

AMENDED IN SENATE SEPTEMBER 4, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 187

Introduced by Committee on Budget (Evans (Chair), Arambula, Beall, Blumenfield, Brownley, Caballero, Carter, De La Torre, Feuer, Hill, Huffman, Monning, Ruskin, and Swanson)

February 2, 2009

~~An act relating to the Budget Act of 2009.~~ *An act to amend Sections 69434, 69435, and 69436 of, and to add Article 8 (commencing with Section 69450) to Chapter 1.7 of Part 42 of Division 5 of Title 3 of, the Education Code, relating to student financial aid, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.*

LEGISLATIVE COUNSEL'S DIGEST

AB 187, as amended, Committee on Budget. ~~Budget Act of 2009.~~ *Cal Grant Program.*

(1) Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, establishes, among other award programs, the Cal Grant A and B Entitlement awards and the California Community College Transfer Cal Grant Entitlement awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions.

This bill would require the commission to adopt regulations establishing a pilot program for an alternative Cal Grant delivery system under which a qualifying institution, if it elects to participate and meets specified requirements, would be authorized to voluntarily administer award grants under the Cal Grant A and B Entitlement

Programs and the California Community College Transfer Cal Grant Entitlement Program. The bill would prohibit the commission from implementing the pilot alternative delivery system until the commission meets prescribed conditions, including receiving commitments from at least 30, but not more than 35, qualifying institutions electing to participate in the alternative delivery system to pay the costs associated with developing and implementing the pilot alternative delivery system. The bill would prescribe requirements for the selection of qualifying institutions within the University of California, California State University, and California Community Colleges for participation in the pilot program.

The bill would require the Legislative Analyst's Office to report to the Legislature and the Governor regarding the implementation of the program by January 10, 2011.

The bill would appropriate \$4,300,000 from the General Fund to the commission for the support of the commission for the 2009–10 fiscal year.

(2) This bill would declare that it is to take effect immediately as an urgency statute.

This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.

Vote: majority ²/₃. Appropriation: no-yes. Fiscal committee: no-yes. State-mandated local program: no.

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

1 SECTION 1. Section 69434 of the Education Code is amended
 2 to read:
 3 69434. (a) ~~Commencing with the 2001–02 academic year, and~~
 4 ~~each academic year thereafter, a~~ Cal Grant A award shall be
 5 used only for tuition or student fees, or both, in a for-credit
 6 instructional program with a length of not less than two academic
 7 years. Each student who meets the Cal Grant A qualifications as
 8 set forth in this article shall be guaranteed an award. The amount
 9 of any individual award is dependent on the cost of tuition or fees,
 10 or both, at the qualifying institution at which the student is enrolled.
 11 For each applicant, the award amount shall not exceed the amount
 12 of the calculated financial need.
 13 (b) Pursuant to Section 66021.2, any California resident is
 14 entitled to a Cal Grant A award, and the commission, or a

qualifying institution pursuant to Article 8 (commencing with Section 69450), shall allocate that award, if all of the following criteria are met:

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

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

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

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

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

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

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

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

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

SEC. 2. Section 69435 of the Education Code is amended to read:

69435. (a) (1) ~~Commencing with the 2001–02 academic year, and each academic year thereafter, a A Cal Grant B award shall be used only for tuition, student fees, and access costs in a for-credit instructional program that is not less than one academic year in length.~~

(2) The commission, *or a qualifying institution pursuant to Article 8 (commencing with Section 69450)*, shall award access grants in a student's first academic year. In subsequent years, the

1 award shall include an additional amount to pay tuition or fees, or
2 both, to attend college at a public or private four-year college or
3 university or other qualifying institution for all Cal Grant B awards
4 pursuant to paragraph (2) of subdivision (b) of Section 66021.2.
5 In no event shall the total award in any year exceed the applicant's
6 calculated financial need.

7 (3) Not more than 2 percent of new Cal Grant B recipients
8 enrolling for the first time in an institution of postsecondary
9 education shall be eligible for payments for tuition or fees, or both,
10 in their first academic year of attendance. The commission shall
11 adopt regulations specifying the criteria used to determine which
12 applicants, if any, receive both tuition and fees plus the access
13 grant in the first year of enrollment. Priority shall be given to
14 students with the lowest expected family contribution pursuant to
15 Section 69432.7 and the highest level of academic merit.

16 (b) An award for access costs under this article shall be in an
17 annual amount not to exceed one thousand five hundred fifty-one
18 dollars (\$1,551). This amount may be adjusted in the annual Budget
19 Act.

