

**ITEM 5**  
**TEST CLAIM**  
**FINAL STAFF ANALYSIS**

Education Code Sections 69432.8, 69432.9, 69433, 69433.5, 69433.6, 69433.7, 69434, 69434.5,  
69435, 69435.3, 69436, 69436.5, 69437, 69437.3, 69437.6, 69439, 69440, and 69514.5

Statutes 2000, Chapter 403 (SB 1644)  
Statutes 2001, Chapters 8 (SB 176) and 159 (SB 662)

California Code of Regulations, Title 5, Sections 30002, 30007, 30023, 30026, 30027 and 30032

*Cal Grants*  
(02-TC-28)

Long Beach Community College District, Claimant

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**EXECUTIVE SUMMARY**

**Background**

This test claim involves the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, which, was enacted by the Legislature in 2000 to address Cal Grant awards to students beginning in the 2001-2002 academic year. The Cal Grant program provides funding for California residents based on financial need and academic merit for public or private postsecondary education.

In order to complete the Cal Grant application process, the student applicant must submit to the Student Aid Commission the Free Application for Federal Student Aid (FAFSA) and a grade point average certified by a school official.

The intent of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program is to guarantee a Cal Grant to every California high school student graduating in 2001 or after, who meets the minimum grade point average and eligibility requirements, has financial need, and applies for the Cal Grant by March 2 of the academic year of high school graduation, or by March 2 of the year following graduation. The guarantee also extends to California community college students transferring to a four-year college, who graduated from a California high school after June 2000, were California residents when they graduated, and who meet the Cal Grant requirements when they transfer to a four-year college.

Other students who are eligible for a Cal Grant, but are not high school seniors or recent graduates may compete for Cal Grant A or B Competitive awards. These awards are the same as the Cal Grant Entitlement awards except that they are not guaranteed. A limited number of Competitive awards are available (22,500 awards). Half of the Competitive awards are set aside for students who apply by the March 2 deadline and meet the requirements, and half are for California community college students who meet the requirements and apply by September 2.

The claimant, Long Beach Community College District, contends that the test claim statutes and regulations adopted by the California Student Aid Commission result in a reimbursable state-mandated program for community college districts.

The California Student Aid Commission and the Department of Finance dispute the test claim allegations and contend that "participation by a postsecondary institution is voluntary."

### **Conclusion**

Staff concludes that the following activities required by the Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Program in Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations, constitute a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007, 30023, subd. (a), and 30026.)
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007 and 30026.)
- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct. (Cal. Code Regs., tit. 5, § 30023, subd. (d).)

These activities apply to community colleges only when: (1) a community college student applies for a Cal Grant Transfer Entitlement award for use at a four year college; (2) a community college student competes for a Competitive Cal Grant A to be held in reserve until the student attends a four year college; or (3) a community college student competes for a Competitive Cal Grant B award, which can be used at the community college.

The eligible period of reimbursement for this claim begins July 1, 2001.<sup>1</sup>

Staff further concludes that all other statutes and regulations pled in this test claim do not mandate a new program or higher level of service and, thus, are not reimbursable.

### **Staff Recommendation**

Staff recommends the Commission adopt this staff analysis to partially approve this test claim.

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<sup>1</sup> Government Code section 17557, subdivision (e).



## STAFF ANALYSIS

### Claimant

Long Beach Community College District

### Chronology

- 06/13/03 Claimant files the test claim with the Commission on State Mandates (Commission)
- 06/27/03 Commission staff issues the completeness review letter and requests comments from state agencies
- 07/25/03 Department of Finance (DOF) requests an extension of time for filing comments for at least 45 days
- 07/30/03 Commission staff grants an extension to September 11, 2003
- 08/21/03 California Community Colleges Chancellor's Office (Chancellor's Office) requests an extension of time for comments
- 08/28/03 Commission staff grants the extension of time to October 11, 2003
- 09/10/03 Commission staff issues a request for comments on the test claim from the California Student Aid Commission, due by October 10, 2003
- 09/11/03 DOF requests an additional extension of time to file comments
- 09/17/03 Commission staff grants the extension of time until October 14, 2003
- 10/10/03 Chancellor's Office requests an extension of time for comments
- 10/15/03 California Student Aid Commission files initial comments on the test claim
- 10/17/03 Commission staff grants an extension of time to the Chancellor's Office to December 15, 2003
- 10/31/03 DOF requests an extension of time to file initial comments
- 11/07/03 Commission staff grants an extension of time to DOF until February 7, 2004
- 02/18/04 DOF requests an extension of time to file initial comments
- 02/18/04 Commission staff grants the extension of time to May 18, 2004
- 06/10/04 DOF requests a 90-day extension of time to file initial comments
- 06/14/04 Commission staff grants the extension of time to August 9, 2004
- 09/09/04 DOF requests a 90-day extension of time to file initial comments
- 09/14/04 Commission staff grants the extension of time to December 9, 2004
- 12/24/04 DOF requests a 90-day extension of time to file initial comments
- 12/28/04 Commission staff grants the extension of time to March 9, 2005
- 03/15/05 DOF requests an extension of time to file initial comments
- 03/17/05 Commission staff grants the extension of time to June 9, 2005

09/21/05      DOF requests an extension of time to file initial comments

10/03/05      Commission staff grants the extension of time to December 1, 2005

02/03/06      DOF requests an extension of time to file initial comments

02/07/06      Commission staff grants the extension of time to April 3, 2006

11/26/07      Claimant submits a supplement to the test claim filing, with a history of the claimed regulations

02/06/08      Commission staff issues a request for initial comments on the test claim from the Chancellor's Office and DOF, due by February 27, 2008

03/07/08      Commission staff issues a request for additional information from the California Student Aid Commission, due by March 21, 2008

11/21/08      Commission staff issues the draft staff analysis on the test claim

12/11/08      Claimant files comments on draft staff analysis

12/11/08      California Student Aid Commission files comments on draft staff analysis

12/11/08      DOF requests extension of time to file comments and continuance of hearing

12/12/08      Commission staff grants extension of time to February 10, 2009, and continues hearing to March 27, 2009

02/03/09      DOF files comments on draft staff analysis

03/10/09      Commission staff issues final staff analysis

**Background**

The June 13, 2003 test claim filed by Long Beach Community College District alleges that community college districts have incurred costs mandated by the state, due to the enactment of eighteen Education Code sections by Statutes 2000, chapter 403, and later amendment by Statutes 2001, chapters 8 and 159. The test claim filing also alleges six title 5 regulations, issued by the California Student Aid Commission or its predecessor agency, the State Scholarship Commission.

Existing Law

Since 1977, the Cal Grant program, implemented through Education Code sections 69530 et seq. and the California Code of Regulations, title 5, sections 30000 et seq. (regulations adopted by the California Student Aid Commission), has provided grants to financially needy students to attend college.<sup>2</sup> Education Code sections 69530 et seq., has a projected sunset date of January 1, 2010, and applies only to students receiving a Cal Grant award on or before December 31, 2000, before the period of reimbursement for this claim.

Under this existing law, four types of Cal Grant awards were available: Cal Grants A, B, C and T, with the maximum award in each category determined in the annual Budget Act. The Cal Grant A award was based on financial need and academic merit, and was available only for

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<sup>2</sup> Statutes 1976, chapter 1010, operative April 30, 1977, derived from former Education Code section 40400 (added by Stats. 1975, ch. 1270).

tuition and fees. Since community colleges do not charge tuition, the student awarded a Cal Grant A award who enrolled in a community college could elect to have the award held in trust by the Student Aid Commission for two academic years until the student transferred to a four-year college or university. (Ed. Code, § 69537.) The Cal Grant B award provided a living allowance, or "subsistence cost," and sometimes tuition and fees for very low income, disadvantaged students. (Ed. Code, § 69538.) Except for certain five-year educational programs, Cal Grant A and B awards could be renewed by the student for a total of four years of full-time attendance in an undergraduate program, provided that financial need of the student continued to exist. The total number of years of eligibility was based on the student's educational level, which was designated by the institution of attendance when the student initially received payment for a grant. (Ed. Code, § 69535.1, subd. (a).)

Cal Grant C provided tuition and fee grants, and funds for supplies to students training for vocational careers. (Ed. Code, § 69539.) As of the year 2000, the Cal Grant C program served approximately 3,700 students annually, primarily in community colleges.<sup>3</sup> Cal Grant T provided one year grants to students in teacher credential training programs at institutions approved by the Commission on Teacher Credentialing. (Ed. Code, § 69540.)

An eligible applicant for a Cal Grant award is defined in section 30002 of the Student Aid Commission's regulations as any person who has successfully met the requirements of the Education Code and submitted in proper form and prior to established deadlines the applications, supplements and transcripts of academic record, and financial and other information to the Student Aid Commission. (See also, Cal. Code Regs., tit. 5, § 30020.)<sup>4</sup> To ensure that funds are available to the recipient of a Cal Grant award at the time the student enrolls, the Student Aid Commission was authorized to make an advance payment per term to "authorized postsecondary educational institutions" for eligible students who have indicated they were attending those institutions. Each "authorized" institution was required to disburse the funds in accordance with the provisions set forth in the "Institutional Agreement" between the Student Aid Commission and the institution. (Ed. Code, § 69535.5.)<sup>5</sup> Refunds of unused award funds previously paid to a school or college were required to be based on the published regulations of the school or college concerned, as certified to the Student Aid Commission by the school or college. (Cal. Code Regs., tit. 5, § 30032.) In addition, the Student Aid Commission was authorized to provide for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use of the award. (Ed. Code, § 69535; subd. (j).)

#### Test Claim Statutes and Regulations

Statutes 2000, chapter 403<sup>6</sup> created the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, by adding chapter 1.7 to Part 42 of the Education Code, beginning with Education

<sup>3</sup> Senate Third Reading, Senate Bill 1644 as amended August 24, 2000, 1999-2000 Legislative session. (Ex. H.)

<sup>4</sup> The regulations cited in this section of the Background were first adopted by the Student Aid Commission in 1977 (Register 77, No. 24).

<sup>5</sup> See, the Cal Grant Program Institutional Participation Agreement for 2008-09 and "Basics of the Institutional Participation Agreement Process for 2007-08 and 2008-09." (Ex. H.)

<sup>6</sup> Urgency legislation operative September 12, 2000.

Code section 69430. This Cal Grant program is intended to replace the program established in Education Code sections 69530, et seq., and applies to students receiving Cal Grant awards beginning in the 2001-2002 academic year. The intent of the program is to guarantee a Cal Grant to every California high school student graduating in 2001 or after, who meets the minimum grade point average and eligibility requirements, has financial need, and applies for the Cal Grant by March 2 of the academic year of high school graduation, or by March 2 of the year following graduation.<sup>7</sup> The guarantee also extends to California community college students transferring to a four-year college, who graduated from a California high school after June 2000, were California residents when they graduated, and who meet the Cal Grant requirements when they transfer to a four-year college. These grants are called "Entitlement" grants and consist of the following:

- Cal Grant A Entitlement awards cover tuition and fees at "qualifying" four-year colleges. Every high school senior graduating in 2001 or after who has at least a 3.0 high school grade point average, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year of graduation or the following year is guaranteed a Cal Grant award. (Ed. Code, § 69434.) A Cal Grant A recipient attending a California community college will not receive any payment, however, because community colleges do not charge tuition. Cal Grant eligible students attending a community college qualify for a Board of Governors fee waiver instead. The Cal Grant A award is held in reserve by the Student Aid Commission for two years (or three years upon request) for use when the student transfers to a tuition charging four-year qualifying institution. (Ed. Code, § 69434.5.)
- Cal Grant B Entitlement awards are for students from disadvantaged or low-income families and generally cover "access costs" such as living expenses, books, supplies, and transportation expenses in the amount of \$1,551 in the first academic year. In subsequent years, the award includes an additional amount to pay for tuition and fees. Every graduating high school senior who has at least a 2.0 high school grade point average, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year of graduation or the following year is guaranteed a Cal Grant B entitlement award. A limited number of first-year students who have exceptional financial need and a high grade point average may receive both the living allowance and the tuition and fee award. (Ed. Code, §§ 69435, 69435.3; Cal. Code Regs., tit. 5, § 30024.)
- Cal Grant Transfer Entitlement awards are for community college students transferring to a four-year college and did not receive a Cal Grant within one year of graduating from high school. To qualify, students must have graduated from a California high school after June 30, 2000, and be a California resident when they graduated. Students must also have a 2.4 community college grade point average (of at least 24 semester units or the equivalent), meet the Cal Grant eligibility requirements, be under 24 years old, and apply by the March 2 deadline before the fall term when they plan to transfer. (Ed. Code, §§ 69436, 69436.5.)

