in a baccalaureate  
8 degree program pursuant to Article 3 (commencing with Section  
9 78040) of Chapter 1 of Part 48 of Division 7, who meets the Cal  
10 Grant B Entitlement Program or Competitive Program criteria  
11 specified in this article shall receive a Cal Grant B award for access  
12 costs and tuition and fees, as applicable, pursuant to Section  
13 66021.2.

14 SEC. 4. Section 69436 of the Education Code is amended to  
15 read:

16 69436. (a) A student who was not awarded a Cal Grant A or  
17 B award pursuant to Article 2 (commencing with Section 69434)  
18 or Article 3 (commencing with Section 69435) at the time of his  
19 or her high school graduation but, at the time of transfer from a  
20 California community college to a qualifying baccalaureate  
21 program or upon matriculation into the upper division coursework  
22 of a community college baccalaureate program, described in Article  
23 3 (commencing with Section 78040) of Chapter 1 of Part 48 of  
24 Division 7, meets all of the criteria set forth in subdivision (b),  
25 shall be entitled to a Cal Grant A or B award.

26 (b) Any California resident transferring from a California  
27 community college to a qualifying institution that offers a  
28 baccalaureate degree or who matriculates into the upper division  
29 coursework of a community college baccalaureate program,  
30 described in Article 3 (commencing with Section 78040) of Chapter  
31 1 of Part 48 of Division 7, is entitled to receive, and the  
32 commission, or a qualifying institution pursuant to Article 8  
33 (commencing with Section 69450), shall award, a Cal Grant A or  
34 B award depending on the eligibility determined pursuant to  
35 subdivision (c), if all of the following criteria are met:

36 (1) A complete official financial aid application has been  
37 submitted or postmarked pursuant to Section 69432.9, no later  
38 than the March 2 of the year immediately preceding the award  
39 year.

1 (2) The student demonstrates financial need pursuant to Section  
2 69433.

3 (3) The student has earned a community college grade point  
4 average of at least 2.4 on a 4.0 scale and is eligible to transfer to  
5 a qualifying institution that offers a baccalaureate degree.

6 (4) The student's household has an income and asset level not  
7 exceeding the limits set forth in Section 69432.7.

8 (5) The student is pursuing a baccalaureate degree that is offered  
9 by a qualifying institution.

10 (6) He or she is enrolled at least part time.

11 (7) The student meets the general Cal Grant eligibility  
12 requirements set forth in Article 1 (commencing with Section  
13 69430).

14 (8) The student will not be 28 years of age or older by December  
15 31 of the award year.

16 (9) The student graduated from a California high school or its  
17 equivalent during or after the 2000–01 academic year.

18 (10) (A) Except as provided for in subparagraph (B), the student  
19 attended a California community college in the academic year  
20 immediately preceding the academic year for which the award will  
21 be used.

22 (B) A student otherwise eligible to receive an award pursuant  
23 to this section, who attended a California community college in  
24 the 2011–12 academic year, may use the award for the 2012–13  
25 and 2013–14 academic years.

26 (c) The amount and type of the award pursuant to this article  
27 shall be determined as follows:

28 (1) For applicants with income and assets at or under the Cal  
29 Grant A limits, the award amount shall be the amount established  
30 pursuant to Article 2 (commencing with Section 69434).

31 (2) For applicants with income and assets at or under the Cal  
32 Grant B limits, the award amount shall be the amount established  
33 pursuant to Article 3 (commencing with Section 69435).

34 (d) (1) A student meeting the requirements of paragraph (9) of  
35 subdivision (b) by means of high school graduation, rather than  
36 its equivalent, shall be required to have graduated from a California  
37 high school, unless that California resident graduated from a high  
38 school outside of California due solely to orders received from a  
39 branch of the United States Armed Forces by that student or by

1 that student's parent or guardian that required that student to be  
2 outside of California at the time of high school graduation.

3 (2) For the purposes of this article, both of the following are  
4 exempt from the requirements of subdivision (e) of Section 69433.9  
5 and paragraph (9) of subdivision (b) of this section:

6 (A) A student for whom a claim under this article was paid prior  
7 to December 1, 2005.