20 *SEC. 3. Section 69436 of the Education Code is amended to*
21 *read:*

22 69436. (a) ~~Commencing with the 2001-02 academic year, and~~
23 ~~each academic year thereafter, a~~ A student who was not awarded
24 a Cal Grant A or B award pursuant to Article 2 (commencing with
25 Section 69434) or Article 3 (commencing with Section 69435) at
26 the time of his or her high school graduation but, at the time of
27 transfer from a California community college to a qualifying
28 baccalaureate program, meets all of the criteria set forth in
29 subdivision (b), shall be entitled to a Cal Grant A or B award.

30 (b) Any California resident transferring from a California
31 community college to a qualifying institution that offers a
32 baccalaureate degree is entitled to receive, and the commission,
33 *or a qualifying institution pursuant to Article 8 (commencing with*
34 *Section 69450), shall award, a Cal Grant A or B award depending*
35 *on the eligibility determined pursuant to subdivision (c), if all of*
36 *the following criteria are met:*

37 (1) A complete official financial aid application has been
38 submitted or postmarked pursuant to Section 69432.9, no later
39 than the March 2 of the year immediately preceding the award
40 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 (c) The amount and type of the award pursuant to this article
19 shall be determined as follows:

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

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

26 (d) ~~(1) Commencing with the 2006–07 award year, a~~ A student
27 meeting the requirements of paragraph (9) of subdivision (b) by
28 means of high school graduation, rather than its equivalent, shall
29 be required to have graduated from a California high school, unless
30 that California resident graduated from a high school outside of
31 California due solely to orders received from a branch of the United
32 States Armed Forces by that student or by that student's parent or
33 guardian that required that student to be outside of California at
34 the time of high school graduation.

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

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

1 (B) A student for whom a claim under this article for the
2 2004–05 award year or the 2005–06 award year was or is paid on
3 or after December 1, 2005, but no later than October 15, 2006.

4 (3) (A) ~~Commencing with the 2006–07 award year, the~~ *The*
5 *commission, or a qualifying institution pursuant to Article 8*
6 *(commencing with Section 69450)*, shall make preliminary awards
7 to all applicants currently eligible for an award under this article.
8 At the time an applicant receives a preliminary award, the
9 *commission, or a qualifying institution pursuant to Article 8*
10 *(commencing with Section 69450)*, shall require that applicant to
11 affirm, in writing, under penalty of perjury, that he or she meets
12 the requirements set forth in subdivision (e) of Section 69433.9,
13 paragraph (9) of subdivision (b) of this section, and paragraph (1)
14 of this subdivision. The *commission, or a qualifying institution*
15 *pursuant to Article 8 (commencing with Section 69450)*, shall
16 notify each person who receives a preliminary award under this
17 paragraph that his or her award is subject to an audit pursuant to
18 subparagraph (B).

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

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

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

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

36 (ii) The number of new and renewal awards selected, in the
37 preceding 12 months, for verification under subparagraph (B), and
38 the results of that verification with respect to students at the
39 University of California, at the California State University, at

1 independent nonprofit institutions, and at independent for-profit
2 institutions.

3 *SEC. 4. Article 8 (commencing with Section 69450) is added*
4 *to Chapter 1.7 of Part 42 of Division 5 of Title 3 of the Education*
5 *Code, to read:*

6
7 *Article 8. Cal Grant Alternative Delivery System Pilot Program*
8

9 *69450. (a) It is the intent of the Legislature, in enacting this*
10 *article, to enhance the long-term policy of the*
11 *Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program and*
12 *the state's historic commitment, as stated in Section 66021.2, of*
13 *providing educational opportunity by ensuring all students with*
14 *financial need with access to, and choice of, an institution of higher*
15 *education.*

16 *(b) It is further the intent of the Legislature that, pursuant to*
17 *this article, the commission implement a pilot alternative delivery*
18 *system within the Cal Grant Program that would provide program*
19 *functions consistent with access to, and choice of, institutions for*
20 *students with financial need. The pilot alternative delivery system*
21 *should take advantage of, and not impair, the efficiencies of the*
22 *recent Internet-based improvements to the commission's Grant*
23 *Delivery System by allowing qualifying institutions to elect to*
24 *award Cal Grant awards pursuant to Article 2 (commencing with*
25 *Section 69434), Article 3 (commencing with Section 69435), and*
26 *Article 4 (commencing with Section 69436) for students admitted*
27 *to those institutions, and by ensuring that those qualifying*
28 *institutions function as a one-stop shop for financial aid*
29 *information by providing assistance to students, parents, and high*
30 *school and community college counselors seeking information*
31 *about the Cal Grant Program and other student financial aid.*