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<sup>7</sup> Statutes 2000, chapter 403 (SB 1644), section 2; see also, Student Aid Commission's publication entitled "Cal Grants." (Ex. H.)

Other students who are eligible for a Cal Grant, but are not high school seniors or recent graduates may compete for Cal Grant A or B Competitive awards. These awards are the same as the Cal Grant Entitlement awards except that they are not guaranteed. A limited number of Competitive awards are available (22,500 awards). Half of the Competitive awards are set aside for students who apply by the March 2 deadline and meet the requirements, and half are for California community college students who meet the requirements and apply by September 2. The eligibility requirements for the Competitive awards are focused on the nontraditional students and take into account grade point average, time out of high school, family income, parent's educational levels, high school performance standards, whether the student comes from a single-parent household or was a foster youth. A student selected for a Cal Grant A Competitive award who enrolls in a California community college has the award for tuition held in reserve until the student transfers to a four-year institution. (Ed. Code, §§ 69437 - 69437.7; Cal. Code Regs., tit. 5, § 30025.)

Except for certain five-year educational programs, Cal Grant A and B awards may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program provided that financial need continues to exist. The total number of years of eligibility is based on the student's educational level, which is designated by the institution of attendance when the student initially receives payment for a grant. (Ed. Code, § 69433.6.)

The Cal Grant C and T awards for students in vocational training and teacher credential training are also included in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program. Except for a supplemental application for Cal Grant C applicants, which is described below, the Cal Grant C and T awards remain unchanged.<sup>8</sup>

To be eligible for a Cal Grant, a student is required to complete and submit a Free Application for Federal Student Aid (FAFSA) and a certified grade point average on or before the statutory deadline. (Ed. Code, §§ 69432.9, 69433; Cal. Code Regs., tit. 5, §§ 30007, 30008.) The FAFSA is mailed or electronically submitted to the U.S. Department of Education's central processor. The central processor sends FAFSA records for California students to the Student Aid Commission. The grade point average is verified by the school (either high school or community college) and submitted by either the student or the school.<sup>9</sup> Each report of grade point average is required to include a certification, executed under penalty of perjury, by a school official, that the grade point average reported is accurately reported. (Ed. Code, § 69432.9, subd. (c).) The Student Aid Commission may accept the submission of a grade point average from an applicant or reporting school after the statutory deadlines if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average. Such circumstances must be shown by a certification from the reporting school and the student applicant. In addition, applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten days after the mailing of notice by the Student Aid Commission to file a corrected or completed grade point average. (Cal. Code Regs., tit. 5, § 30023.)

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<sup>8</sup> See also, Senate Third Reading, Senate Bill 1644 as amended August 24, 2000, 1999-2000 Legislative session, where the analysis states the following: "This bill does not affect the current configuration of the Cal Grant C and T programs." (Ex. H.)

<sup>9</sup> See also, Cal Grant Manual, chapter 4.1, "The Cal Grant Application Process." (Ex. H.)

With respect to the Cal Grant C award for vocational training, the applicant receives a supplemental application to be completed that requires information about the student's "occupational talents."<sup>10</sup> Section 30027 of the Student Aid Commission's regulations allows an application to establish "occupational talents" by submitting the applicant's work history and/or recommendation from teachers or persons working in the applicant's occupational or technical field.

A Cal Grant Program award may be utilized only at a qualifying institution. (Ed. Code, § 69433.5, subd. (i).) "Qualifying institutions" include public postsecondary educational institutions that complete a Cal Grant "Institutional Participation Agreement" for each participating campus in the district. (Ed. Code, § 69432.7, subd. (1)(3).)<sup>11</sup> To ensure that funds are available to the recipient of a Cal Grant award at the time the student enrolls, the Student Aid Commission is authorized to make an advance payment per term to "authorized postsecondary educational institutions" for eligible students who have indicated they are or will be attending those institutions. Each "authorized" institution is required to disburse the funds in accordance with the provisions set forth in the Institutional Participation Agreement between the Student Aid Commission and the institution. (Ed. Code, § 69432.8.) Before disbursing any Cal Grant funds, the qualifying institution "shall be obligated, under the terms of the Institutional Participation Agreement," to resolve any conflicts that may exist in the data the institution possesses relating to the recipient student. (Ed. Code, § 69432.7, subd. (k).) In addition, the Student Aid Commission is authorized to provide for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use of the award. (Ed. Code, § 69433.5, subd. (h).)

Finally, Statutes 2000, chapter 403 added section 69514.5 to the Education Code, establishing the Community College Student Financial Aid Outreach Program. This program, which is required to be developed and administered by the Student Aid Commission, is to provide workshops regarding "financial aid opportunities available to community college students, with a particular focus on students who plan to transfer to a four-year college or university."

The statutory and regulatory changes to the Cal Grant program, as alleged by the claimant, as well as the new Community College Student Financial Aid Outreach Program, will be analyzed below for the imposition of a reimbursable state-mandated program on community college districts.

### **Claimant's Position**

Long Beach Community College District's June 13, 2003<sup>12</sup> test claim filing alleges the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program constitutes a reimbursable state-mandated program, and requires community colleges to perform the following activities:<sup>13</sup>

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<sup>10</sup> Cal Grant Manual, chapter 4.7, "Cal Grant C Supplement."

<sup>11</sup> Cal Grant Manual, chapter 2.1, "Institutional Eligibility."

<sup>12</sup> The potential reimbursement period begins no earlier than July 1, 2001, based upon the filing date for this test claim. (Gov. Code, § 17557.)

<sup>13</sup> Test Claim Filing, pages 36-41 (Exhibit (Ex.) A).

- enact and implement, and periodically update, policies and procedures to implement the Cal Grant program;
- provide official financial aid and award renewal applications, as well as Cal Grant award forms for each of the entitlement and competitive Cal Grant programs, and assist students who have questions regarding completion of any of the forms, pursuant to Education Code sections 69432.9, subdivision (a), 69433, subdivision (a), 69434, subdivision (b)(1), 69434.5, 69435, 69435.3, 69436, 69437, 69437.3, 69437.6, subdivision (f), 69439, and 69440;
- accept supplemental information and academic transcripts from applicants and submit them to the Student Aid Commission, pursuant to California Code of Regulations, title 5, sections 30002 and 30027;
- certify grade point averages upon student request and submit them to the Student Aid Commission, pursuant to Education Code section 69432.9, subdivision (c), and California Code of Regulations, title 5, sections 30007 and 30023;
- receive, account for, and disburse advance payments of Cal Grant funds from the Student Aid Commission, designate a student's educational level when the student first receives a grant payment, return unused awards, and produce accounting reports and other statements to the Student Aid Commission, as required by district agreement or regulation, pursuant to Education Code 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), 69436.5, and California Code of Regulations, title 5, section 30032;
- train community college counselors and student advisors who work with students planning to attend community college or transfer from a community college to a 4-year college or university on financial aid opportunities for such students, and subsequently conduct workshops for students and their families regarding financial aid, pursuant to Education Code section 69514.5.

The claimant acknowledges that “[f]unds may be available for financial aid and student outreach programs. To the extent these funds are appropriated and actually received specifically for the administration of the Cal Grant program, those funds would reduce the costs mandated.”<sup>14</sup>

The claimant filed comments on the draft staff analysis as follows (Exhibit E):

- Community colleges are legally required to participate in the Cal Grant program. Education Code section 69432.7, subdivision (l), defines “qualifying institution” to include any California postsecondary educational institution. By statute, there are no additional acts required of community colleges in order to be considered a participant in the Cal Grant program. Although the Cal Grant Manual published by the Student Aid Commission provides that a community college can choose to enter into an Institutional Participation Agreement to be considered a qualifying institution, the Cal Grant Manual has not been adopted as a regulation, does not cite the source of its guidance, and therefore cannot be relied on as a source of law.

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<sup>14</sup> Test Claim Filing, page 43 (Ex. A).

- Community colleges are practically compelled to participate in the Cal Grant program because students have a statutory right to the award when they demonstrate financial need and comply with the requirements of the program. According to the California Community Colleges Chancellor's Office, over \$74 million was provided to community college students during the 2006-07 year via Cal Grant B and C awards. This amounts to substantial assistance and places the Cal Grant program as the second largest source of aid for community college students.
- All activities required by the test claim statutes and regulations constitute a new program or higher level of service. The Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant program is a separate and new program, and did not repeal the previous Cal Grant program.

### **State Agency's Position**

#### California Student Aid Commission

The comments on the test claim filing from the California Student Aid Commission, received October 15, 2003, dispute the test claim allegations (Ex. B). The comments state that the test claim statutes impose requirements on the Student Aid Commission, but "participation by a postsecondary institution is voluntary." The Student Aid Commission cites several parts of the Cal Grant program that "make it clear that participation by a postsecondary institution is voluntary; institutions electing to participate in the Cal Grant program do it to attract financially needy students to their institution while providing a financial benefit to students already in attendance and an incentive to remain at the institution." The provisions in the Education Code cited by the Student Aid Commission in support of its contention are as follows:

- Education Code section 66021.2, subdivision (f), states that "An institution of higher education in this state that participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall not reduce its level of per capita need-based institutional financial aid to undergraduate students, excluding loans, below the total level awarded in the 2000-01 academic year." The Student Aid Commission argues that this section "makes clear the policy that Cal Grant Awards supplement rather than replace existing institutional student aid. 'Participates' clearly connotes the voluntary nature of the program for institutions. Any institution which disagrees with the program parameters or requirements need not participate in the program, albeit to the detriment of its students."
- Citing Education Code section 69432.8, the Student Aid Commission states that "[q]ualifying institutions do not automatically receive Cal Grant funds for students with awards attending their institution. They must enter into a contract (Institutional Participation Agreement or IPA) with the Commission before they receive any funds for their students. The IPA is an institutional agreement (entered into with the Commission) that they will comply with the statutory requirements of the program and maintain records for the Commission to audit for program compliance. Any institution not wishing to voluntarily participate in the Cal Grant program for its students will not sign an IPA. The Commission does not disburse funds to an institution that has not signed an IPA even though it is a 'qualifying' institution pursuant to statute and regulation. That institution has elected not to participate in the program even though it could participate.



- Education Code section 69432.7, subdivision (l), defines “qualifying institution.” The Student Aid Commission argues that “[t]he use of the word ‘qualifying’ is intentional and significant. It also demonstrates the voluntary nature of the Cal Grant program for institutions.”

The Student Aid Commission also states that the community colleges receive funds for student aid administration, including a budget augmentation in 2003-04, with a minimum additional allocation of \$50,000 per campus (6870-101-0001) for outreach and support services for “potential and current financial aid applicants.”

On December 11, 2008, the Student Aid Commission filed comments on the draft staff analysis arguing that calculating a grade point average, certifying the grade point average under penalty to perjury, and resubmitting an incomplete or incorrect grade point average to the Student Aid Commission do not mandate a new program or higher level of service or impose costs mandated by the state for the following reasons (Exhibit F):

- The Cal Grant program is an entirely voluntary program. Community colleges that chose to participate in the program execute an Institutional Participation Agreement, establishing the roles and responsibilities of the institution electing to participate and the Student Aid Commission. Article II, paragraph J of the agreement requires the institution to comply with all current and applicable laws and regulations. Noncompliance may result in termination of the agreement. If the Student Aid Commission terminated the contract for a community college district, the community college district would not be required to undertake the activities relating to calculating a grade point average.
- Each of the community college districts participating in the Cal Grant program electronically submit grade point averages through the Student Aid Commission’s Webgrants program. Therefore, community college districts are not required to fill out the paper form and certification outlined in Education Code section 69432.9, subdivision (d), and are not required to correct or complete the GPA form pursuant to section 30023, subdivision (d), of the Student Aid Commission’s regulations. “Although specific numbers are not available, the number of college or community college grade point averages being submitted in a paper-format instead of electronically is de minimis, constituting less than 1% of all grade point averages being received by [the Student Aid Commission] from the community college districts.”