8 (B) A student for whom a claim under this article for the  
9 2004–05 award year or the 2005–06 award year was or is paid on  
10 or after December 1, 2005, but no later than October 15, 2006.

11 (3) (A) The commission, or a qualifying institution pursuant  
12 to Article 8 (commencing with Section 69450), shall make  
13 preliminary awards to all applicants currently eligible for an award  
14 under this article. At the time an applicant receives a preliminary  
15 award, the commission, or a qualifying institution pursuant to  
16 Article 8 (commencing with Section 69450), shall require that  
17 applicant to affirm, in writing, under penalty of perjury, that he or  
18 she meets the requirements set forth in subdivision (e) of Section  
19 69433.9, paragraph (9) of subdivision (b) of this section, and  
20 paragraph (1) of this subdivision. The commission, or a qualifying  
21 institution pursuant to Article 8 (commencing with Section 69450),  
22 shall notify each person who receives a preliminary award under  
23 this paragraph that his or her award is subject to an audit pursuant  
24 to subparagraph (B).

25 (B) The commission shall select, at random, a minimum of 10  
26 percent of the new and renewal awards made under subparagraph  
27 (A), and shall require, prior to the disbursement of Cal Grant funds  
28 to the affected postsecondary institution, that the institution verify  
29 that the recipient meets the requirements of subdivision (e) of  
30 Section 69433.9, paragraph (9) of subdivision (b) of this section,  
31 and paragraph (1) of this subdivision. An award that is audited  
32 under this paragraph and found to be valid shall not be subject to  
33 a subsequent audit.

34 (C) Pursuant to Section 69517.5, the commission shall seek  
35 repayment of any and all funds found to be improperly disbursed  
36 under this article.

37 (D) On or before November 1 of each year, the commission  
38 shall submit a report to the Legislature and the Governor including,  
39 but not necessarily limited to, both of the following:

1 (i) The number of awards made under this article in the  
2 preceding 12 months.

3 (ii) The number of new and renewal awards selected, in the  
4 preceding 12 months, for verification under subparagraph (B), and  
5 the results of that verification with respect to students at the  
6 University of California, at the California State University, at  
7 independent nonprofit institutions, and at independent for-profit  
8 institutions.

9 *SEC. 4.5. Section 69436 of the Education Code is amended to*  
10 *read:*

11 69436. (a) A student who was not awarded a Cal Grant A or  
12 B award pursuant to Article 2 (commencing with Section 69434)  
13 or Article 3 (commencing with Section 69435) at the time of his  
14 or her high school graduation but, at the time of transfer from a  
15 California community college to a qualifying baccalaureate  
16 ~~program~~, *program or upon matriculation into the upper division*  
17 *coursework of a community college baccalaureate program,*  
18 *described in Article 3 (commencing with Section 78040) of Chapter*  
19 *1 of Part 48 of Division 7, meets all of the criteria set forth in*  
20 *subdivision (b), shall be entitled to a Cal Grant A or B award.*

21 (b) Any California resident transferring from a California  
22 community college to a qualifying institution that offers a  
23 baccalaureate degree *or who matriculates into the upper division*  
24 *coursework of a community college baccalaureate program,*  
25 *described in Article 3 (commencing with Section 78040) of Chapter*  
26 *1 of Part 48 of Division 7, is entitled to receive, and the*  
27 *commission, or a qualifying institution pursuant to Article 8*  
28 *(commencing with Section 69450), shall award, a Cal Grant A or*  
29 *B award depending on the eligibility determined pursuant to*  
30 *subdivision (c), if all of the following criteria are met:*

31 (1) A complete official financial aid application has been  
32 submitted or postmarked pursuant to Section 69432.9, no later  
33 than the March 2 of the year immediately preceding the award  
34 year.

35 (2) The student demonstrates financial need pursuant to Section  
36 69433.

37 (3) The student has earned a community college grade point  
38 average of at least 2.4 on a 4.0 scale and is eligible to transfer to  
39 a qualifying institution that offers a baccalaureate degree.

