

AMENDED IN SENATE JUNE 19, 2013

AMENDED IN ASSEMBLY APRIL 2, 2013

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1287

Introduced by Assembly Member Quirk-Silva
(Coauthors: Assembly Members Bonilla, Ian Calderon, and Wieckowski)

February 22, 2013

An act to amend Sections 69432.7, 69432.9, and 69433.6 of the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

AB 1287, as amended, Quirk-Silva. Student financial aid: Cal Grant eligibility.

Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Cal Grant Program), establishes the Cal Grant A and B Entitlement Awards, the California Community College Transfer Cal Grant Entitlement Awards, the Competitive Cal Grant A and B Awards, the Cal Grant C Awards, and the Cal Grant T Awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions. One of the eligibility requirements for these awards is that the household income and assets of an applicant not exceed levels that are specified in the act and adjusted annually to reflect changes in the cost of living. The Cal Grant Program authorizes the renewal of Cal Grant awards by eligible students, who are known

as renewing recipients under the Cal Grant Program, in accordance with prescribed requirements.

This bill would delete the additional requirements prescribed in the Cal Grant Program for renewing recipients, *explicitly provide that a student who became ineligible for a Cal Grant award because of changes made to the Cal Grant Program by specified legislation is eligible to apply for a Cal Grant award*, and make various conforming changes.

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

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

1 SECTION 1. Section 69432.7 of the Education Code is
2 amended to read:

3 69432.7. As used in this chapter, the following terms have the
4 following meanings:

5 (a) An “academic year” is July 1 to June 30, inclusive. The
6 starting date of a session shall determine the academic year in
7 which it is included.

8 (b) “Access costs” means living expenses and expenses for
9 transportation, supplies, and books.

10 (c) “Award year” means one academic year, or the equivalent,
11 of attendance at a qualifying institution.

12 (d) “College grade point average” and “community college
13 grade point average” mean a grade point average calculated on the
14 basis of all college work completed, except for nontransferable
15 units and courses not counted in the computation for admission to
16 a California public institution of higher education that grants a
17 baccalaureate degree.

18 (e) “Commission” means the Student Aid Commission.

19 (f) “Enrollment status” means part- or full-time status.

20 (1) “Part time,” for purposes of Cal Grant eligibility, means 6
21 to 11 semester units, inclusive, or the equivalent.

22 (2) “Full time,” for purposes of Cal Grant eligibility, means 12
23 or more semester units or the equivalent.

24 (g) “Expected family contribution,” with respect to an applicant,
25 shall be determined using the federal methodology pursuant to
26 subdivision (a) of Section 69506 (as established by Title IV of the
27 federal Higher Education Act of 1965, as amended (20 U.S.C. Sec.

1 1070 et seq.)) and applicable rules and regulations adopted by the
2 commission.

3 (h) “High school grade point average” means a grade point
4 average calculated on a 4.0 scale, using all academic coursework,
5 for the sophomore year, the summer following the sophomore
6 year, the junior year, and the summer following the junior year,
7 excluding physical education, reserve officer training corps
8 (ROTC), and remedial courses, and computed pursuant to
9 regulations of the commission. However, for high school graduates
10 who apply after their senior year, “high school grade point average”
11 includes senior year coursework.

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

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

22 (k) (1) “Maximum household income and asset levels” means
23 the applicable household income and household asset levels for
24 participants in the Cal Grant Program, as defined and adopted in
25 regulations by the commission for the 2001–02 academic year,
26 which shall be set pursuant to the following income and asset
27 ceiling amounts:

28
29 CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A, C, and T	Cal Grant B
Dependent and Independent students with dependents*		
Family Size		
Six or more	\$74,100	\$40,700
Five	\$68,700	\$37,700
Four	\$64,100	\$33,700

1	Three	\$59,000	\$30,300
2	Two	\$57,600	\$26,900
3	Independent		
4	Independent		
5	Single, no dependents	\$23,500	\$23,500
6	Married	\$26,900	\$26,900

7
8 *Applies to independent students with dependents other than a
9 spouse.

10
11 CAL GRANT PROGRAM ASSET CEILINGS

	Cal Grant A, C, and T	Cal Grant B	
13			
14			
15			
16	Dependent**	\$49,600	\$49,600
17	Independent	\$23,600	\$23,600

18
19 **Applies to independent students with dependents other than a
20 spouse.