#### Department of Finance

On February 3, 2009, the Department of Finance filed comments on the draft staff analysis, arguing that the test claim should be denied since the program is voluntary (Exhibit G). The Department of Finance further argues that the community college general apportionment funding has increased from approximately \$1.6 billion in 2000-01 to approximately \$3 billion in 2008-09, and that this funding should be used for serving their students, including calculating a grade point average to obtain a Cal Grant award. Finance states that “[w]e believe that calculating a GPA that allows students to further their education is a basic activity that should not be considered a higher level of service since helping students achieve their academic goals strikes at the core mission of community colleges.” Finance also contends that community colleges receive approximately \$50 million annually for student financial aid administration pursuant to the Budget Act (Item 6870-101-0001) and, thus, there should be no costs mandated by the state. Finance states that:

This funding was added to the annual budget act shortly after the implementation of the Ortiz-Pacheco-Poochigian-Vasconsellos Cal Grant program. The legislative intent of this funding is to provide community colleges with additional resources to help students obtain financial aid. Although the Cal Grant Program is not specifically mentioned as part of the intent of this augmentation, it does not mean its related activities are not funded. The lack of specificity with regard to financial aid programs was intentional to allow flexibility at the local level since there are multiple financial aid programs available to community college students.

Finally, Finance argues that any cost to the program is de minimis given the current electronic processes utilized by community colleges. "In fact, we believe the implementation of the [test claim statutes and regulations] is cost neutral considering that community colleges no longer perform activities such as submitting transcripts to the Student Aid Commission as performed under the previous Cal Grant Program. Such activities should be considered a cost reduction against any de minimis costs related to the staff's findings."

### Discussion

The courts have found that article XIII B, section 6, of the California Constitution<sup>15</sup> recognizes the state constitutional restrictions on the powers of local government to tax and spend.<sup>16</sup> "Its purpose is to preclude the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are 'ill equipped' to assume increased financial responsibilities because of the taxing and spending limitations that articles XIII A and XIII B impose."<sup>17</sup> A test claim statute or executive order may impose a reimbursable state-mandated program if it orders or commands a local agency or school district to engage in an activity or task.<sup>18</sup> In addition, the required activity or task must be new, constituting a "new program," or it must create a "higher level of service" over the previously required level of service.<sup>19</sup>

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<sup>15</sup> Article XIII B, section 6, subdivision (a), provides: (a) Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service, except that the Legislature may, but need not, provide a subvention of funds for the following mandates: (1) Legislative mandates requested by the local agency affected. (2) Legislation defining a new crime or changing an existing definition of a crime. (3) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

<sup>16</sup> *Department of Finance v. Commission on State Mandates (Kern High School Dist.)* (2003) 30 Cal.4th 727, 735.

<sup>17</sup> *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81.

<sup>18</sup> *Long Beach Unified School Dist. v. State of California* (1990) 225 Cal.App.3d 155, 174.

<sup>19</sup> *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 878, (*San Diego Unified School Dist.*); *Lucia Mar Unified School Dist. v. Honig* (1988) 44 Cal.3d 830, 835.

The courts have defined a "program" subject to article XIII B, section 6, of the California Constitution, as one that carries out the governmental function of providing public services, or a law that imposes unique requirements on local agencies or school districts to implement a state policy, but does not apply generally to all residents and entities in the state.<sup>20</sup> To determine if the program is new or imposes a higher level of service, the test claim statutes and executive orders must be compared with the legal requirements in effect immediately before the enactment.<sup>21</sup> A "higher level of service" occurs when the new "requirements were intended to provide an enhanced service to the public."<sup>22</sup>

Finally, the newly required activity or increased level of service must impose costs mandated by the state.<sup>23</sup>

The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6.<sup>24</sup> In making its decisions, the Commission must strictly construe article XIII B, section 6, and not apply it as an "equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities."<sup>25</sup>

**Issue 1: Do the test claim statutes and regulations implementing the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Ed. Code, § 69430 et seq.) mandate a new program or higher level of service on community college districts within the meaning of article XIII B, section 6 of the California Constitution?**

**A. Several test claim statutes and a regulation address requirements imposed on students and the Student Aid Commission, but do not mandate community college districts to perform any activities.**

Article XIII B, section 6 of the California Constitution states that "whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds." This constitutional provision was specifically intended to prevent the state from forcing programs on local government that require expenditure

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<sup>20</sup> *San Diego Unified School Dist.*, *supra*, 33 Cal.4th 859, 874-875 (reaffirming the test set out in *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56; see also *Lucia Mar*, *supra*, 44 Cal.3d 830, 835.)

<sup>21</sup> *San Diego Unified School Dist.*, *supra*, 33 Cal.4th 859, 878; *Lucia Mar*, *supra*, 44 Cal.3d 830, 835.

<sup>22</sup> *San Diego Unified School Dist.*, *supra*, 33 Cal.4th 859, 878.

<sup>23</sup> *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1265, 1284; Government Code sections 17514 and 17556.

<sup>24</sup> *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551 and 17552.

<sup>25</sup> *County of Sonoma*, *supra*, 84 Cal.App.4th 1265, 1280, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

by local governments of their tax revenues.<sup>26</sup> To implement article XIII B, section 6, the Legislature enacted Government Code section 17500 et seq. Government Code section 17514 defines "costs mandated by the state" as "any increased costs which a local agency or school district is *required* to incur . . . as a result of any statute. . . which *mandates* a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution." (Emphasis added.)

Thus, in order for a statute to be subject to article XIII B, section 6 of the California Constitution, the statutory language must require a community college district to perform an activity or task. If the statutory language does not mandate community college districts to perform a task, then compliance with the test claim statute is within the discretion of the local agency and a reimbursable state mandated program does not exist.

There are several statutes and a regulation pled in this test claim that are helpful in understanding the Cal Grant program, but they do not impose any requirements on community college districts or address any activities performed by community college districts. The statutes and regulation are Education Code sections 69433<sup>27</sup>, 69433.7<sup>28</sup>, 69434<sup>29</sup>, 69434.5<sup>30</sup>, 69435<sup>31</sup>, 69435.3<sup>32</sup>, 69436<sup>33</sup>, 69436.5<sup>34</sup>, 69437<sup>35</sup>, 69437.3<sup>36</sup>, 69439<sup>37</sup>, 69440<sup>38</sup>, and section 30002 of the Student Aid Commission's regulations.<sup>39</sup>

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<sup>26</sup> *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Los Angeles, supra*, 43 Cal.3d 46, 56; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1283-1284.

<sup>27</sup> Education Code section 69433 states that a Cal Grant award is based on the financial need of the applicant. The statute requires the Student Aid Commission to prescribe the use of a standardized student financial aid application for the Cal Grant program and allows the use of supplemental application information.

<sup>28</sup> Education Code section 69433.7 requires the Student Aid Commission to adopt regulations to implement the program.

<sup>29</sup> Education Code section 69434 describes the Cal Grant A Entitlement award and the eligibility requirements for the award.

<sup>30</sup> Education Code section 69434.5 authorizes a Cal Grant A recipient enrolled in a community college to reserve the award until the recipient transfers to a tuition charging institution. The grant is held in reserve by the Student Aid Commission.

<sup>31</sup> Education Code section 69435 describes the Cal Grant B Entitlement award.

<sup>32</sup> Education Code section 69435.3 describes the eligibility criteria for a Cal Grant B Entitlement award.

<sup>33</sup> Education Code section 69436 addresses the Cal Grant Transfer Entitlement award and the eligibility requirements for the award. The statute further requires to the Student Aid Commission to require the four-year institution where the student is transferring to verify that the recipient meets the requirements.

Although the claimant alleges that these statutes and regulation require community college districts to provide official financial aid and award renewal applications, as well as Cal Grant award forms for each of the entitlement and competitive Cal Grant programs, and assist students who have questions regarding completion of any of the forms, these activities are not required by the plain language of the statutes or regulations pled in the claim. The primary form used for the Cal Grant application process is the Free Application for Federal Student Aid, or FAFSA, which is available to students through the U.S. Department of Education, as well as through the Student Aid Commission. Both the Student Aid Commission and the U.S. Department of Education maintain detailed websites and toll-free phone numbers to assist students with completing financial aid applications.<sup>40</sup> Awards are then made by the California Student Aid Commission, not by the colleges.

Accordingly, staff finds that Education Code sections 69433, 69433.7, 69434, 69434.5, 69435, 69435.3, 69436, 69436.5, 69437, 69437.3, 69439, 69440, and section 30002 of the Student Aid Commission's regulations do not mandate a new program or higher level of service on community college districts.

#### **B. Activities performed pursuant to the Institutional Participation Agreement**

The claimant contends that Education Code sections 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032 impose a new state-mandated duty on community college districts to receive, account for, and disburse advance payments of Cal Grant funds from the Student Aid Commission, designate a student's educational level when the student first receives a grant payment, return unused awards, and produce accounting reports and other statements to the Student Aid Commission, as required by district agreement or regulation.

The Student Aid Commission and the Department of Finance assert that these statutes and regulation do not impose a state-mandated program because participation of a college in the Cal Grant program is voluntary.

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<sup>34</sup> Education Code section 69436.5 requires the four-year institution where students transfer and receive a Cal Grant Transfer Entitlement award to report to the Student Aid Commission the number of students determined to be independent.

<sup>35</sup> Education Code section 69437 describes the Cal Grant Competitive awards.

<sup>36</sup> Education Code section 69437.3 describes the application and enrollment requirements for the Cal Grant Competitive award.

<sup>37</sup> Education Code section 69439 describes the Cal Grant C award for occupational and technical training, and contains the same language as existing law in Education Code section 69539.

<sup>38</sup> Education Code section 69440 describes the Cal Grant T award for teacher credential training.

<sup>39</sup> Section 30002 of the Student Aid Commission's regulations describes an eligible applicant under the existing Cal Grant program in Education Code sections 69530 et seq. This regulation does not apply to the test claim statutes.

<sup>40</sup> See, Student Aid Commission's publication "Cal Grants", which refers to <<http://www.calgrants.org>> and <[www.fafsa.ed.gov](http://www.fafsa.ed.gov)>. (Exhibit H.)

The plain language of the statutes and regulation pled by the claimant require community colleges to perform the following activities:

- Each authorized institution is required to disburse the funds in accordance with the provisions set forth in the Institutional Participation Agreement between the Student Aid Commission and the institution. (Ed. Code, § 69432.8.)
- The Student Aid Commission may require, by the adoption of rules and regulations, the production of reports, accounting, documents, or other necessary statements from the college pertaining to the use or application of the award by a recipient student. (Ed. Code, § 69433.5, subd. (h).)
- When a student recipient initially receives payment for a grant, designate the total number of years of eligibility for grants based on the student's educational level in his or her course of study. (Ed. Code, § 69433.6, subd. (a).)
- Refund unused award funds based on published regulations of the community college, as certified to the Student Aid Commission by the community college. (Cal Code Regs., tit. 5, § 30032.)

The receipt, accounting, and disbursement of Cal Grant funds required by these statutes and regulation apply to community college districts only with respect to community college students receiving Cal Grant B Entitlement awards, Cal Grant B Competitive awards, and Cal Grant C awards for vocational training. As indicated in the background, Cal Grant A awards are held in reserve until the student transfers to a four-year college, and Cal Grant Transfer Entitlement awards are released only by four-year colleges.

For the reasons below, staff finds that community college districts are not legally or practically compelled by the state to comply with these requirements. Rather, each community college is given a choice to participate in the Cal Grant program and administer the award funds to their recipient students. Thus, the activities required that follow the community college's decision to participate in the Cal Grant program are not mandated by the state.

Education Code section 66021.2 addresses the Legislature's long-term Cal Grant policy and refers, in subdivision (f), to "[a]n institution of higher education that *participates* in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program." (Emphasis added.) Education Code section 69433.5, subdivision (i), states that a Cal Grant program award may only be utilized at a "qualifying institution." "Qualifying institutions" are defined in Education Code section 69432.7, subdivision (l), to include public postsecondary educational institutions, which includes community college districts. The plain meaning of the words "participates" and "qualifying" in these statutes demonstrates the voluntary nature of a community college's participation in the program. "Participates" is defined as "[t]o join or share or share with others; take part."<sup>41</sup> "Qualify" is defined as "[t]o make eligible or competent for a task or position."<sup>42</sup>

This conclusion is supported by the Student Aid Commission's Cal Grant Manual. The Student Aid Commission is the state agency required to administer and implement the Cal Grant program

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<sup>41</sup> Webster's II New College Dictionary (1999), page 801.

