

AMENDED IN SENATE JULY 9, 2013  
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 Section 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 *Program* 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.~~

*This bill would specify eligibility criteria that, commencing with the 2014–15 academic year, would apply to Cal Grant award recipients who were determined to be ineligible for a renewal award because they exceeded the maximum household income or asset level, or failed to meet the minimum need threshold, as specified, but who subsequently meet eligibility requirements for a Cal Grant award.*

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.~~

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

3 (g) “Expected family contribution,” with respect to an applicant,  
4 shall be determined using the federal methodology pursuant to  
5 subdivision (a) of Section 69506 (as established by Title IV of the  
6 federal Higher Education Act of 1965, as amended (20 U.S.C. Sec.  
7 1070 et seq.)) and applicable rules and regulations adopted by the  
8 commission.

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

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

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

28 (k) (1) “Maximum household income and asset levels” means  
29 the applicable household income and household asset levels for  
30 participants in the Cal Grant Program, as defined and adopted in  
31 regulations by the commission for the 2001–02 academic year,  
32 which shall be set pursuant to the following income and asset  
33 ceiling amounts:

34  
35 CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A, C, and T	Cal Grant B
--	--------------------------	-------------

1	Dependent and Independent students		
2	with dependents*		
3	Family Size	-	-
4	-		
5	— Six or more	\$74,100	\$40,700
6	— Five	\$68,700	\$37,700
7	— Four	\$64,100	\$33,700
8	— Three	\$59,000	\$30,300
9	— Two	\$57,600	\$26,900
10	-	-	-
11	Independent		
12	— Single, no dependents	\$23,500	\$23,500
13	— Married	\$26,900	\$26,900

15 \*Applies to independent students with dependents other than a  
 16 spouse.

18 CAL GRANT PROGRAM ASSET CEILINGS

19		Cal Grant A,	
20		C, and F	Cal Grant B
21	-		-
22			
23	Dependent**	\$49,600	\$49,600
24	Independent	\$23,600	\$23,600

26 \*\*Applies to independent students with dependents other than a  
 27 spouse.

28 -  
 29 (2) The commission shall annually adjust the maximum  
 30 household income and asset levels based on the percentage change  
 31 in the cost of living within the meaning of paragraph (1) of  
 32 subdivision (c) of Section 8 of Article XIII B of the California  
 33 Constitution. An applicant who qualifies to be considered under  
 34 the simplified needs test established by federal law for student  
 35 assistance shall be presumed to meet the asset level test under this  
 36 section. Before disbursing any Cal Grant funds, a qualifying  
 37 institution shall be obligated, under the terms of its institutional  
 38 participation agreement with the commission, to resolve any

1 conflicts that may exist in the data the institution possesses relating  
2 to that individual.

3 ~~(b) (1) “Qualifying institution” means an institution that~~  
4 ~~complies with paragraphs (2) and (3) and is any of the following:~~

5 ~~(A) A California private or independent postsecondary~~  
6 ~~educational institution that participates in the Pell Grant Program~~  
7 ~~and in at least two of the following federal campus-based student~~  
8 ~~aid programs:~~

9 ~~(i) Federal Work-Study.~~

10 ~~(ii) Perkins Loan Program.~~

11 ~~(iii) Supplemental Educational Opportunity Grant Program.~~

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

25 ~~(C) A California public postsecondary educational institution.~~

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

1 ~~(B) The institution shall be responsible for certifying to the~~  
2 ~~commission compliance with the requirements of subparagraph~~  
3 ~~(A).~~

4 ~~(3) (A) The commission shall certify by October 1 of each year~~  
5 ~~the institution's latest three-year cohort default rate and graduation~~  
6 ~~rate as most recently reported by the United States Department of~~  
7 ~~Education.~~

