

AMENDED IN ASSEMBLY MARCH 21, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1318

Introduced by Assembly Member Bonilla

February 22, 2013

An act to amend Sections 66021.2 and 69432.7 of the Education Code, relating to student financial aid.

LEGISLATIVE COUNSEL'S DIGEST

AB 1318, as amended, Bonilla. Student financial aid: Cal Grant Program.

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, *as defined*.

This bill would ~~express the intent of the Legislature to enact legislation affecting~~ *add provisions to the Cal Grant Program that would set the maximum Cal Grant award levels for students attending nonpublic postsecondary educational institutions that are accredited by the Western Association of Schools and Colleges, commencing with the 2014–15 award year. The bill would provide that a postsecondary educational institution headquartered in the state, registered as a nonprofit public benefit corporation, and accredited by the Western Association of Schools and Colleges would not be deemed a qualifying institution if the total amount of institutional aid provided to California*

students by all institutions to which this clause is applicable, in the aggregate, in any award year, is less than 50% of the total Cal Grant awards received by their students, except for institutions meeting prescribed conditions.

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

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

1 SECTION 1. *The Legislature finds and declares all of the*
2 *following:*

3 (a) *California relies on private nonprofit colleges and*
4 *universities accredited by the Western Association of Schools and*
5 *Colleges (WASC) to help meet the state’s higher education needs,*
6 *educating 24 percent of the state’s undergraduates.*

7 (b) *California provides Cal Grant support to approximately*
8 *26,000 students annually attending WASC accredited private*
9 *nonprofit colleges and universities, and additional California*
10 *students attending these institutions are educated at zero cost to*
11 *the state.*

12 (c) *Eighty-five percent of all students attending California’s*
13 *WASC accredited private nonprofit colleges and universities*
14 *receive institutionally funded student aid.*

15 (d) *California’s WASC accredited private nonprofit colleges*
16 *and universities effectively educate a diverse state population, and*
17 *have a four-year graduation rate for Cal Grant students in excess*
18 *of 60 percent.*

19 (e) *The maximum award for Cal Grant students attending WASC*
20 *accredited private nonprofit colleges and universities has not*
21 *increased since 1999:*

22 (1) *It was cut by almost 15 percent for the 2005–06 and 2006–07*
23 *cohorts.*

24 (2) *It was cut by 5 percent for new and renewal grants for the*
25 *2012–13 award year, and is scheduled to be cut an additional 1.5*
26 *percent in the 2013–14 award year and 11 percent in the 2014–15*
27 *award year for new awardees.*

28 (3) *Even if the maximum award had not been cut, its value has*
29 *decreased by over 30 percent due to inflation.*

30 (4) *In inflation-adjusted dollars, the maximum award for the*
31 *2014–15 award year will be the lowest amount California has*

1 *invested in academically qualified, financially deserving students*
2 *that attend private nonprofit WASC accredited institutions.*

3 *(f) Cal Grant students attending private nonprofit WASC*
4 *accredited institutions are a good investment for the state because*
5 *of all of the following:*

6 *(1) They have a high persistence and graduation rate.*

7 *(2) They free up capacity at public institutions.*

8 *(3) They are unlikely to need Cal Grant assistance for their*
9 *children.*

10 *(g) The Cal Grant program effectively and successfully helps*
11 *California's private nonprofit colleges and universities to recruit,*
12 *retain, and graduate historically underrepresented students from*
13 *low-income families. Cal Grants are a ladder of opportunity, and*
14 *they leverage nonpublic student aid to help students graduate from*
15 *college without excessive student debt:*

16 *(1) Cal Grant recipients are 33 percent Latino, 18 percent Asian*
17 *American, 6 percent African American, 1 percent Native American,*
18 *1 percent Pacific Islander, 4 percent two or more races, 13 percent*
19 *unknown, and 24 percent Caucasian.*

20 *(2) Cal Grant recipients are some of California's financially*
21 *neediest students, with an average family income for Cal Grant A*
22 *students of \$40,896.*