<sup>42</sup> *Id.* at page 905.

and their Manual describes the Cal Grant process.<sup>43</sup> Chapter 2.1 of the Cal Grant Manual states that “qualifying institutions” include public postsecondary educational institutions that complete a Cal Grant “Institutional Participation Agreement” for each participating campus in the district.<sup>44</sup> Chapter 2.1 further states the following: “To be eligible to release Cal Grant funds to participating students, a school location must be providing instruction in California, complete a Cal Grant *Institutional Participation Agreement*, and be a public postsecondary educational institution.” In addition, “[t]he school must also demonstrate the ability to administer the Cal Grant funds and must meet such other standards as are adopted by regulation by the Commission in consultation with the State Department of Finance.”<sup>45</sup> A school’s eligibility to participate in the Cal Grant program is approved for the specific locations included in the agreement and does not automatically carry over to branch campuses or other off-site classroom locations. A qualifying institution “shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution.”<sup>46</sup> Chapter 2.1 of the Cal Grant Manual details how an institution can participate in the program as follows:

To initiate institutional participation in the Cal Grant program, a school official must contact the Grant Operations Branch of the Commission, complete, then sign and submit a Cal Grant IPA. This document specifies the requirements for institutional participation in the Cal Grant programs. The IPA is periodically revised to encompass regulatory, policy and processing changes to the Cal Grant programs.

To document eligibility, the Commission reviews institution data from the Postsecondary Education Participants System (PEPS), along with information provided by the school. The following outlines the items that are reviewed.

From PEPS data, a copy of:

- the Detailed School Report from the USED [U.S. Department of Education]
- the school’s Eligibility & Certification Approval from USED
- the institution’s state legal accreditation

Sent by the school:

- the school’s existing disbursement and institutional refund policies, as outlined in Chapter 9 [of the Cal Grant Manual]
- audited financial statements (for at least the two most recently completed fiscal years)

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<sup>43</sup> Education Code sections 69430, et al., 69510, 69514.

<sup>44</sup> Education Code 69432.7, subdivision (1)(3); Cal Grant Manual, chapter 2.1, “Institutional Eligibility.”

<sup>45</sup> Cal Grant Manual, chapter 2.1, “Institutional Eligibility.”

<sup>46</sup> *Ibid.*

- an audited balance sheet showing the financial condition of the institution at the time of application for participation
- the school's final authorization notice of funding for allocation of the federal campus-based student aid programs
- a statement of account from the USED or a general ledger showing that funds are being expended on federal campus-based student aid programs
- the institution's current catalog or resource document describing the course lengths of the institution's program(s).<sup>47</sup>

The claimant urges the Commission to ignore the Manual since it has not been adopted as a regulation and, thus, does not have the force of law. However, the courts have made it clear that the interpretation of the meaning and legal effect of a statute by an agency charged with the administration and implementation of a statute is entitled to consideration, even when the interpretation has not been adopted as a regulation. In *Yamaha Corporation v. State Board of Equalization* (1998) 19 Cal.4th 1, the California Supreme Court determined the legal effect courts must give to annotations relied on by the Board of Equalization in supporting its position in taxpayer litigation. The annotations were not regulations and, therefore, not binding on the taxpayer, the Board, or the court. But the annotations were digests of opinions written by the legal staff of the Board and the administrative interpretation of the Sales and Use Tax Law.<sup>48</sup> The California Supreme Court reversed the lower court's ruling that the Board's legal interpretation of the tax law in their annotations was entitled to great weight and would not be overturned unless clearly erroneous or unauthorized.<sup>49</sup> The court held, however, that courts were entitled to consider the Board's annotations in context of the circumstances.

An agency interpretation of the meaning and legal effect of a statute is entitled to consideration and respect by the courts; however, unlike quasi-legislative regulations adopted by an agency to which the Legislature has confided the power to "make law," and which, if authorized by the enabling legislation, bind this and other courts as firmly as statutes themselves, the binding power of an agency's *interpretation* of a statute or regulation is contextual: Its power to persuade is both circumstantial and dependent on the presence or absence of factors that support the merit of the interpretation. ...

Courts must, in short, independently judge the text of the statute, taking into account and respecting the agency's interpretation of its meaning, of course,

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<sup>47</sup> If a community college participates in the program, the Cal Grant Manual and the Institutional Participation Agreement lay out several requirements, including maintaining standards of administrative capacity and financial responsibility, providing a clear audit trail of fiscal records, maintaining grant funds in a designated account identified as the property of the state, retaining records to document the accuracy of the grant payments for three years, and adopting a refund policy. (Cal Grant Manual, chapters 2, 8, 9.) The claimant has not pled the Cal Grant Manual in this test claim and has not requested reimbursement for these activities.

<sup>48</sup> *Yamaha Corporation v. State Board of Equalization* (1998) 19 Cal.4th 1, 15.

<sup>49</sup> *Id.* at page 6.



whether embodied in a formal rule or less formal representation. Where the meaning and legal effect of a statute is the issue, an agency's interpretation is one among several tools available to the court. Depending on the context, it may be helpful, enlightening, even convincing. It may sometimes be of little worth. [Citation omitted.] Considered alone and apart from the context and circumstances that produce them, agency interpretations are not binding or necessarily authoritative. To quote the statement of the Law Revision Commission in a recent report, "The standard for judicial review of agency interpretation of law is the *independent judgment* of the court, giving *deference* to the determination of the agency *appropriate* to the circumstances of the agency action." [Citation omitted, emphasis in original.]<sup>50</sup>

The Student Aid Commission's interpretation that participation in the Cal Grant program is voluntary is consistent with the plain meaning of the statutes. Thus, community colleges are not legally compelled to perform the activities required by Education Code sections 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032. The decision to participate in the Cal Grant program is made at the local level and is not compelled by the state.<sup>51</sup>

Absent such legal compulsion, the courts have ruled that at times, based on the particular circumstances, "practical" compulsion might be found. The claimant argues that community colleges are practically compelled to participate in the Cal Grant program because students have a statutory right to the award when they demonstrate financial need and comply with the requirements of the program. According to the California Community Colleges Chancellor's Office, over \$74 million was provided to community college students during the 2006-07 year via Cal Grant B and C awards. Thus, the claimant states that this amounts to substantial assistance and places the Cal Grant program as the second largest source of aid for community college students.

The Supreme Court in *Kern High School Dist.* addressed the issue of "practical" compulsion in the context of a school district that had participated in optional funded programs in which new requirements were imposed. In *Kern*, the court determined there was no "practical" compulsion to participate in the underlying programs, since a district that elects to discontinue participation in a program does not face "certain and severe ... penalties" such as "double ... taxation" or other "draconian" consequences.<sup>52</sup>

Here, although students meeting the financial and grade point average criteria may be guaranteed a Cal Grant B Entitlement Award, community colleges are not required to participate in the program. Moreover, there is no evidence in the law or in the record that community colleges that elect not to participate in the Cal Grant program and administer grant funds to their students face certain and severe penalties such as double taxation or other draconian consequences. As acknowledged by the Student Aid Commission, students that need financial aid may be affected by a community college's decision not to participate in the program. However, the Cal Grant

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<sup>50</sup> *Id.* at pages 7-8.

<sup>51</sup> *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 880.

<sup>52</sup> *Kern High School Dist., supra*, 30 Cal.4th 727, 754.

program is intended to supplement and not replace the federal Pell Grant program and other existing institutional student aid. Education Code section 66021.2 specifically states the following:

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

[¶]

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

Thus, staff finds that Education Code section 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032 do not impose a state-mandated duty on community college districts to receive, account for, and disburse advance payments of Cal Grant funds from the Student Aid Commission, designate a student's educational level when the student first receives a grant payment, return unused awards, and produce accounting reports and other statements to the Student Aid Commission, as required by district agreement or regulation.

Moreover, the activities required of a community college that participates in the Cal Grant program were required before the enactment of the test claim statutes and regulations and, thus, do not constitute a new program or higher level of service. Under the existing Cal Grant program in Education Code section 69530 et seq. for students receiving awards before December 31, 2000, the Student Aid Commission was authorized to make an advance payment per term to "authorized postsecondary educational institutions" for eligible students who indicated they were attending those institutions. Each "authorized" institution was required to disburse the funds in accordance with the provisions set forth in the "Institutional Agreement" between the Student Aid Commission and the institution. (Ed. Code, § 69535.5.) Refunds of unused award funds previously paid to a school or college were required to be based on the published regulations of the school or college concerned, as certified to the Student Aid Commission by the school or college. (Cal. Code Regs., tit. 5, § 30032, enacted in 1977 (Register 77, No. 24).) When a student recipient initially received payment for a grant, the institution of attendance was required to designate the total number of years of eligibility for grants based on the student's educational level in his or her course of study. (Ed. Code, § 69535.1, subd. (a).) In addition, the Student Aid Commission was authorized to provide for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use of the award. (Ed. Code, § 69535, subd. (j).) Although the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant program may be new, the activities required of institutions participating in the program by Education Code section 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032, are not new.<sup>53</sup>

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<sup>53</sup> *Lucia Mar Unified School Dist. v. State of California* (1988) 44 Cal.4d 830, 835.

Accordingly, Education Code section 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032 do not mandate a new program or higher level of service on community colleges.

**C. Calculation, certification, and submittal of grade point averages to the Student Aid Commission**

In order to complete the Cal Grant application process, the Student Aid Commission must receive the Free Application for Federal Student Aid (FAFSA) and a certified grade point average.<sup>54</sup> With respect to the grade point average, the claimant contends that Education Code section 69432.9, and sections 30007, 30023, and 30026 of the Student Aid Commission's regulations require community college districts to:

- Certify, under penalty of perjury, grade point averages upon student request and submit them to the Student Aid Commission.
- Submit facts to the Student Aid Commission showing circumstances beyond the control of the applicant when requesting leave to file the grade point averages after the statutory deadline.
- Resubmit corrected or completed grade point averages within ten days after notice from the Student Aid Commission that the district has submitted a timely, but incomplete or incorrect grade point average.
- Provide a grade point average computed pursuant to section 30007, subdivision (c), of the Student Aid Commission's regulations for at least 16 academic units when requested by a student seeking to reestablish his or her grade point average.

These activities apply to community colleges only when: (1) a community college student applies for a Cal Grant Transfer Entitlement award for use at a four year college; (2) a community college student competes for a Competitive Cal Grant A to be held in reserve until the student attends a four year college; or (3) a community college student competes for a Competitive Cal Grant B award, which can be used at the community college.<sup>55</sup> For a Cal Grant Transfer Entitlement award, the student must show that he or she has earned a community college grade point average of at least 2.4 on a 4.0 scale and is eligible to transfer to a qualifying institution that offers a baccalaureate degree.<sup>56</sup> To compete for a Competitive Cal Grant A award, the student may submit a community college or college grade point average of at least 2.4 on a 4.0 scale, in lieu of submitting a high school grade point average.<sup>57</sup> To compete for a Competitive Cal Grant B award, a student may submit a reestablished or improved grade point average, instead of submitting a high school grade point average, by completing at least 16 cumulative units of credit for academic coursework at an accredited California community college, with at least a 2.0 community college grade point average.<sup>58, 59</sup>

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<sup>54</sup> Cal Grant Manual, chapter 4.1.

<sup>55</sup> Cal Grant Manual, chapter 4.1.

<sup>56</sup> Education Code section 69436, subdivision (b)(3).

<sup>57</sup> Education Code section 69437.6, subdivision (b).

<sup>58</sup> Education Code section 69437.6, subdivision (c).

### Calculating and certifying the grade point average to the Student Aid Commission

Education Code section 69432.9, subdivision (b)(3)(C), requires the Student Aid Commission to “require that a grade point average be submitted for all Cal Grant A and B applicants ....”<sup>60</sup>

Section 30023, subdivision (a), similarly states that “[a]ll Cal Grant A and B applicants shall submit a grade point average ....” Education Code section 69432.9, subdivision (b)(3)(C), further requires the Student Aid Commission to “require that each report of a grade point average include a certification, executed under penalty of perjury by a school official, that the grade point average reported is accurately reported. The certification shall include a statement that it is subject to review by the commission or its designee.”