1 (4) The student’s household has an income and asset level not  
2 exceeding the limits set forth in Section 69432.7.

3 (5) The student is pursuing a baccalaureate degree that is offered  
4 by a qualifying institution.

5 (6) He or she is enrolled at least part time.

6 (7) The student meets the general Cal Grant eligibility  
7 requirements set forth in Article 1 (commencing with Section  
8 69430).

9 (8) The student will not be 28 years of age or older by December  
10 31 of the award year.

11 (9) The student graduated from a California high school or its  
12 equivalent during or after the 2000–01 academic year.

13 (10) (A) Except as provided for in subparagraph (B), the student  
14 attended a California community college in the academic year  
15 immediately preceding the academic year for which the award will  
16 be used.

17 (B) A student otherwise eligible to receive an award pursuant  
18 to this section, who attended a California community college in  
19 the 2011–12 academic year, may use the award for the 2012–13  
20 and 2013–14 academic years.

21 (c) The amount and type of the award pursuant to this article  
22 shall be determined as follows:

23 (1) For applicants with income and assets at or under the Cal  
24 Grant A limits, the award amount shall be the amount established  
25 pursuant to Article 2 (commencing with Section 69434).

26 (2) For applicants with income and assets at or under the Cal  
27 Grant B limits, the award amount shall be the amount established  
28 pursuant to Article 3 (commencing with Section 69435).

29 (d) (1) A student meeting the requirements of paragraph (9) of  
30 subdivision (b) by means of high school graduation, rather than  
31 its equivalent, shall be required to have graduated from a California  
32 high school, unless that California resident graduated from a high  
33 school outside of California due solely to orders received from a  
34 branch of the United States Armed Forces by that student or by  
35 that student’s parent or guardian that required that student to be  
36 outside of California at the time of high school graduation.

37 (2) For the purposes of this article, ~~both~~ all of the following are  
38 exempt from the requirements of subdivision (e) of Section 69433.9  
39 and paragraph (9) of subdivision (b) of this section:

1 (A) A student for whom a claim under this article was paid prior  
2 to December 1, 2005.

3 (B) A student for whom a claim under this article for the  
4 2004–05 award year or the 2005–06 award year was or is paid on  
5 or after December 1, 2005, but no later than October 15, 2006.

6 (C) *Commencing with the 2017–18 academic year, a student*  
7 *who did not graduate from high school or its equivalent and was*  
8 *a California resident, as determined pursuant to Article 5*  
9 *(commencing with Section 68060) of Chapter 1 of Part 41, on his*  
10 *or her 18th birthday.*

11 (3) (A) The commission, or a qualifying institution pursuant  
12 to Article 8 (commencing with Section 69450), shall make  
13 preliminary awards to all applicants currently eligible for an award  
14 under this article. At the time an applicant receives a preliminary  
15 award, the commission, or a qualifying institution pursuant to  
16 Article 8 (commencing with Section 69450), shall require that  
17 applicant to affirm, in writing, under penalty of perjury, that he or  
18 she meets the requirements set forth in subdivision (e) of Section  
19 69433.9, paragraph (9) of subdivision (b) of this section, and  
20 paragraph (1) of this subdivision. The commission, or a qualifying  
21 institution pursuant to Article 8 (commencing with Section 69450),  
22 shall notify each person who receives a preliminary award under  
23 this paragraph that his or her award is subject to an audit pursuant  
24 to subparagraph (B).

25 (B) The commission shall select, at random, a minimum of 10  
26 percent of the new and renewal awards made under subparagraph  
27 (A), and shall require, prior to the disbursement of Cal Grant funds  
28 to the affected postsecondary institution, that the institution verify  
29 that the recipient meets the requirements of subdivision (e) of  
30 Section 69433.9, paragraph (9) of subdivision (b) of this section,  
31 and paragraph (1) of this subdivision. An award that is audited  
32 under this paragraph and found to be valid shall not be subject to  
33 a subsequent audit.