23 *(h) Cal Grant students at California's WASC accredited private*
24 *nonprofit colleges and universities account for less than 2 percent*
25 *of California's postsecondary education budget.*

26 *(i) Cal Grant students at WASC accredited private nonprofit*
27 *colleges and universities deserve to be treated similarly to as*
28 *similar students attending public institutions.*

29 *(j) Predictable and stable funding formulas and eligibility*
30 *requirements ensure that the state maximizes its investment and*
31 *allows families to plan and pay for higher education.*

32 *(k) Legislative action is needed to adopt a reasonable formula*
33 *that supports predictability and supports parity for students at*
34 *private nonprofit colleges.*

35 *SEC. 2. Section 66021.2 of the Education Code is amended to*
36 *read:*

37 *66021.2. Consistent with the state's historic commitment to*
38 *provide educational opportunity by ensuring both student access*
39 *to and selection of an institution of higher education for students*
40 *with financial need, the long-term policy of the*

1 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
2 established pursuant to Chapter 1.7 (commencing with Section
3 69430) of Part 42 shall be as follows:

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

10 (1) Demonstrates financial need under the criteria adopted
11 pursuant to Section 69432.9.

12 (2) Attains a grade point average, as defined in Section 69432.7,
13 meeting the requirements of Chapter 1.7 (commencing with Section
14 69430) of Part 42.

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

17 (b) (1) The maximum Cal Grant A award for a student attending
18 the University of California or the California State University shall
19 equal the mandatory systemwide fees in each of those segments.

20 (2) The maximum Cal Grant B award for a student to which
21 this subdivision is applicable shall equal the mandatory systemwide
22 fees in the segment attended by the student, except for community
23 college students who receive waivers from the Board of Governors
24 of the California Community Colleges, plus the access award
25 calculated as specified in Article 3 (commencing with Section
26 69435) of Chapter 1.7 of Part 42, except that in the first year of
27 enrollment in a qualifying institution, the maximum award shall
28 be only for the amount of the access award.

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

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

34 (2) The maximum Cal Grant B award shall equal the amount
35 of the tuition award as established in the Budget Act of 2000, or
36 the amount as adjusted in subsequent annual budget acts, plus the
37 amount of the access costs specified in Section 69435, except that,
38 in the first year of enrollment in a qualifying institution, the
39 maximum award shall be only for the amount of the access award.

1 (3) (A) Notwithstanding paragraphs (1) and (2), the maximum
2 Cal Grant award for students attending nonpublic institutions
3 accredited by the Western Association of Schools and Colleges
4 shall be set and maintained at 80 percent of the estimated average
5 General Fund cost of educating a Cal Grant eligible student at
6 the University of California or the California State University, as
7 calculated by the commission, except as provided in subparagraphs
8 (B) to (E), inclusive.

9 (B) For the 2014–15 award year, the maximum award shall be
10 70 percent of the amount calculated pursuant to subparagraph
11 (A).

12 (C) For the 2015–16 award year, the maximum award shall be
13 80 percent of the amount calculated pursuant to subparagraph
14 (A).

15 (D) For the 2016–17 award year, the maximum award shall be
16 90 percent of the amount calculated pursuant to subparagraph
17 (A).

18 (E) For the 2017–18 award year and each award year
19 thereafter, the maximum award shall be 100 percent of the amount
20 calculated pursuant to subparagraph (A).

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

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

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

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

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

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

4 *SEC. 3. Section 69432.7 of the Education Code is amended to*
5 *read:*

6 69432.7. As used in this chapter, the following terms have the
7 following meanings:

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

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

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

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

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

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

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

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

27 (g) “Expected family contribution,” with respect to an applicant,
28 shall be determined using the federal methodology pursuant to
29 subdivision (a) of Section 69506 (as established by Title IV of the
30 federal Higher Education Act of 1965, as amended (20 U.S.C. Sec.
31 1070 et seq.)) and applicable rules and regulations adopted by the
32 commission.