Section 30007 of the Student Aid Commission’s regulations provides instructions on how to calculate a “college grade point average” and a “community college grade point average” when applying for a Cal Grant. Both the “college grade point average” and “community college grade point average” are defined in section 30007, subdivision (a)(1), as follows:

... a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. A college grade point average or a community college grade point average must be computed for a minimum of 24 semester units or its equivalent regardless of the grade received.

The phrase “for all college work completed” includes all coursework for which grades are known to the official reporting the grade point average and that are accepted for credit at the school reporting the grade point average.<sup>61</sup>

The definitions of “nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree” differ, however, for a college grade point average and a community college grade point average. For purposes of computing a college grade point average by a postsecondary institution that grants associate degrees, section 30007, subdivision (b)(2), defines “nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree” as “those courses which do not earn credit for an associate degree at the reporting institution.”

For purposes of computing a community college grade point average, section 30007, subdivision (c), defines “nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree” as “all courses except “Associate Degree Credit Courses” as defined by Title 5, Chapter 6, Article 1, Section 55002(a) of the California Code of Regulations.” Section 55002, subdivision (a), defines “degree-applicable credit courses” as a “course which has been designated as appropriate to the associate degree in accordance with the requirements of

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<sup>59</sup> High school grade point averages are required for the Cal Grant A and B Entitlement awards. (Ed. Code, §§ 69434, 69435.3.)

<sup>60</sup> Statutes 2000, chapter 403.

<sup>61</sup> California Code of Regulations, title 5, section 30007, subdivision (a)(2).

section 55062, and which has been recommended by the college and/or district curriculum committee and approved by the district governing board as a collegiate course meeting the needs of the students.”

Section 30007, subdivision (d), requires that the grade point average include a certification under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee.

Section 30026 of the Student Aid Commission’s regulations governs reestablished grade point averages for students competing for a Competitive Cal Grant award. That section provides that an applicant seeking to reestablish his or her grade point average may do so by providing a community college grade point average computed pursuant to section 30007 for at least 16 academic semester units or its equivalent from an accredited California community college.”

Sections 30007, 30023, subdivision (a), and 30026 of the regulations all state the following: “It is the responsibility of the applicant to have a grade point average or test score reported.”

Although these regulations provide that “[i]t is the responsibility of the student applicant to have his or her college or community college report a grade point average,” staff finds that community college districts are required by Education Code section 69432.9 and sections 30007, 30023, subdivision (a), and 30026 of the Student Aid Commission’s regulations to calculate and certify the grade point average under penalty of perjury when requested by a student. When interpreting a statute, the courts will look at the objective to be achieved and the legislative history of the statute if the statutory language is ambiguous. The court will “select the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute, and avoid an interpretation that would lead to absurd consequences.”<sup>62</sup> In this case, a certified college or community college grade point average is required in order to be eligible for a Transfer Entitlement or Competitive Cal Grant award. Cal Grant Transfer Entitlement awards are *guaranteed* by the Legislature to students who meet the eligibility requirements.<sup>63</sup> Only the community college has access to the records required to calculate the grade point average and the community college official must certify under penalty of perjury that the grade point average is accurately reported.

The Student Aid Commission and the Department of Finance filed comments on the draft staff analysis, arguing that calculating and certifying a grade point average is not mandated by the state since the Cal Grant program is an entirely voluntary program. The Student Aid Commission states that community colleges that choose to participate in the program execute an Institutional Participation Agreement, establishing the roles and responsibilities of the institution electing to participate and the Student Aid Commission. Article II, paragraph J of the agreement requires the institution to comply with all current and applicable laws and regulations. Noncompliance may result in termination of the agreement. If the Student Aid Commission terminated the contract for a community college district, the community college district would not be required to undertake the activities relating to calculating and certifying a grade point average.

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<sup>62</sup> *Day v. City of Fontana* (2001) 25 Cal.4th 268, 272.

<sup>63</sup> Education Code sections 69436, 69436.5; Statutes 2000, chapter 403 (SB 1644), section 2.

The Student Aid Commission further asserts that each of the community college districts participating in the Cal Grant program electronically submit grade point averages through the Student Aid Commission's Webgrants program. Therefore, community college districts are not required to fill out the paper form and certification outlined in Education Code section 69432.9, subdivision (d).

Staff disagrees with the arguments of the Student Aid Commission and the Department of Finance. There is no indication in the law or evidence in the record that a college's execution of the Institutional Participation Agreement is required before calculating and certifying a grade point average for a student applying for a Cal Grant award. According to Chapter 2.1 of the Cal Grant Manual, a community college's decision to execute the Institutional Participation Agreement and comply with the terms of the agreement triggers the community college's eligibility "to release Cal Grant funds to participating students." In this respect, the duties required of participating institutions that sign the Institutional Participation Agreement govern the disbursement, maintenance, accounting, and release of the funds to the students. These duties include maintaining standards of administrative capacity and financial responsibility, providing a clear audit trail of fiscal records, maintaining grant funds in a designated account identified as the property of the state, retaining records to document the accuracy of the grant payments for three years, and adopting a refund policy. The Agreement, in Article II governing General Provisions, does require the institution to comply with all current and applicable laws and regulations, as argued by the Student Aid Commission. But this provision is limited to compliance with the law "in [the college's] implementation of the terms of this Agreement." The terms of the Agreement address the disbursement, maintenance, and accounting of funds that are held in trust by the college for the state until the funds are disbursed to an eligible student.<sup>64</sup> The remaining General Provisions in Article II of the Agreement address these duties. They require the institution to use and retain program and fiscal records that demonstrate institutional and student eligibility and that document the accuracy of the grant payments, to maintain written policies and procedures governing the administration and processing of Cal Grant funds, and to use the Cal Grant funds transferred to it solely for the purposes specified.

Moreover, the argument of the Student Aid Commission and the Department of Finance, that calculating and certifying a grade point average is required only if a community college executes the Institutional Participation Agreement, does not make sense. As indicated above, if a community college wants to release Cal Grant funds to its own students, the community college is required to execute the Institutional Participation Agreement. Community colleges, however, calculate and certify grade point averages for students that apply for Cal Grant Transfer Entitlement awards and Competitive Cal Grant A awards. These award funds are not used at community colleges, but can only be used and disbursed by qualifying four year colleges.<sup>65</sup> Thus, even if a community college signs the Institutional Participation Agreement, that agreement has nothing to do with the disbursement of Cal Grant funds by a four year college.

Finally, the assertion that calculating and certifying grade point averages is not mandated by the state because community colleges are electronically submitting grade point averages through the

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<sup>64</sup> Institutional Participation Agreement, Article III, Paragraph D. (Exhibit H.)

<sup>65</sup> Education Code sections 69436, 69436.5, 69437.6, subdivision (f); Cal Grant Manual, Chapter 3.2.

Student Aid Commission's WebGrants program, is not correct. Chapter 4.4 of the Cal Grant Manual describes the WebGrants program as follows:

The most efficient way to submit GPAs is through the Commission's GPA Collection System via WebGrants. The WebGrants' GPA function provides immediate feedback on the number of GPAs that have been accepted, it also identifies any errors in the school's upload file. Through the online GPA function, GPAs are certified electronically, thus eliminating the need to fax or mail a GPA Verification Form.

Grade point averages are still certified, electronically, when submitted under the Student Aid Commission's WebGrant program. Moreover, colleges may choose to submit batched verified student grade point averages online through the Student Aid Commission's WebGrants program, but they are not required by the state to do so.<sup>66</sup>

Thus, there is nothing in the law, the Cal Grant Manual, or the Institutional Participation Agreement that expressly requires a community college to execute the Institutional Participation Agreement before calculating and certifying a grade point average for students that apply for a Cal Grant award.

Therefore, staff finds that calculating and certifying grade point averages, pursuant to Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivision (a), and 30026 of the Student Aid Commission's regulations, when requested by the student, is mandated by the state.

Staff further finds that these activities impose a new program or higher level of service on community colleges. Under existing law, California Code of Regulations, title 5, section 30020, which implemented Education Code section 69544 under the earlier Cal Grant program, provides that the Student Aid Commission "may require applicants to submit transcripts of high school and college academic records or other evidence of potential." Academic merit under the test claim statutes and regulations is now evaluated by the Student Aid Commission through a certified grade point average, rather than through copies of academic transcripts. Although prior law requires community colleges to average grades on the basis of point equivalencies using a 4.0 scale to determine a student's grade point average, and allows students to receive verified student records, such as a grade point average, from the community college,<sup>67</sup> prior law does not require or identify specific courses that may not be counted in the calculation of the grade point average and does not require a school official to certify under penalty of perjury that the calculation is accurate. The specific calculation and certification of the grade point average are activities newly required by the test claim statute and regulations.<sup>68</sup>

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<sup>66</sup> Cal Grant Manual, chapter 4.4.

<sup>67</sup> Education Code sections 76210, subdivision (c), 76220, and 76230; California Code of Regulations, title 5, sections 54610, 55023.

<sup>68</sup> See also, *Long Beach Unified School Dist. v. State of California* (1990) 225 Cal.App.3d 155, 173, where the court found a higher level of service within the meaning of article XIII B, section 6 in a statute that required specific action to alleviate segregation in schools. Existing law required school districts to take steps to alleviate racial imbalance, but did not require specific action to be taken.

Therefore, staff finds that the following activities required by Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivision (a), and 30026 of the Student Aid Commission's regulations, constitute a state-mandated new program or higher level of service on community colleges:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007.
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee.

#### Submitting the grade point average to the Student Aid Commission

The activity of the community college submitting the grade point average to the Student Aid Commission is an activity not mandated by the state, however. Rather, the Cal Grant applicant can fill in the top of a one-page verification form from the Student Aid Commission and take it to a school officer (registrar's desk, counselor, etc.) who then fills in the bottom third of the form with a school code, the student's grade point average, contact information for the official, and a signature.<sup>69</sup> The applicant then returns the form to the Student Aid Commission by the financial aid application deadline. Colleges may choose to submit batched verified student grade point averages online through the Student Aid Commission's "WebGrants grade point average Collection System," but they are not required by the state to do so.<sup>70</sup> Moreover, the plain language of sections 30007, 30023, subdivision (a), and 30026 provides that "[i]t is the responsibility of the applicant to have a grade point average or test score reported." Thus, the activity of submitting the grade point average to the Student Aid Commission is not a state-mandated requirement.

#### Grade point averages submitted after the statutory deadline

Section 30023 of the regulations further addresses grade point averages that are submitted to the Student Aid Commission after the statutory deadlines. Section 30023, subdivision (c), states in relevant part the following:

(c) The Commission may, on a case-by-case basis, accept the submission of grade point average(s) from an applicant or reporting institution after the March 2 or September 2 deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average(s) by the applicant or reporting institution(s) by the March 2 or September 2 deadline.

(1) Such circumstances must be shown by a certification: (i) from the reporting institution of the circumstances beyond the control of the applicant that delayed or prevented the timely submission of the grade point average by the reporting institution by the March 2 or September 2 deadline; (ii) from the applicant or reporting institution with proof that the grade point average was originally mailed

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<sup>69</sup> See, "Operations Memo, Update of the California Student Aid Commission," GOM 2008-24, dated October 31, 2008, and the attached Cal Grant GPA Verification Form. (Ex. H.)

<sup>70</sup> Cal Grant Manual, chapter 4.4.



by the applicant or reporting institution before the deadline; or (iii) from the applicant with a written description, under penalty of perjury, of the facts showing that circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average.

The claimant argues that section 30023, subdivision (c), mandates community colleges to submit facts to the Student Aid Commission showing circumstances beyond the control of the applicant when requesting leave to file the grade point averages after the statutory deadline.

Staff finds that the state has not mandated community colleges to perform any activities when grade point averages are submitted late. Section 30023, subdivision (c), authorizes the Student Aid Commission to accept late submittals if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average by the applicant or reporting institution. However, a certification of the facts from the community college justifying the late submittal is not required by the plain language of section 30023. Rather, the applicant can show the circumstances for the late submittal by submitting proof that the grade point average was originally mailed by the applicant or reporting institution before the deadline; or with a written description, under penalty of perjury, of the facts showing that circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average.

#### Grade point averages submitted incomplete or incorrect

Section 30023 of the regulations also addresses grade point averages that are submitted incomplete or incorrect. Section 30023, subdivision (d), states the following:

Applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten (10) days after the mailing of notice by the Commission to file a corrected or completed grade point average. A corrected or completed submission postmarked within the 10 day period shall be deemed to comply with this requirement.