8 ~~(B) For purposes of the 2011=12 academic year, an otherwise~~  
9 ~~qualifying institution with a three-year cohort default rate reported~~  
10 ~~by the United States Department of Education that is equal to or~~  
11 ~~greater than 24.6 percent shall be ineligible for initial and renewal~~  
12 ~~Cal Grant awards at the institution, except as provided in~~  
13 ~~subparagraph (F).~~

14 ~~(C) For purposes of the 2012=13 academic year, and every~~  
15 ~~academic year thereafter, an otherwise qualifying institution with~~  
16 ~~a three-year cohort default rate that is equal to or greater than 15.5~~  
17 ~~percent, as certified by the commission on October 1, 2011, and~~  
18 ~~every year thereafter, shall be ineligible for initial and renewal Cal~~  
19 ~~Grant awards at the institution, except as provided in subparagraph~~  
20 ~~(F).~~

21 ~~(D) (i) An otherwise qualifying institution that becomes~~  
22 ~~ineligible under this paragraph for initial and renewal Cal Grant~~  
23 ~~awards shall regain its eligibility for the academic year for which~~  
24 ~~it satisfies the requirements established in subparagraph (B), (C),~~  
25 ~~or (G), as applicable.~~

26 ~~(ii) If the United States Department of Education corrects or~~  
27 ~~revises an institution's three-year cohort default rate or graduation~~  
28 ~~rate that originally failed to satisfy the requirements established~~  
29 ~~in subparagraph (B), (C), or (G), as applicable, and the correction~~  
30 ~~or revision results in the institution's three-year cohort default rate~~  
31 ~~or graduation rate satisfying those requirements, that institution~~  
32 ~~shall immediately regain its eligibility for the academic year to~~  
33 ~~which the corrected or revised three-year cohort default rate or~~  
34 ~~graduation rate would have been applied.~~

35 ~~(E) An otherwise qualifying institution for which no three-year~~  
36 ~~cohort default rate or graduation rate has been reported by the~~  
37 ~~United States Department of Education shall be provisionally~~  
38 ~~eligible to participate in the Cal Grant Program until a three-year~~  
39 ~~cohort default rate or graduation rate has been reported for the~~  
40 ~~institution by the United States Department of Education.~~

1 ~~(F) (i) An institution that is ineligible for initial and renewal~~  
2 ~~Cal Grant awards at the institution under subparagraph (B), (C),~~  
3 ~~or (G) shall be eligible for renewal Cal Grant awards for recipients~~  
4 ~~who were enrolled in the ineligible institution during the academic~~  
5 ~~year before the academic year for which the institution is ineligible~~  
6 ~~and who choose to renew their Cal Grant awards to attend the~~  
7 ~~ineligible institution. Cal Grant awards subject to this subparagraph~~  
8 ~~shall be reduced as follows:~~

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

11 ~~(H) The reductions specified in this subparagraph shall not~~  
12 ~~impact access costs as specified in subdivision (b) of Section~~  
13 ~~69435.~~

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

15 ~~(G) For purposes of the 2012-13 academic year, and every~~  
16 ~~academic year thereafter, an otherwise qualifying institution with~~  
17 ~~a graduation rate of 30 percent or less for students taking 150~~  
18 ~~percent or less of the expected time to complete degree~~  
19 ~~requirements, as reported by the United States Department of~~  
20 ~~Education and as certified by the commission pursuant to~~  
21 ~~subparagraph (A), shall be ineligible for initial and renewal Cal~~  
22 ~~Grant awards at the institution, except as provided for in~~  
23 ~~subparagraphs (F) and (I).~~

24 ~~(H) Notwithstanding any other law, the requirements of this~~  
25 ~~paragraph shall not apply to institutions with 40 percent or less of~~  
26 ~~undergraduate students borrowing federal student loans, using~~  
27 ~~information reported to the United States Department of Education~~  
28 ~~for the academic year two years before the year in which the~~  
29 ~~commission is certifying the three-year cohort default rate or~~  
30 ~~graduation rate pursuant to subparagraph (A).~~