34 (C) Pursuant to Section 69517.5, the commission shall seek  
35 repayment of any and all funds found to be improperly disbursed  
36 under this article.

37 (D) On or before November 1 of each year, the commission  
38 shall submit a report to the Legislature and the Governor including,  
39 but not necessarily limited to, both of the following:

1 (i) The number of awards made under this article in the  
2 preceding 12 months.

3 (ii) The number of new and renewal awards selected, in the  
4 preceding 12 months, for verification under subparagraph (B), and  
5 the results of that verification with respect to students at the  
6 University of California, at the California State University, at  
7 independent nonprofit institutions, and at independent for-profit  
8 institutions.

9 SEC. 5. Section 70022 of the Education Code is amended to  
10 read:

11 70022. (a) (1) Subject to an available and sufficient  
12 appropriation, an undergraduate student enrolled in the California  
13 State University or the University of California, or a community  
14 college student enrolled in upper division coursework of a  
15 community college baccalaureate program, described in Article 3  
16 (commencing with Section 78040) of Chapter 1 of Part 48 of  
17 Division 7, who meets the requirements of paragraph (2) is eligible  
18 for a scholarship award as described in that paragraph.

19 (2) Each academic year, except as provided in paragraphs (3)  
20 and (4), an eligible student shall receive a scholarship award in an  
21 amount that, combined with other federal, state, or institutionally  
22 administered student grants or fee waivers received by an eligible  
23 student, is up to 40 percent of the amount charged to that student  
24 in that academic year for mandatory systemwide tuition and fees,  
25 or for an eligible community college student, up to 40 percent of  
26 the amount charged to that student in upper division fees for a  
27 community college baccalaureate degree program, if all of the  
28 following requirements are met, to the satisfaction of the  
29 commission, each academic year:

30 (A) The student's annual household income does not exceed  
31 one hundred fifty thousand dollars (\$150,000). For awards  
32 distributed for the 2016–17 academic year and subsequent  
33 academic years, the commission shall annually adjust the maximum  
34 income level set under this subparagraph in accordance with the  
35 percentage changes in the cost of living within the meaning of  
36 paragraph (1) of subdivision (e) of Section 8 of Article XIII B of  
37 the California Constitution. For purposes of this article, annual  
38 household income shall be calculated in a manner that is consistent  
39 with the requirements applicable to the  
40 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program

1 (Chapter 1.7 (commencing with Section 69430)) and Section  
2 69506.

3 (B) Beginning with awards distributed in the 2015–16 academic  
4 year, the student’s household asset level shall not exceed one  
5 hundred fifty thousand dollars (\$150,000). For awards distributed  
6 in the 2016–17 academic year and subsequent academic years, the  
7 commission shall annually adjust the maximum household asset  
8 level set under this subparagraph in accordance with the percentage  
9 changes in the cost of living within the meaning of paragraph (1)  
10 of subdivision (e) of Section 8 of Article XIII B of the California  
11 Constitution. For purposes of this article, student’s household asset  
12 level shall be calculated in a manner that is consistent with the  
13 requirements applicable to the  
14 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program  
15 (Chapter 1.7 (commencing with Section 69430)) and Section  
16 69506.

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

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

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

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

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

37 (H) The student is pursuing his or her first undergraduate  
38 baccalaureate degree or has completed a baccalaureate degree and  
39 has been admitted to, and is enrolled in, a program of professional

1 teacher preparation at an institution approved by the California  
2 Commission on Teacher Credentialing.

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

4 (3) (A) The percentages specified in paragraph (2) shall be  
5 reduced by 0.6-percent increments per one thousand dollars  
6 (\$1,000) of annual household income in excess of one hundred  
7 thousand dollars (\$100,000), to a minimum 10 percent, provided  
8 that no scholarship award shall be provided to a student with an  
9 annual household income exceeding one hundred fifty thousand  
10 dollars (\$150,000). Beginning with award calculations for the  
11 2016–17 academic year, and for subsequent academic years, the  
12 commission shall annually adjust the income levels specified in  
13 this subparagraph by the percentage change in the cost of living  
14 within the meaning of paragraph (1) of subdivision (e) of Section  
15 8 of Article XIII B of the California Constitution and shall adjust  
16 the incremental reduction accordingly to ensure that a minimum  
17 of 10 percent of mandatory systemwide tuition and fees for an  
18 academic year are awarded. This reduction shall be in addition to  
19 any reduction required by Section 70023.