The claimant contends that section 30023, subdivision (d), requires community colleges to resubmit corrected or completed grade point averages within ten days after notice from the Student Aid Commission that the district has submitted a timely, but incomplete or incorrect grade point average.

Staff finds that community colleges are required to complete or correct a grade point average upon notice that the original submitted grade point average was not complete or correct. As indicated above, only the community college has access to the records required to calculate the college or community college grade point average and the community college official must certify under penalty of perjury that the grade point average is accurately reported. Since grade point averages are newly required to complete the Cal Grant application process, staff finds that completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct, pursuant to section 30023, subdivision (d), constitutes a state-mandated new program or higher level of service.

**Issue 2: Does the Community College Student Financial Aid Outreach Program in Education Code section 69514.5 mandate a new program or higher level of service on community colleges districts within the meaning of article XIII B, section 6 of the California Constitution?**

The claimant alleges Education Code section 69514.5 mandates a new program or higher level of service by requiring community colleges to train "community college counselors and advisors who work with students ... planning to transfer to a four-year college," and to conduct "workshops that provide general information about financial aid and technical assistance in completing financial aid forms."<sup>71</sup>

Education Code section 69514.5, as added by Statutes 2000, chapter 403, follows:

a) The Community College Student Financial Aid Outreach Program is hereby established. The commission shall, in consultation with the office of the Chancellor of the California Community Colleges, develop and administer this program for the purpose of providing financial aid training to high school and community college counselors and advisors who work with students planning to attend or attending a community college. This training shall also address the specific needs of all of the following:

(1) Community college students intending to transfer to a four-year institution of higher education.

(2) Foster youth.

(3) Students with disabilities.

(b) The program shall provide specialized information on financial aid opportunities available to community college students, with a particular focus on students who plan to transfer to a four-year college or university. The commission shall work in collaboration with the Chancellor of the California Community Colleges and other segments of higher education to develop and distribute this specialized information to assist community college students who are planning to transfer to a four-year college or university. Each year, the program shall offer financial aid workshops for high school and community college counselors, targeted for students planning to attend a community college or to transfer from a community college to a four-year institution of higher education. The program shall assist community college counselors in conducting student and family workshops that provide general information about financial aid and technical assistance in completing financial aid forms.

(c) The program shall concentrate its efforts on high schools and community colleges that are located in geographic areas that have a high percentage of low-income families:

Staff finds that Education Code section 69514.5 does not mandate the participation of community college counselors, but rather requires that the Student Aid Commission, in conjunction with the Chancellor's Office, to "offer financial aid workshops" to such counselors,

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<sup>71</sup> Test Claim Filing, page 40 (Ex. A).

and "assist community college counselors in conducting ... workshops." The requirements of Education Code section 69514.5 are consistent with a Student Aid Commission program called "Cash for College." Through the Cash for College workshop program, the Student Aid Commission provides free training materials and resources for public and private organizations to offer financial aid workshops. Such workshops are then conducted on a voluntary basis as a public service by local high schools, colleges, or community organizations.<sup>72</sup>

There is no evidence in the law or the record that individual community college districts have been required to provide staff to receive financial aid training, or to offer financial aid workshops to students. Therefore, pursuant to the plain language of the test claim statute, staff finds that Education Code section 69514.5 does not mandate a new program or higher level of service on community college districts.

**Issue 3: Do Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations impose costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514?**

As indicated above, staff finds that the following activities required by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations, constitute a state-mandated new program or higher level of service on community colleges:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007, 30023, subd. (a), and 30026.)
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007 and 30026.)
- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct. (Cal. Code Regs., tit. 5, § 30023, subd. (d).)

These activities apply to community colleges only when: (1) a community college student applies for a Cal Grant Transfer Entitlement award for use at a four year college; (2) a community college student competes for a Competitive Cal Grant A to be held in reserve until the student attends a four year college; or (3) a community college student competes for a Competitive Cal Grant B award, which can be used at the community college.

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<sup>72</sup> See, "Frequently Asked Questions" regarding Cash for College workshop registration, issued by the Student Aid Commission. (Ex. H.)

The claimant has submitted a declaration from Toni Du Bois, Dean of Financial Aid and Veteran Affairs for Long Beach Community College District, which estimates increased costs of \$1,000 in staffing and other costs in excess of any funding provided for fiscal year 2001-2002.

The Student Aid Commission and the Department of Finance contend that the community colleges have received funds for student aid administration, including a budget augmentation in 2003-04, with a minimum additional allocation of \$50,000 per campus (6870-101-0001) for outreach and support services for "potential and current financial aid applicants." The Department of Finance further argues that the community college general apportionment funding has increased from approximately \$1.6 billion in 2000-01 to approximately \$3 billion in 2008-09, and that this funding should be used for serving their students, including calculating a grade point average to obtain a Cal Grant award.

Thus, the issue is whether the activities listed above impose costs mandated by the state. Government Code section 17514 defines "costs mandated by the state" as any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute or executive order enacted on or after January 1, 1975, that mandates a new program or higher level of service of an existing program.

Government Code section 17556, subdivision (e), states that there are no costs mandated by the state if the statute, executive order, or an appropriation in a Budget Bill "includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate."

Although community colleges may have received funds appropriated for the "administration of student financial aid," staff finds that the exception to reimbursement in Government Code section 17556, subdivision (e), does not apply here. The line item identified by the Student Aid Commission (item 6870-101-0001, schedule (5)), is for local assistance to the Board of Governors of the California Community Colleges (Proposition 98) for "Student Financial Aid Administration."<sup>73</sup> The funds appropriated are for transfer by the State Controller to Section B of the State School Fund, and can be used on the administration of other student financial aid programs that are not included in this test claim. For example, the funds can be used for expenses incurred under title 5 of the California Code of Regulations, sections 58600 et seq., which have not been pled in this claim, that govern Student Financial Aid grants allocated by the Board of Governors to community college districts for students with financial need. The appropriations made in the Budget Acts do not require community colleges to use the funds specifically for the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program. Thus, the funds appropriated in line item 6870-101-0001 were not specifically intended to fund the costs of the test claim statutes and regulations. In addition, general apportionment funding to community colleges is not specifically intended to fund the Cal Grant program.

Moreover, while the statute that enacted the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Stats. 2000, ch. 403, § 10 (SB 1644)) appropriated funds to the Student Aid

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<sup>73</sup> See Statutes 2001, chapter 106; Statutes 2002, chapter 379; Statutes 2003, chapter 157; Statutes 2004, chapter 208; Statutes 2005, chapter 38; Statutes 2006, chapter 47; Statutes 2007, chapter 171; and Statutes 2008, chapter 269.

Commission for the administration of the program, the test claim statutes did not appropriate any funds to community college districts.

Therefore, staff finds that Government Code section 17556, subdivision (e), does not apply to deny this claim. However, the appropriation in line item 6870-101-0001 of the Budget Act will be identified as potential offsetting revenue, for deduction by community colleges that use that revenue for the activities of calculating and certifying a grade point average and completing and correcting a grade point average pursuant to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program.

The Department of Finance further argues that any cost to the program is de minimis given the current electronic processes utilized by community colleges. "In fact, we believe the implementation of the [test claim statutes and regulations] is cost neutral considering that community colleges no longer perform activities such as submitting transcripts to the Student Aid Commission as performed under the previous Cal Grant Program. Such activities should be considered a cost reduction against any de minimis costs related to the staff's findings."

While the Commission does not disagree that the new activities that result in increased levels of service may be small, there is nothing in Government Code section 17500 and following, or mandates case law to support a denial of this claim based on a finding that the newly mandated activities result in only de minimis costs.

In *San Diego Unified School District*, the Supreme Court addressed a narrowly drawn situation where there was a de minimis increase in the level of service for new activities that were treated by the court as part and parcel of an underlying federal mandate. There, school districts were seeking reimbursement for activities that exceeded federal due process requirements in relation to discretionary school expulsions.<sup>74</sup> The court denied the claim based on another case, *County of Los Angeles v. Commission on State Mandates* (1995) 32 Cal.App.4th 805, which had found that procedural requirements enacted to comply with a general federal mandate, which were reasonably articulated to make the underlying federal right enforceable and to set forth necessary procedural details, and which did not significantly increase the cost of compliance with the federal mandate, were not reimbursable. The *San Diego Unified* court held that:

[F]or purposes of ruling upon a request for reimbursement, challenged state rules or procedures that are intended to implement an applicable federal law – and whose costs are, in context, de minimis – should be treated as part and parcel of the underlying federal mandate.<sup>75</sup>

Similarly, the Third District Court of Appeal recently held, pursuant to the *San Diego Unified School Dist.* case, that challenged state rules or procedures that are intended to implement ballot measure mandates, and whose costs are, in context, de minimis, should be treated as part and parcel of the underlying ballot measure mandate.<sup>76</sup>

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<sup>74</sup> *San Diego Unified School District v. Commission on State Mandates*, *supra*, 33 Cal.4th 859, 888.

<sup>75</sup> *Id.* at 890.

<sup>76</sup> *California School Boards Association et al., v. State of California, et al.* (March 9, 2009, C055700) \_\_ Cal.App.4th \_\_ (p. 51).

Here, the Cal Grant requirements are not intended to implement an existing law and cannot be likened to the *San Diego Unified* circumstances. Thus, neither *San Diego Unified* nor *County of Los Angeles* is applicable.

In addition, Government Code section 17564 sets the minimum amount of costs incurred in order to file a test claim or reimbursement claim at \$1,000. The claimant has filed a declaration estimating increased costs of \$1,000 in staffing and other costs in excess of any funding provided. There is nothing in the record to dispute that estimate. Beyond requiring a claimant to assert a minimum amount for test claims and for actual reimbursement claims, the mandates process does not provide for a denial of a claim based on a de minimis increase in the level of service where the test claim statutes are intended to be treated as part and parcel of an underlying federal law or ballot measure.

Accordingly, staff finds that there are costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 for the following activities mandated by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007, 30023, subd. (a), and 30026.)
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007 and 30026.)
- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct. (Cal. Code Regs., tit. 5, § 30023, subd. (d).)

## CONCLUSION

Staff concludes that the following activities required by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations, constitute a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007, 30023, subd. (a), and 30026.)
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee. (Ed. Code, § 69432.9,

subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007 and 30026.)

- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct. (Cal. Code Regs., tit. 5, § 30023, subd. (d).)

These activities apply to community colleges only when: (1) a community college student applies for a Cal Grant Transfer Entitlement award for use at a four year college; (2) a community college student competes for a Competitive Cal Grant A to be held in reserve until the student attends a four year college; or (3) a community college student competes for a Competitive Cal Grant B award, which can be used at the community college.

The eligible period of reimbursement for this claim begins July 1, 2001.<sup>77</sup>

Staff further concludes that all other statutes and regulations pled in this test claim do not mandate a new program or higher level of service and, thus, are not reimbursable.

#### **Staff Recommendation**

Staff recommends the Commission adopt this staff analysis to partially approve this test claim.

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<sup>77</sup> Government Code section 17557, subdivision (e).

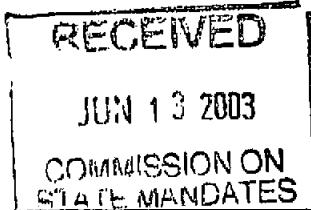
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COMMISSION ON STATE MANDATES  
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EXHIBIT A



Claim No. 07-TC-28

**TEST CLAIM FORM**

Local Agency or School District Submitting Claim

**LONG BEACH COMMUNITY COLLEGE DISTRICT**

Contact Person

Telephone Number

Keith B. Petersen, President  
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Voice: 858-514-8605  
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Claimant Address

Long Beach Community College District  
4901 East Carson Street  
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Representative Organization to be Notified

Dr. Carol Berg, Consultant, Education Mandated Cost Network  
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1121 L Street, Suite 1060  
Sacramento, CA 95814

Voice: 916-446-7517  
Fax: 916-446-2011

This claim alleges the existence of a reimbursable state mandated program within the meaning of section 17514 of the Government Code and section 6, article XIII B of the California Constitution. This test claim is filed pursuant to section 17551(a) of the Government Code.