31 ~~(I) Notwithstanding subparagraph (G), an otherwise qualifying~~  
32 ~~institution with a three-year cohort default rate that is less than 10~~  
33 ~~percent and a graduation rate above 20 percent for students taking~~  
34 ~~150 percent or less of the expected time to complete degree~~  
35 ~~requirements, as certified by the commission pursuant to~~  
36 ~~subparagraph (A), shall remain eligible for initial and renewal Cal~~  
37 ~~Grant awards at the institution through the 2016-17 academic year.~~

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

39 ~~(i) Notify initial Cal Grant recipients seeking to attend, or~~  
40 ~~attending, an institution that is ineligible for initial and renewal~~

1 Cal Grant awards under subparagraph (C) or (G) that the institution  
2 is ineligible for initial Cal Grant awards for the academic year for  
3 which the student received an initial Cal Grant award.

4 (ii) ~~Notify renewal Cal Grant recipients attending an institution  
5 that is ineligible for initial and renewal Cal Grant awards at the  
6 institution under subparagraph (C) or (G) that the student's Cal  
7 Grant award will be reduced by 20 percent, or eliminated, as  
8 appropriate, if the student attends the ineligible institution in an  
9 academic year in which the institution is ineligible.~~

10 (iii) ~~Provide initial and renewal Cal Grant recipients seeking to  
11 attend, or attending, an institution that is ineligible for initial and  
12 renewal Cal Grant awards at the institution under subparagraph  
13 (C) or (G) with a complete list of all California postsecondary  
14 educational institutions at which the student would be eligible to  
15 receive an unreduced Cal Grant award.~~

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

26 (m) ~~“Satisfactory academic progress” means those criteria  
27 required by applicable federal standards published in Title 34 of  
28 the Code of Federal Regulations. The commission may adopt  
29 regulations defining “satisfactory academic progress” in a manner  
30 that is consistent with those federal standards.~~

31 ~~SEC. 2. Section 69432.9 of the Education Code is amended to  
32 read:~~

33 ~~69432.9. (a) A Cal Grant applicant shall submit a complete  
34 official financial aid application pursuant to Section 69433 and  
35 applicable regulations adopted by the commission.~~

36 ~~(b) Financial need shall be determined using the federal financial  
37 need methodology pursuant to subdivision (a) of Section 69506  
38 and applicable regulations adopted by the commission, and as  
39 established by Title IV of the federal Higher Education Act of  
40 1965, as amended (20 U.S.C. Secs. 1070 et seq.).~~

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

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

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

17 (B) The minimum financial need required for receipt of an initial  
18 Cal Grant B award shall be no less than seven hundred dollars  
19 (\$700).

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

37 (d) A student who became ineligible for a Cal Grant award  
38 because of the changes to the Cal Grant Program made by Chapter  
39 7 of the Statutes of 2011 shall be eligible to apply for a Cal Grant  
40 award pursuant to this chapter, but shall not be eligible for a Cal

1 ~~Grant award for more than the maximum number of years of~~  
2 ~~eligibility specified in this chapter less the number of years the~~  
3 ~~applicant was eligible before becoming ineligible.~~

4 ~~SEC. 3.~~

5 *SECTION 1.* Section 69433.6 of the Education Code is  
6 amended to read:

7 69433.6. (a) Cal Grant A awards and Cal Grant B awards may  
8 be renewed for a total of the equivalent of four years of full-time  
9 attendance in an undergraduate program provided that *minimum*  
10 *financial need as defined in paragraph (3) of subdivision (b) of*  
11 *Section 69432.9* continues to exist. Commencing with the 2001–02  
12 academic year, the total number of years of eligibility for grants  
13 pursuant to this section shall be based on the student’s educational  
14 level in his or her course of study as designated by the institution  
15 of attendance when the recipient initially receives payment for a  
16 grant.