21
22 (2) The commission shall annually adjust the maximum
23 household income and asset levels based on the percentage change
24 in the cost of living within the meaning of paragraph (1) of
25 subdivision (e) of Section 8 of Article XIII B of the California
26 Constitution. An applicant who qualifies to be considered under
27 the simplified needs test established by federal law for student
28 assistance shall be presumed to meet the asset level test under this
29 section. Before disbursing any Cal Grant funds, a qualifying
30 institution shall be obligated, under the terms of its institutional
31 participation agreement with the commission, to resolve any
32 conflicts that may exist in the data the institution possesses relating
33 to that individual.

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

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

1 (i) Federal Work-Study.

2 (ii) Perkins Loan Program.

3 (iii) Supplemental Educational Opportunity Grant Program.

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

17 (C) A California public postsecondary educational institution.

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

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

35 (3) (A) The commission shall certify by October 1 of each year
36 the institution's latest three-year cohort default rate and graduation
37 rate as most recently reported by the United States Department of
38 Education.

39 (B) For purposes of the 2011–12 academic year, an otherwise
40 qualifying institution with a three-year cohort default rate reported

1 by the United States Department of Education that is equal to or
2 greater than 24.6 percent shall be ineligible for initial and renewal
3 Cal Grant awards at the institution, except as provided in
4 subparagraph (F).

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

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

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

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

32 (F) (i) An institution that is ineligible for initial and renewal
33 Cal Grant awards at the institution under subparagraph (B), (C),
34 or (G) shall be eligible for renewal Cal Grant awards for recipients
35 who were enrolled in the ineligible institution during the academic
36 year before the academic year for which the institution is ineligible
37 and who choose to renew their Cal Grant awards to attend the
38 ineligible institution. Cal Grant awards subject to this subparagraph
39 shall be reduced as follows:

1 (I) The maximum Cal Grant A and B awards specified in the
2 annual Budget Act shall be reduced by 20 percent.

3 (II) The reductions specified in this subparagraph shall not
4 impact access costs as specified in subdivision (b) of Section
5 69435.

6 (ii) This subparagraph shall become inoperative on July 1, 2013.

7 (G) For purposes of the 2012–13 academic year, and every
8 academic year thereafter, an otherwise qualifying institution with
9 a graduation rate of 30 percent or less for students taking 150
10 percent or less of the expected time to complete degree
11 requirements, as reported by the United States Department of
12 Education and as certified by the commission pursuant to
13 subparagraph (A), shall be ineligible for initial and renewal Cal
14 Grant awards at the institution, except as provided for in
15 subparagraphs (F) and (I).

16 (H) Notwithstanding any other law, the requirements of this
17 paragraph shall not apply to institutions with 40 percent or less of
18 undergraduate students borrowing federal student loans, using
19 information reported to the United States Department of Education
20 for the academic year two years before the year in which the
21 commission is certifying the three-year cohort default rate or
22 graduation rate pursuant to subparagraph (A).

23 (I) Notwithstanding subparagraph (G), an otherwise qualifying
24 institution with a three-year cohort default rate that is less than 10
25 percent and a graduation rate above 20 percent for students taking
26 150 percent or less of the expected time to complete degree
27 requirements, as certified by the commission pursuant to
28 subparagraph (A), shall remain eligible for initial and renewal Cal
29 Grant awards at the institution through the 2016–17 academic year.

30 (J) The commission shall do all of the following:

31 (i) Notify initial Cal Grant recipients seeking to attend, or
32 attending, an institution that is ineligible for initial and renewal
33 Cal Grant awards under subparagraph (C) or (G) that the institution
34 is ineligible for initial Cal Grant awards for the academic year for
35 which the student received an initial Cal Grant award.

36 (ii) Notify renewal Cal Grant recipients attending an institution
37 that is ineligible for initial and renewal Cal Grant awards at the
38 institution under subparagraph (C) or (G) that the student's Cal
39 Grant award will be reduced by 20 percent, or eliminated, as

1 appropriate, if the student attends the ineligible institution in an
2 academic year in which the institution is ineligible.

3 (iii) Provide initial and renewal Cal Grant recipients seeking to
4 attend, or attending, an institution that is ineligible for initial and
5 renewal Cal Grant awards at the institution under subparagraph
6 (C) or (G) with a complete list of all California postsecondary
7 educational institutions at which the student would be eligible to
8 receive an unreduced Cal Grant award.

9 (K) By January 1, 2013, the Legislative Analyst shall submit
10 to the Legislature a report on the implementation of this paragraph.
11 The report shall be prepared in consultation with the commission,
12 and shall include policy recommendations for appropriate measures
13 of default risk and other direct or indirect measures of quality or
14 effectiveness in educational institutions participating in the Cal
15 Grant Program, and appropriate scores for those measures. It is
16 the intent of the Legislature that appropriate policy and fiscal
17 committees review the requirements of this paragraph and consider
18 changes thereto.