Identify specific section(s) of the chaptered bill or executive order alleged to contain a mandate, including the particular statutory code citation(s) within the chaptered bill, if applicable. **CAL GRANTS**

Chapter 159, Statutes of 2001	Education Code Sections 69432.8
Chapter 8, Statutes of 2001	69432.9, 69433, 69433.5, 69433.6
Chapter 403, Statutes of 2000	69433.7, 69434, 69434.5, 69435,
	69435.3, 69436, 69436.5, 69437,
	69437.3, 69437.6, 69439, 69440
	and 69514.5

Title 5, California Code of Regulations  
Sections 30002, 30007, 30023, 30026,  
30027 and 30032

**IMPORTANT: PLEASE SEE INSTRUCTIONS AND FILING REQUIREMENTS FOR COMPLETING TEST CLAIM ON THE REVERSE SIDE.**

Name and Title of Authorized Representative

Telephone No.

Victor R. Collins  
Executive Vice President - Human Resources

(562) 938-4397

Signature of Authorized Representative

Date

May 16, 2003

Claim Prepared By:  
Keith B. Petersen  
SixTen and Associates  
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San Diego, CA 92117  
Voice: (858) 514-8605  
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BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

Test Claim of:	)	No. CSM. _____
	)	
	)	Chapter 159, Statutes of 2001
	)	Chapter 8, Statutes of 2001
	)	Chapter 403, Statutes of 2000
	)	
Long Beach	)	Education Code Sections
	)	69432.8, 69432.9, 69433,
Community College District	)	69433.5, 69433.6, 69433.7,
	)	69434, 69434.5, 69435, 69435.3,
	)	69436, 69436.5, 69437, 69437.3
	)	69437.6, 69439, 69440 and
	)	69514.5
	)	
	)	
Test Claimant	)	Title 5, California Code of
	)	Regulation Sections
	)	30002, 30007, 30023, 30026,
	)	30027, and 30032
	)	
	)	
	)	<u>Cal Grants</u>
	)	
	)	TEST CLAIM FILING

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PART I. AUTHORITY FOR THE CLAIM

The Commission on State Mandates has the authority pursuant to Government Code Section 17551(a) to "...hear and decide upon a claim by a local agency or school district that the local agency or school district is entitled to be reimbursed by the state for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution." Long Beach Community College District is a "school district" as defined in Government Code section 17519.<sup>1</sup>

PART II. LEGISLATIVE HISTORY OF THE CLAIM

SECTION 1. LEGISLATIVE HISTORY PRIOR TO JANUARY 1, 1975

Although student financial aid programs existed prior to January 1, 1975, no state statute or executive order in effect on December 31, 1974 required school districts or community college districts to receive and account for advance payments, to submit grade point averages, test scores, grade point average verifications or certifications; to undertake the procedures necessary to administer Cal Grant programs awards for the September 2 deadline; to report annually to the commission as to the number of independent students; or to develop and administer the Community College Student Financial Aid Outreach Program and outreach workshops.

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<sup>1</sup> Government Code Section 17519, as added by Chapter 1459/84:

"School district" means any school district, community college district, or county superintendent of schools.

SECTION 2. LEGISLATIVE HISTORY AFTER DECEMBER 31, 1974:

Chapter 1270, Statutes of 1975, Section 13, added Division 25, "Student Financial Aid Programs" to the Education Code. Chapter 3 of Division 25 contained the "California Educational Opportunity Grant Program, commencing with Section 40400 (after recodification by Chapter 1010, Statutes of 1976 to include Education Code Sections 69530 through 69547.9). Although still applicable to students who received awards on or before December 31, 2000 and effective until a sunset date of January 1, 2010, those sections are not part of this test claim.

Chapter 403, Statutes of 2000, Section 4, added Chapter 1.7 to Part 42 of Division 5 of Title 3 of the Education Code (sections 69430 through 69440). Section 69430<sup>2</sup> provides that the chapter shall be known and cited as the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, or the Cal Grant Program.

Section 69431<sup>3</sup> established the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, which may also be referred to as the Cal Grant Program.

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<sup>2</sup> Education Code Section 69430, added by Chapter 403, Statutes of 2000, Section 4:

"This chapter shall be known, and may be cited, as the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program."

<sup>3</sup> Education Code Section 69431, added by Chapter 403, Statutes of 2000, Section 4:

"There is hereby established the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, which may also be referred to as the Cal Grant Program."

1 Section 69432<sup>4</sup>, subdivision (a), provides that the Cal Grant program awards shall  
2 be known as "Cal Grant A Entitlement Awards," "Cal Grant B Entitlement Awards,"  
3 "California Community College Transfer Entitlement Awards," "Competitive Cal Grant A  
4 and B Awards," "Cal Grant C Awards," and "Cal Grant T Awards."

5 Section 69432.7<sup>5</sup> provides definitions of terms used in the Cal Grant program.

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<sup>4</sup> Education Code Section 69432, added by Chapter 403, Statutes of 2000,  
Section 4:

"(a) Cal Grant Program awards shall be known as "Cal Grant A Entitlement Awards," "Cal Grant B Entitlement Awards," "California Community College Transfer Entitlement Awards," "Competitive Cal Grant A and B Awards," "Cal Grant C Awards," and "Cal Grant T Awards."

(b) Maximum award amounts for students at independent institutions and for Cal Grant C and T awards shall be identified in the annual Budget Act. Maximum award amounts for Cal Grant A and B awards for students attending public institutions shall be referenced in the annual Budget Act."

<sup>5</sup> Education Code Section 69432.7, added by Chapter 403, Statutes of 2000,  
Section 4:

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

(b) "Access costs" means living expenses and expenses for transportation, supplies, and books.

(c) "Award year" means one academic year, or the equivalent, of attendance at a qualifying institution.

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

(e) "Commission" means the Student Aid Commission.

(f) "Enrollment status" means part-time status or full-time status.

(1) Part-time, for purposes of Cal Grant eligibility, is defined as 6 to 11 semester units, inclusive, or the equivalent.

(2) Full-time, for purposes of Cal Grant eligibility, is defined as 12 or more

semester units or the equivalent.

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

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

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

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

(k) "Maximum household income and asset levels" means the applicable household income and household asset levels for participants in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001-02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

**CAL GRANT PROGRAM INCOME CEILINGS**

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	Cal Grant A, C, and T	Cal Grant B
<b>Dependent and Independent students with dependents*</b>		
<b>Family Size</b>		
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
<b>Independent</b>		
Single, no dependents	\$23,500	\$23,500
Married	\$26,900	\$26,900

1 Chapter 159, Statutes of 2001, Section 79 amended Section 69432.7 to make technical  
2 changes.

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

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\*\*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.

(l) "Qualifying institution" means any of the following:

(1) Any 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:

(A) Federal Work-Study.

(B) Perkins Loan Program.

(C) Supplemental Educational Opportunity Grant Program.

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

(3) Any California public postsecondary educational institution.

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

Section 69432.8<sup>6</sup> allows the commission to make advance payments to insure availability of funds at enrollment and requires each qualifying institution<sup>7</sup> to disburse the funds advanced to it in accordance with the provisions set forth in the institutional agreement between the Student Aid Commission ("Commission") and the institution. This requires community colleges to enter into institutional agreements with the Student Aid Commission and to establish and utilize accounting procedures to account for the receipt and allocation of funds advanced and to account for any surplus or deficit amounts.

Section 69432.9<sup>8</sup>, subdivision (a), requires that a Cal Grant applicant submit a

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<sup>6</sup> Education Code Section 69432.8, added by Chapter 403, Statutes of 2000, Section 4:

"The commission may determine that an advance payment is essential to ensure that funds provided pursuant to this chapter to assist students to enroll in postsecondary education are available at the time students enroll. Upon making that determination, the commission may, on the basis of institutional academic calendars, advance, per term to authorized postsecondary educational institutions, the funds for eligible students who have indicated they will attend those institutions, less an amount based on historical claim enrollment attrition information. Each institution shall disburse the funds in accordance with the provisions set forth in the institutional agreement between the commission and the institution."

<sup>7</sup> Education Code Section 69432.7(l)(3) provides that any California public postsecondary educational institution is a "qualifying institution." See also: Title 5, California Code of Regulations, Section 30009(a).

<sup>8</sup> Education Code Section 69432.9, added by Chapter 403, Statutes of 2000, Section 4:

- (a) A Cal Grant applicant shall submit a complete official financial aid application pursuant to Section 69433 and applicable regulations adopted by the commission.
- (b) Financial need shall be determined using the federal financial need



1 complete official aid application pursuant to Section 69433 and applicable regulations.

2 Subdivision (c) requires that a grade point average be submitted for all Cal Grant A and

3 B applicants, except for those permitted to provide test scores in lieu of a grade point

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methodology pursuant to subdivision (a) of Section 69506 and applicable regulations adopted by the commission, and as established by Title IV of the Federal Higher Education Act of 1965 (20 U.S.C. Sections. 1070 et seq., as amended). The calculation of financial need shall be consistent with the commission's methodology for financial need for the 2000-01 academic year.

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

(2) Financial need is defined as the difference between the student's cost of attendance as determined by the commission and the expected family contribution. The calculation of financial need shall be consistent with the commission's methodology for determining financial need for the 2000-01 academic year as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sections. 1070 et seq.).

(3) (A) The minimum financial need required for receipt of an initial Cal Grant A or Cal Grant C award shall be not less than the maximum annual award value for the applicable institution, plus an additional one thousand five hundred dollars (\$1,500) of financial need.

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

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

average. Each report of a grade point average is required to include a certification, executed under penalty of perjury, by a school official, certifying that the grade point average reported is accurately reported.

Education Code Section 69433<sup>9</sup>, subdivision (a)(1), provides that a Cal Grant

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<sup>9</sup> Education Code Section 69433, added by Chapter 403, Statutes of 2000, Section 4:

"(a) (1) A Cal Grant Program award shall be based upon the financial need of the applicant; and shall not exceed the calculated financial need for any individual applicant. The minimum level of financial need of each applicant shall be determined by the commission pursuant to Section 69432.9. The commission may provide renewal awards.

(2) A student attending a nonpublic institution shall receive a renewal award for tuition or fees, or both, in an amount not to exceed the maximum allowable award amount that was in effect in the year in which the student first received a new award.

(b) A Cal Grant award authorized pursuant to this chapter shall be defined as a full-time equivalent grant. An award to a part-time student shall be a fraction of a full-time grant, as determined by the commission.

(c) (1) The commission shall prescribe the use of standardized student financial aid applications for California. These applications shall be simple in nature, and collect common data elements required by the federal government and those elements needed to meet the objectives of state-funded and institutional financial aid programs.

(2) The applications prescribed in paragraph (1) shall be utilized for the Cal Grant Program, all other programs funded by the state or a public institution of postsecondary education (except for the Financial Assistance Program of the Board of Governors of the California Community Colleges authorized by Chapter 1118 of the Statutes of 1987, for which a simplified application designed for that sole purpose may be used), and all federal programs administered by a public postsecondary education institution.

(3) Supplemental application information may be utilized if the information is essential to accomplish the objectives of individual programs. All supplemental application information used for the purposes of commission-administered programs shall be subject to approval by the commission, and applications shall be identical for programs with similar objectives, as determined by the commission.

1 Program award shall be based upon the financial need of the applicant, and shall not  
2 exceed the calculated financial need for any individual applicant. Subdivision (c)(1) of  
3 Section 69433 requires the commission to prescribe the use of standardized student  
4 financial aid applications for California. Therefore, community college districts are  
5 required to make the standardized student financial aid applications available to its  
6 students, to receive completed applications, and to forward them to the commission.

7 Education Code Section 69433.5<sup>10</sup> sets forth the eligibility requirements for Cal

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(4) Public postsecondary institutions are encouraged to use, but may decide whether to use, the standard applications for funds provided by private donors.

(5) The Legislature finds and declares that it is in the best interest of students that all postsecondary education institutions in California participating in federal and state-funded financial aid programs accept the standard applications prescribed by the commission.

(d) Nothing in this chapter shall prevent an individual public postsecondary institution from processing, with its own staff and fiscal resources, the standard financial aid applications specified in subdivision (c) for student aid programs for which it has legal responsibility.

(e) The commission may enter into contracts with a public agency or a private entity to improve the processing and distribution of grants, fellowships, and loans through the use of electronic networks and unified data bases."