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

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

29 (b) In order for students enrolled in their respective segments  
30 to remain eligible to receive a scholarship award under this article,  
31 the University of California and the California State University  
32 shall not supplant their respective institutional need-based grants  
33 with the funds provided for scholarships under this article, and  
34 shall maintain their funding amounts at a level that, at a minimum,  
35 is equal to the level maintained for undergraduate students during  
36 the 2013–14 academic year.

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

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

10 SEC. 6. Section 70022.5 of the Education Code is amended to  
11 read:

12 70022.5. (a) A scholarship award under this article may be  
13 renewed for a total of the equivalent of four years of full-time  
14 attendance in an undergraduate program or, for a community  
15 college award recipient, the equivalent of two years of full-time  
16 upper division coursework attendance in the community college  
17 baccalaureate degree program. Commencing with the 2016–17  
18 academic year, the total number of years of eligibility for grants  
19 pursuant to this article shall be based on the student’s educational  
20 level in his or her course of study as designated by the institution  
21 of attendance when the recipient initially receives payment for a  
22 grant.

23 (b) For a student enrolled in an institutionally prescribed  
24 five-year undergraduate program, a scholarship award under this  
25 article may be renewed for a total of up to five academic years of  
26 attendance as long as the student meets the requirements of Section  
27 70022.

28 (c) A recipient of a scholarship award under this article who  
29 has completed a baccalaureate degree, and who has been admitted  
30 to and is enrolled in a program of professional teacher preparation  
31 at an institution approved by the Commission on Teacher  
32 Credentialing, is eligible for, but not entitled to, renewal of the  
33 scholarship award for an additional academic year of full-time  
34 attendance as long as the student meets the requirements of Section  
35 70022.

36 ~~SEC. 7. Section 70023 of the Education Code is amended to~~  
37 ~~read:~~

38 ~~70023. (a) For each academic year, the commission shall~~  
39 ~~determine an amount sufficient, when combined with other federal,~~  
40 ~~state, or institutionally administered student grants or fee waivers~~

1 received by eligible students from other sources, to provide  
2 scholarships to eligible students in the amounts described in  
3 paragraphs (2) and (3) of subdivision (a) of Section 70022. The  
4 University of California, the California State University, and the  
5 Office of the Chancellor of the California Community Colleges,  
6 shall provide the commission with any financial aid data that are  
7 necessary for the determination of these amounts.

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

15 (c) The commission may adopt regulations necessary to carry  
16 out the purposes of this article under subdivision (b) as emergency  
17 regulations in accordance with Chapter 3.5 (commencing with  
18 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
19 Code. For purposes of the Administrative Procedure Act, including  
20 Section 11349.6 of the Government Code, the adoption of those  
21 regulations shall be deemed to be an emergency and necessary for  
22 the immediate preservation of the public peace, health and safety,  
23 or general welfare, notwithstanding subdivision (c) of Section  
24 11346.1 of the Government Code. Notwithstanding subdivision  
25 (c) of Section 11346.1 of the Government Code, any regulation  
26 adopted pursuant to this section shall not remain in effect more  
27 than 180 days unless the commission complies with all provisions  
28 of Chapter 3.5 (commencing with Section 11340) of Part 1 of  
29 Division 3 of Title 2 of the Government Code, as required by  
30 subdivision (c) of Section 11346.1 of the Government Code.