33 (h) “High school grade point average” means a grade point
34 average calculated on a 4.0 scale, using all academic coursework,
35 for the sophomore year, the summer following the sophomore
36 year, the junior year, and the summer following the junior year,
37 excluding physical education, reserve officer training corps
38 (ROTC), and remedial courses, and computed pursuant to
39 regulations of the commission. However, for high school graduates

1 who apply after their senior year, “high school grade point average”
2 includes senior year coursework.

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

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

13 (k) “Maximum household income and asset levels” means the
14 applicable household income and household asset levels for
15 participants, including new applicants and renewing recipients, in
16 the Cal Grant Program, as defined and adopted in regulations by
17 the commission for the 2001–02 academic year, which shall be
18 set pursuant to the following income and asset ceiling amounts:

19
20 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
Three	\$59,000	\$30,300
Two	\$57,600	\$26,900
Independent		
Single, no dependents	\$23,500	\$23,500
Married	\$26,900	\$26,900

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36 *Applies to independent students with dependents other than a
37 spouse.

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39 CAL GRANT PROGRAM ASSET CEILINGS

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	Cal Grant A, C, and T	Cal Grant B
Dependent**	\$49,600	\$49,600
Independent	\$23,600	\$23,600

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

The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. The maximum household income and asset levels applicable to a renewing recipient shall be the greater of the adjusted maximum household income and asset levels or the maximum household income and asset levels at the time of the renewing recipient's initial Cal Grant award. For a recipient who was initially awarded a Cal Grant for an academic year before the 2011–12 academic year, the maximum household income and asset levels shall be the greater of the adjusted maximum household income and asset levels or the 2010–11 academic year maximum household income and asset levels. An applicant or renewal recipient who qualifies to be considered under the simplified needs test established by federal law for student assistance shall be presumed to meet the asset level test under this section. ~~Prior to~~ *Before* disbursing any Cal Grant funds, a qualifying institution shall be obligated, under the terms of its institutional participation agreement with the commission, to resolve any conflicts that may exist in the data the institution possesses relating to that individual.

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

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

- (i) Federal Work-Study.
- (ii) Perkins Loan Program.
- (iii) Supplemental Educational Opportunity Grant Program.

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

15 *(ii) No postsecondary educational institution headquartered in*
16 *the state, registered as a nonprofit public benefit corporation*
17 *pursuant to Part 2 (commencing with Section 5110) of Division 2*
18 *of Title 1 of the Corporations Code, and accredited by the Western*
19 *Association of Schools and Colleges shall be deemed a qualifying*
20 *institution if the total amount of institutional aid provided to*
21 *California students by all institutions to which this clause is*
22 *applicable, in the aggregate, in any award year, is less than 50*
23 *percent of the total Cal Grant awards received by their students,*
24 *unless that institution has fewer than 50 students receiving Cal*
25 *Grant awards and charges an annual tuition that is no more than*
26 *50 percent of the average of the annual tuition charged by all*
27 *institutions to which this clause is applicable.*

28 (C) A California public postsecondary educational institution.

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

1 with multiple campuses, or on applications for enrollment or other
2 program information distributed to prospective students.

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

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

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

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

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

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

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

1 cohort default rate or graduation rate has been reported for the
2 institution by the United States Department of Education.

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

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

13 (II) The reductions specified in this subparagraph shall not
14 impact access costs as specified in subdivision (b) of Section
15 69435.

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

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

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

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

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

1 (i) Notify initial Cal Grant recipients seeking to attend, or
2 attending, an institution that is ineligible for initial and renewal
3 Cal Grant awards under subparagraph (C) or (G) that the institution
4 is ineligible for initial Cal Grant awards for the academic year for
5 which the student received an initial Cal Grant award.

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

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

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

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

33 ~~SECTION 1. It is the intent of the Legislature to enact~~
34 ~~legislation affecting the Cal Grant Program.~~