19 (m) “Satisfactory academic progress” means those criteria
20 required by applicable federal standards published in Title 34 of
21 the Code of Federal Regulations. The commission may adopt
22 regulations defining “satisfactory academic progress” in a manner
23 that is consistent with those federal standards.

24 SEC. 2. Section 69432.9 of the Education Code is amended to
25 read:

26 69432.9. (a) A Cal Grant applicant shall submit a complete
27 official financial aid application pursuant to Section 69433 and
28 applicable regulations adopted by the commission.

29 (b) Financial need shall be determined using the federal financial
30 need methodology pursuant to subdivision (a) of Section 69506
31 and applicable regulations adopted by the commission, and as
32 established by Title IV of the federal Higher Education Act of
33 1965, as amended (20 U.S.C. Secs. 1070 et seq.).

34 (1) “Expected family contribution,” with respect to an applicant
35 shall be determined using the federal methodology pursuant to
36 subdivision (a) of Section 69506 (as established by Title IV of the
37 federal Higher Education Act of 1965, as amended (20 U.S.C.
38 Secs. 1070 et seq.)) and applicable rules and regulations adopted
39 by the commission.

1 (2) “Financial need” means the difference between the student’s
2 cost of attendance as determined by the commission and the
3 expected family contribution. The calculation of financial need
4 shall be consistent with Title IV of the federal Higher Education
5 Act of 1965, as amended (20 U.S.C. Secs. 1070 et seq.).

6 (3) (A) The minimum financial need required for receipt of an
7 initial Cal Grant A or Cal Grant C award shall be no less than the
8 maximum annual award value for the applicable institution, plus
9 an additional one thousand five hundred dollars (\$1,500) of
10 financial need.

11 (B) The minimum financial need required for receipt of an initial
12 Cal Grant B award shall be no less than seven hundred dollars
13 (\$700).

14 (c) The commission shall require that a grade point average be
15 submitted for all Cal Grant A and B applicants, except for those
16 permitted to provide test scores in lieu of a grade point average.
17 The commission shall require that each report of a grade point
18 average include a certification, executed under penalty of perjury,
19 by a school official, that the grade point average reported is
20 accurately reported. The certification shall include a statement that
21 it is subject to review by the commission or its designee. The
22 commission shall adopt regulations that establish a grace period
23 for receipt of the grade point average and any appropriate
24 corrections, and that set forth the circumstances under which a
25 student may submit a specified test score designated by the
26 commission, by regulation, in lieu of submitting a qualifying grade
27 point average. It is the intent of the Legislature that high schools
28 and institutions of higher education certify the grade point averages
29 of their students in time to meet the application deadlines imposed
30 by this chapter.

31 *(d) A student who became ineligible for a Cal Grant award*
32 *because of the changes to the Cal Grant Program made by Chapter*
33 *7 of the Statutes of 2011 shall be eligible to apply for a Cal Grant*
34 *award pursuant to this chapter, but shall not be eligible for a Cal*
35 *Grant award for more than the maximum number of years of*
36 *eligibility specified in this chapter less the number of years the*
37 *applicant was eligible before becoming ineligible.*

38 SEC. 3. Section 69433.6 of the Education Code is amended to
39 read:

1 69433.6. (a) Cal Grant A awards and Cal Grant B awards may
2 be renewed for a total of the equivalent of four years of full-time
3 attendance in an undergraduate program provided that financial
4 need continues to exist. Commencing with the 2001–02 academic
5 year, the total number of years of eligibility for grants pursuant to
6 this section shall be based on the student’s educational level in his
7 or her course of study as designated by the institution of attendance
8 when the recipient initially receives payment for a grant.
9 (b) For a student enrolled in an institutionally prescribed
10 five-year undergraduate program, Cal Grant A awards and Cal
11 Grant B awards may be renewed for a total of five years of full-time
12 attendance, provided that financial need continues to exist.
13 (c) (1) A Cal Grant Program award recipient who has completed
14 a baccalaureate degree, and who has been admitted to and is
15 enrolled in a program of professional teacher preparation at an
16 institution approved by the California Commission on Teacher
17 Credentialing is eligible for, but not entitled to, renewal of a Cal
18 Grant Program award for an additional year of full-time attendance,
19 if financial need continues to exist.
20 (2) Payment for an additional year is limited to only those
21 courses required for an initial teaching authorization. An award
22 made under this subdivision may not be used for other courses.
23 (d) A student’s Cal Grant renewal eligibility shall not have
24 lapsed more than 15 months before the payment of an award for
25 purposes of this section.