17 *(b) (1) Commencing with the 2014–15 academic year, and for*  
18 *the following three academic years, a recipient who was*  
19 *determined to be ineligible for a renewal award because he or she*  
20 *exceeded the maximum household income or asset level as*  
21 *established by subdivision (k) of Section 69432.7, or failed to meet*  
22 *the minimum need threshold established in paragraph (3) of*  
23 *subdivision (b) of Section 69432.9, during the 2011–12, 2012–13,*  
24 *or 2013–14 academic year is eligible to receive a renewal award*  
25 *if the recipient meets all program eligibility requirements for the*  
26 *program from which he or she was previously disqualified. Upon*  
27 *becoming eligible for the renewal award, the recipient’s previous*  
28 *Cal Grant award shall be reestablished with the same renewal*  
29 *eligibility remaining as remained at the end of the recipient’s last*  
30 *academic year of Cal Grant Program eligibility. If, after*  
31 *reestablishing eligibility, the recipient again is determined to be*  
32 *ineligible for failing to meet the maximum household income or*  
33 *asset level, or the minimum need threshold, the recipient’s award*  
34 *shall be placed in unpaid reserve status for the award year. In the*  
35 *event the recipient again meets all program eligibility requirements*  
36 *within four award years of the last award year in which he or she*  
37 *received a Cal Grant award, the recipient shall be eligible to*  
38 *receive a renewal award. A recipient who does not meet all*  
39 *program eligibility requirements within four years of his or her*

1 *award being placed in unpaid reserve status shall be thereafter*  
2 *ineligible for a Cal Grant award.*

3 (2) *Commencing with the 2015–16 academic year, a recipient*  
4 *who is determined to be ineligible for a renewal award because*  
5 *he or she exceeds the maximum household income or asset level*  
6 *as established by subdivision (k) of Section 69432.7, or fails to*  
7 *meet the minimum need threshold established in paragraph (3) of*  
8 *subdivision (b) of Section 69432.9, in the immediately preceding*  
9 *academic year, shall have his or her award placed in an unpaid*  
10 *reserve status for the award year. In the event that the recipient*  
11 *again meets all program eligibility requirements within four award*  
12 *years of the last award year in which he or she received a Cal*  
13 *Grant award, the recipient shall be eligible to receive a renewal*  
14 *award. A recipient who does not meet all program eligibility*  
15 *requirements within four years of his or her award being placed*  
16 *in unpaid reserve status shall be thereafter ineligible for a Cal*  
17 *Grant award.*

18 (3) *Notwithstanding paragraphs (1) and (2), a recipient shall*  
19 *not be eligible to receive a renewal award for more than three*  
20 *award years.*

21 ~~(b)~~

22 (c) For a student enrolled in an institutionally prescribed  
23 five-year undergraduate program, Cal Grant A awards and Cal  
24 Grant B awards may be renewed for a total of five years of full-time  
25 attendance, provided that *minimum financial need as defined in*  
26 *paragraph (3) of subdivision (b) of Section 69432.9* continues to  
27 exist.

28 ~~(e)~~

29 (d) (1) A Cal Grant Program award recipient who has completed  
30 a baccalaureate degree, and who has been admitted to and is  
31 enrolled in a program of professional teacher preparation at an  
32 institution approved by the California Commission on Teacher  
33 Credentialing is eligible for, but not entitled to, renewal of a Cal  
34 Grant Program award for an additional year of full-time attendance,  
35 if *minimum financial need as defined in paragraph (3) of*  
36 *subdivision (b) of Section 69432.9* continues to exist.

37 (2) Payment for an additional year is limited to only those  
38 courses required for an initial teaching authorization. An award  
39 made under this subdivision may not be used for other courses.

40 ~~(d)~~

- 1 (3) A student's Cal Grant *Program* renewal eligibility shall not
- 2 have lapsed more than 15 months before the payment of an award
- 3 for purposes of this ~~section~~ *subdivision*.