32 *(c) It is the intent of the Legislature that awards and services*
33 *to students not be disrupted in the implementation of this article.*

34 *69452. (a) The commission shall adopt emergency regulations*
35 *by July 1, 2010, establishing the pilot alternative Cal Grant*
36 *delivery system to allow a qualifying institution to elect to*
37 *administer Cal Grant awards under the Cal Grant A Entitlement*
38 *Program (Article 2 (commencing with Section 69434)), the Cal*
39 *Grant B Entitlement Program (Article 3 (commencing with Section*
40 *69435)), and the California Community College Transfer Cal*

1 Grant Entitlement Program (Article 4 (commencing with Section
2 69436)). The regulations shall be consistent with this article.

3 (b) The commission shall convene an advisory task force to
4 assist in understanding the technical and data requirements
5 necessary for implementation of the pilot program. The task force
6 shall be convened within 15 days of the effective date of this
7 section. The task force shall be composed of commission staff and
8 representatives of institutions interested in participating in the
9 pilot program.

10 (c) To ensure unobstructed student access to Cal Grant awards,
11 the alternative delivery system shall not impair the commission's
12 ability to keep track of all students as long as they may be eligible
13 for any Cal Grant awards and other student financial aid
14 administered by the commission. The pilot alternative delivery
15 system shall not impair the commission's ability to communicate
16 with, and make awards to, students if they are eligible for Cal
17 Grant awards.

18 (d) To ensure accountability for, and integrity of, state funds,
19 the alternative delivery system shall not impair the commission's
20 ability to do any of the following:

- 21 (1) Pay Cal Grant awards.
- 22 (2) Disburse funds to qualifying institutions.
- 23 (3) Confirm Cal Grants awarded by qualifying institutions.
- 24 (4) Require qualifying institutions to conform Cal Grants they
25 have awarded to the requirements of this chapter.
- 26 (5) Require qualifying institutions to provide student and Cal
27 Grant award information to the commission at times deemed
28 necessary by the commission.

29 (e) The commission may adopt any other requirements that are
30 necessary to ensure that the alternative delivery system provides
31 students with financial need with access to, and choice of, an
32 institution of higher education.

33 69453. The commission shall not implement the pilot alternative
34 delivery system established pursuant to Section 69452 until at least
35 30, but no more than 35, qualifying institutions have committed
36 to participating in the alternative delivery system and to paying
37 the costs associated with developing and implementing the
38 alternative delivery system. The commission shall not expend any
39 resources on the development and implementation of the pilot
40 alternative delivery system.

1 69454. (a) (1) A qualifying institution electing to participate
2 in the pilot alternative delivery system shall submit an application
3 to the commission acknowledging that the qualifying institution
4 satisfies the requirements for the pilot alternative delivery system
5 and will maintain compliance with those requirements as long as
6 it continues to award Cal Grant awards.

7 (2) The commission shall review, and may approve, the
8 application if the commission determines that the institution
9 complies with all applicable requirements.

10 (3) A qualifying institution may not award Cal Grants until the
11 commission has approved its application.

12 (4) The Regents of the University of California, the Board of
13 Trustees of the California State University, and the Board of
14 Governors of the California Community Colleges shall select
15 qualifying campuses from within their respective segments to apply
16 for participation in the pilot program. For each segment, not more
17 than 25 percent of the total number of campuses within the
18 respective segment may participate in the pilot program.

19 (b) In addition to complying with the regulations adopted for
20 participation in the pilot program, a qualifying institution electing
21 to participate in the pilot alternative delivery system shall do all
22 of the following:

23 (1) Make eligibility determinations consistent with the
24 requirements of the Cal Grant Program and requirements adopted
25 by the commission.

26 (2) Inform the student of his or her Cal Grant award before the
27 student is required to make an enrollment decision for the following
28 academic year. The award shall be made as part of the qualifying
29 institution's complete financial aid award so that the student is
30 aware of all the student aid that the he or she is eligible to receive.

31 (3) Provide notice to the student that he or she may be eligible
32 to use the Cal Grant award at another qualifying institution to
33 which he or she is admitted.