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

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

39 (A) For the 2014-15 fiscal year, one hundred seven million  
40 dollars (\$107,000,000):

1 ~~(B) For the 2015–16 fiscal year, eighty-two million dollars~~  
2 ~~(\$82,000,000).~~

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

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

7 ~~(2) An annual appropriation to the commission is hereby~~  
8 ~~established in the amounts and for the fiscal years described in~~  
9 ~~paragraph (1) to carry out the purposes of this section and Section~~  
10 ~~70022.~~

11 ~~(3) It is the intent of the Legislature that any savings realized~~  
12 ~~from changes made to the allocations under this subdivision by a~~  
13 ~~bill providing for appropriations related to the Budget Bill for the~~  
14 ~~2015–16 fiscal year shall be used to support higher education.~~

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

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

23 ~~(6) (A) Beginning with the Governor’s Budget proposal for the~~  
24 ~~2014–15 fiscal year, and in the Governor’s Budget for each fiscal~~  
25 ~~year thereafter, the Department of Finance shall include a fund~~  
26 ~~condition statement for the Middle Class Scholarship Fund for the~~  
27 ~~fiscal year of the proposed budget and the two immediately~~  
28 ~~preceding fiscal years prepared in accordance with existing law.~~

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

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

37 *SEC. 7. Section 70023 of the Education Code is amended to*  
38 *read:*

39 70023. (a) For each academic year, the commission shall  
40 determine an amount sufficient, when combined with other federal,

1 state, or institutionally administered student grants or fee waivers  
2 received by eligible students from other sources, to provide  
3 scholarships to eligible students in the amounts described in  
4 paragraphs (2) and (3) of subdivision (a) of Section 70022. The  
5 University of ~~California~~ and *California*, the California State  
6 ~~University~~ *University*, and the *Office of the Chancellor of the*  
7 *California Community Colleges* shall provide the commission with  
8 any financial aid data that are necessary for the determination of  
9 these amounts.

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

17 (c) The commission may adopt regulations necessary to carry  
18 out the purposes of this article under subdivision (b) as emergency  
19 regulations in accordance with Chapter 3.5 (commencing with  
20 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
21 Code. For purposes of the Administrative Procedure Act, including  
22 Section 11349.6 of the Government Code, the adoption of those  
23 regulations shall be deemed to be an emergency and necessary for  
24 the immediate preservation of the public peace, health and safety,  
25 or general welfare, notwithstanding subdivision (e) of Section  
26 11346.1 of the Government Code. Notwithstanding subdivision  
27 (e) of Section 11346.1 of the Government Code, any regulation  
28 adopted pursuant to this section shall not remain in effect more  
29 than 180 days unless the commission complies with all provisions  
30 of Chapter 3.5 (commencing with Section 11340) of Part 1 of  
31 Division 3 of Title 2 of the Government Code, as required by  
32 subdivision (e) of Section 11346.1 of the Government Code.

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

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

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

3 (B) For the 2015–16 fiscal year, eighty-two million dollars  
4 (\$82,000,000).

5 (C) For the 2016–17 fiscal year, seventy-four million dollars  
6 (\$74,000,000).

7 (D) For the 2017–18 fiscal year and for each fiscal year  
8 thereafter, one hundred seventeen million dollars (\$117,000,000).

9 (2) An annual appropriation to the commission is hereby  
10 established in the amounts and for the fiscal years described in  
11 paragraph (1) to carry out the purposes of this section and Section  
12 70022.

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

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

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

25 (6) (A) Beginning with the Governor’s Budget proposal for the  
26 2014–15 fiscal year, and in the Governor’s Budget for each fiscal  
27 year thereafter, the Department of Finance shall include a fund  
28 condition statement for the Middle Class Scholarship Fund for the  
29 fiscal year of the proposed budget and the two immediately  
30 preceding fiscal years prepared in accordance with existing law.

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

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

39 *SEC. 8. Section 4.5 of this bill incorporates amendments to*  
40 *Section 69436 of the Education Code proposed by both this bill*

1 *and Assembly Bill 1449. It shall only become operative if (1) both*  
2 *bills are enacted and become effective on or before January 1,*  
3 *2017, (2) each bill amends Section 69436 of the Education Code,*  
4 *and (3) this bill is enacted after Assembly Bill 1449, in which case*  
5 *Section 4 of this bill shall not become operative.*

O