34 (c) A qualifying institution electing to participate in the pilot
35 alternative delivery system shall report all of the following to the
36 commission in a form, and within the time, determined by the
37 commission to maximize student access to Cal Grant awards:

38 (1) Information necessary to determine Cal Grant funding
39 projections for the state budget.

1 (2) Aggregate information on applicants for Cal Grant awards
2 and students who have been awarded Cal Grant awards, by income
3 level, gender, age, and ethnicity.

4 (3) Aggregate information on students who have been awarded
5 Cal Grant awards, but have withdrawn from their qualifying
6 institutions.

7 (4) Aggregate information on students who have been awarded
8 Cal Grant awards but for whom awards have not been disbursed.

9 (5) Information on the total amount of institutional aid available
10 for students at the qualifying institution, the total number of
11 recipients of institutional aid, the total amount of institutional aid
12 provided to recipients of Cal Grant awards at the qualifying
13 institution, and the amount of institutional aid awarded to each
14 student receiving a Cal Grant award.

15 (6) Information on the amount of other financial aid, including,
16 but not necessarily limited to, fee waivers, federal loans, private
17 loans, and work study awarded to each student receiving a Cal
18 Grant award.

19 (7) Any other information determined by the commission to be
20 necessary to fulfill its responsibilities under the Cal Grant
21 Program.

22 (d) (1) A qualifying institution electing to participate in the
23 pilot alternative delivery system shall function as a one-stop shop
24 for student financial aid by providing assistance to all students,
25 parents, and high school counselors inquiring or seeking
26 information about Cal Grant awards and other student financial
27 aid, including information about the availability of, requirements
28 for, and the amount of, Cal Grant awards that may be available
29 at other qualifying institutions in all segments of postsecondary
30 education. The qualifying institution may also provide comparable
31 information on federal and other student financial aid.

32 (2) A qualifying institution that does not comply with this
33 subdivision is not eligible to participate in the alternative delivery
34 system pilot program.

35 69456. All costs associated with developing, implementing,
36 maintaining, and improving the pilot alternative delivery system
37 shall be paid by the qualifying institutions that elect to participate
38 in the pilot alternative delivery system.

39 69458. (a) Participation in the pilot alternative delivery system
40 pursuant to this article is voluntary. Any local agency electing to

1 participate in the alternative delivery system is deemed to have
2 acknowledged and agreed that its participation is voluntary and
3 does not constitute a cost that is reimbursable under Part 7
4 (commencing with Section 17500) of Division 4 of Title 2 of the
5 Government Code.

6 (b) All costs associated with a qualifying institution's election
7 to participate in the alternative delivery system shall be paid by
8 the qualifying institution and, if the qualifying institution is a public
9 institution, shall not require any additional state funds.

10 69460. (a) On or before January 10, 2012, the Legislative
11 Analyst's Office shall report to the Legislature and the Governor
12 on the implementation and outcomes of the first award cycle under
13 this pilot program. The report shall assess the extent to which the
14 pilot program resulted in improved Cal Grant delivery to students,
15 parents, and high school and financial aid counselors;
16 administrative efficiencies; and sufficient state oversight. The
17 report shall also identify any challenges or barriers to expansion
18 of the alternative Cal Grant delivery system, as well as any
19 associated information technology challenges that may need to be
20 addressed or changes that may be required.

21 (b) Consistent with the criteria in subdivision (a), the Student
22 Aid Commission may provide a report to the Legislature and the
23 Governor.

24 SEC. 5. The Student Aid Commission shall not conduct its
25 duties under the provisions of this act until the commission, at a
26 regular public meeting, determines that sufficient funding exists
27 for it to conduct its regular operations for administering the Cal
28 Grant Program.

29 SEC. 6. The sum of four million three hundred thousand dollars
30 (\$4,300,000) is hereby appropriated from the General Fund to the
31 Student Aid Commission, in augmentation of Item 7980-001-0001
32 of Section 2.00 of the Budget Act of 2009, for the support of the
33 Student Aid Commission for the 2009–10 fiscal year.

34 SEC. 7. This act is an urgency statute necessary for the
35 immediate preservation of the public peace, health, or safety within
36 the meaning of Article IV of the Constitution and shall go into
37 immediate effect. The facts constituting the necessity are:

38 In order to efficiently administer the Cal Grant Program and
39 save costs to the Student Aid Commission in administering the
40 program, it is necessary that this act take effect immediately.

1 SECTION 1. ~~It is the intent of the Legislature to enact statutory~~
2 ~~changes relating to the Budget Act of 2009.~~

O