<sup>10</sup> Education Code Section 69433.5, added by Chapter 403, Statutes of 2000, Section 4:

"(a) Only a resident of California, as determined by the commission pursuant to Part 41 (commencing with Section 68000), is eligible for an initial Cal Grant award. The recipient shall remain eligible for award renewal only if he or she is a California resident, in attendance, and making satisfactory academic progress at a qualifying institution, as determined by the commission.

(b) A part-time student shall not be discriminated against in the selection of Cal Grant Program award recipients, and an award to a part-time student shall be approximately proportional to the time the student spends in the instructional program, as determined by the commission. A first-time Cal Grant Program award recipient who is

Grant awards. Subdivision (h) requires community college districts to produce reports, accounting, documents, or other necessary statements as requested by the commission.

Education Code Section 69433.6<sup>11</sup> provides that Cal Grant A and Cal Grant B

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a part-time student shall be eligible for a full-time renewal award if he or she becomes a full-time student.

(c) Cal Grant Program awards shall be awarded without regard to race, religion, creed, sex, or age.

(d) No applicant shall receive more than one type of Cal Grant Program awards concurrently. Except as provided in Section 69440, no applicant shall:

(1) Receive one or a combination of Cal Grant Program awards in excess of the amount equivalent to the award level for a total of four years of full-time attendance in an undergraduate program, except as provided in Section 69433.6.

(2) Have obtained a baccalaureate degree prior to receiving a Cal Grant Program award, except as provided in Section 69440.

(e) A Cal Grant Program award, except as provided in Section 69440, may only be used for educational expenses of a program of study leading directly to an undergraduate degree or certificate, or for expenses of undergraduate coursework in a program of study leading directly to a first professional degree, but for which no baccalaureate degree is awarded.

(f) Commencing in 1999, the commission shall, for students who accelerate college attendance, increase the amount of award proportional to the period of additional attendance resulting from attendance in classes that fulfill requirements or electives for graduation may receive in a four-year period may not be increased as a result of accelerating his or her progress to a degree by attending summer terms, sessions, or quarters.

(g) The commission shall notify Cal Grant award recipients of the availability of funding for the summer term, session, or quarter through prominent notice in financial aid award letters, materials, guides, electronic information, and other means that may include, but not necessarily be limited to, surveys, newspaper articles, or attachments to communications from the commission and any other published documents.

(h) the commission may require, by the adoption of rules and regulations, the production of reports, accounting, documents, or other necessary statements from the award recipient and the college or university of attendance pertaining to the use or application of the award.

(i) A Cal Grant Program W award may be utilized only at a qualifying institution."

<sup>11</sup> Education Code Section 69433.6, added by Chapter 403, Statutes of 2000, Section 4:

1 awards may be renewed for a total of the equivalent of four years of full-time attendance  
2 in an undergraduate program provided that financial need continues to exist. Therefore,  
3 community college districts are required to provide renewal applications, receive  
4 completed applications, and forward them to the commission. Subdivision (a) requires  
5 community colleges to designate each student's educational level in his or her course of  
6 study when the student initially receives payment for a grant.

7 Section 69433.7<sup>12</sup> requires the commission to adopt regulations necessary to

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"(a) Cal Grant A awards and Cal Grant B awards may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program provided that financial need continues to exist. Commencing with the 2001-02 academic year, the total number of years of eligibility for grants pursuant to this section shall be based on the student's educational level in his or her course of study as designated by the institution of attendance when the recipient initially receives payment for a grant.

(b) For a student enrolled in an institutionally prescribed five-year undergraduate program, Cal Grant A awards and Cal Grant B awards may be renewed for a total of five years of full-time attendance, provided that financial need continues to exist.

(c) (1) A Cal Grant Program award recipient who has completed a baccalaureate degree, and who has been admitted to and is enrolled in a program of professional teacher preparation at an institution approved by the California Commission on Teacher Credentialing is eligible for, but not entitled to, renewal of a Cal Grant Program award for an additional year of full-time attendance, if financial need continues to exist.

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

(d) A student's Cal Grant renewal eligibility shall not have lapsed more than 15 months prior to the payment of an award for purposes of this section."

<sup>12</sup> Education Code Section 69433.7, added by Chapter 403, Statutes of 2000, Section 4:

"The commission shall adopt regulations necessary to implement this chapter. Notwithstanding any other provision of law, the commission may adopt emergency

implement the Cal Grant Program.

CAL GRANT A ENTITLEMENT PROGRAM

Education Code Section 69434<sup>13</sup>, subdivision (a), provides that, commencing with

regulations pursuant to Section 11346.1 of the Government Code in order to ensure that the program enacted by this chapter may function in its first academic year."

<sup>13</sup> Education Code Section 69434, added by Chapter 403, Statutes of 2000, Section 4:

"(a) Commencing with the 2001-02 academic year, and each academic year thereafter, a Cal Grant A award shall be used only for tuition or student fees, or both, in a for-credit instructional program with a length of not less than two academic years. Each student who meets the Cal Grant A qualifications as set forth in this article shall be guaranteed an award. The amount of any individual award is dependent on the cost of tuition or fees, or both, at the qualifying institution at which the student is enrolled. For each applicant, the award amount shall not exceed the calculated financial need.

(b) Pursuant to Section 66021.2, any California resident is entitled to a Cal Grant A award, and the commission 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).

(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

1 the 2001-02 academic year, a Cal Grant A award shall be used only for tuition or student  
2 fees, or both, in a for-credit instructional program with a length of not less than two  
3 academic years. Subdivision (b)(1) requires the student to submit a completed financial  
4 aid package with his or her application. Therefore, community college districts are  
5 required to provide financial aid packages, receive completed packages and to submit  
6 them to the commission. Chapter 8, Statutes of 2001, Section 1, amended Section  
7 69434, subdivision (b)<sup>14</sup> to add an additional criteria for eligibility: that the student have

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Section 66021.2.”

<sup>14</sup> Education Code Section 69434, added by Chapter 403, Statutes of 2000, Section 4, as amended by Chapter 8, Statutes of 2001, Section 1:

“(b) Pursuant to Section 66021.2, any California resident is entitled to a Cal Grant A award, and the commission 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 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.”

graduated from high school or its equivalent during or after the 2000-2001 academic year.

Education Code Section 69434.5<sup>15</sup> provides that an individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the reserve period to three years if the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. Section 69434.5 further provides that the commission may prescribe the forms and procedures to be utilized for the purposes of this section. Therefore, community colleges are required to provide prescribed forms to students and follow designated procedures in the processing and

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<sup>15</sup> Education Code Section 69434.5, added by Chapter 403, Statutes of 2000, Section 4:

"An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to a tuition or fee charging qualifying institution, the individual will be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, he or she meets all of the requirements of this article. Upon receipt of the request, the commission shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon his or her grade level at the time the award is transferred to the tuition or fee charging qualifying institution."



1 submission of requests for the reservation of awards. Chapter 159, Statutes of 2001,  
2 Section 80, amended Section 69434.5 to make a technical change.

3 CAL GRANT B ENTITLEMENT AWARDS

4 Section 69435<sup>16</sup> provides that Cal Grant B awards may be used only for tuition,  
5 student fees, and access costs<sup>17</sup> in a for-credit instructional program that is not less than  
6 one academic year in length.

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<sup>16</sup> Education Code Section 69435, added by Chapter 403, Statutes of 2000,  
Section 4:

"(a) (1) Commencing with the 2001-02 academic year, and each academic year thereafter, 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 shall award access grants in a student's first academic year. In subsequent years, the award shall include an additional amount to pay tuition or fees, or both, to attend college at a public or private four-year college or university or other qualifying institution for all Cal Grant B awards pursuant to paragraph (2) of subdivision (b) of Section 66021.2. In no event shall the total award in any year exceed the applicant's calculated financial need.

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

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

<sup>17</sup> Education Code Section 69432.7(b) defines "access costs" as living expenses and expenses for transportation, supplies and books.

Education Code Section 69435.3<sup>18</sup> entitles any California resident to receive a Cal Grant B award, and the commission is required to allocate that award pursuant to Section 66021.2 for each student who qualifies. Therefore, community colleges are required to receive, process and submit applications for Cal Grant B awards and completed financial aid applications to the commission. Chapter 8, Statutes of 2001, Section 2, amended Section 69435.3<sup>19</sup>, subdivision (a), to add the additional criteria that

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<sup>18</sup> Education Code Section 69435.3, added by Chapter 403, Statutes of 2000, Section 4:

"(a) Any California resident is entitled to receive a Cal Grant B award, and the commission shall allocate that award pursuant to Section 66021.2, 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 2.0 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 B recipients as set forth in Section 69432.7.

(5) The student is pursuing an undergraduate academic program of not less than one academic year 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 requirement set forth in Article 1 (commencing with Section 69430).

(b) A student whose household income does not exceed the maximum household income and asset levels, as set forth in Section 69432.7, for a Cal Grant B award shall receive access costs and tuition and fees pursuant to Section 66021.2."

<sup>19</sup> Education Code Section 69435.3, added by Chapter 403, Statutes of 2000, Section 4, as amended by Chapter 8, Statutes of 2001, Section 2, effective May 4,

1 the student applicant have graduated from high school or its equivalent during or after  
2 the 2000-2001 academic year. Subdivision (b) was amended to make technical  
3 changes.

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2001:

"(a) Any California resident is entitled to receive a Cal Grant B award, and the commission shall allocate that award pursuant to Section 66021.2, 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 2.0 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 B recipients as set forth in Section 69432.7.

(5) The student is pursuing an undergraduate academic program of not less than one academic year 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 requirement 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.

(b) ~~A student whose household income does not exceed the maximum household income and asset levels, as set forth in Section 69432.7, for a~~ who meets the Cal Grant B award Entitlement Program criteria specified in this article shall receive a Cal Grant B award for access costs and tuition and fees pursuant to Section 66021.2."

CALIFORNIA COMMUNITY COLLEGE TRANSFER CAL GRANT ENTITLEMENT  
PROGRAM

Section 69436<sup>20</sup> provides that students who have earned a community college

<sup>20</sup> Education Code Section 69436, added by Chapter 403, Statutes of 2000,  
Section 4:

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

(b) Any California resident transferring from a California community college to a qualifying institution that offers a baccalaureate degree is entitled to receive, and the commission shall award, a Cal Grant A or B award depending on the eligibility determined pursuant to subdivision (c), if all of the following criteria are met:

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

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

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

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

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

(6) He or she 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 meets the federal definition of a dependent student, as set forth in Section 152 of Title 26 of the United States Code, with the exception of:

(A) A student who is an orphan or a ward of the court and who will not be 24 years old or older by December 31 of the award year.

(B) A student who is a veteran of the United States Armed Forces and who will not be 24 years old or older by December 31 of the award year.

(C) A student who is a married person and who will not be 24 years

1 grade point average of at least 2.4 on a 4.0 scale, are eligible to transfer to a qualifying  
2 institution that offers a baccalaureate program and were not awarded a Cal Grant A or B  
3 award at the time of his or her high school graduation but, at the time of transfer from a  
4 California community college to a qualifying baccalaureate program, meet all of the  
5 criteria set forth in subdivision (b), are entitled to a Cal Grant A or B award. Therefore,  
6 community college districts are required to receive, process and submit completed  
7 financial aid applications to the commission, along with verifications of community  
8 college grade point averages. Chapter 8, Statutes of 2001, Section 3, amended Section  
9 69436 to make technical changes.

old or older by December 31 of the award year.

(D) A student who will not be 24 years old or older by December 31 of the award year and who has dependents other than a spouse.

(E) A student who will not be 24 years old or older by December 31 of the award year and for whom a financial aid administrator makes documented determination of independence by reason of other unusual circumstances.

(9) A student who graduated from a California high school or its equivalent during or after the 2001-02 academic year.

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

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

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

Section 69436.5<sup>21</sup> requires participating qualifying institutions to report to the commission annually as to the number of students determined to be independent pursuant to subparagraph (E) of paragraph (8) of subdivision (b) of Section 69436 and the reasons therefor. Therefore, community colleges are required to report to the commission annually as to the number of students under the age of 24 who are determined to be independent by a financial aid administrator, who makes a documented determination of the reasons, including any unusual circumstances.

#### COMPETITIVE CAL GRANT A AND B AWARDS

Section 69437<sup>22</sup> established the Competitive Cal Grant A and B award program,

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<sup>21</sup> Education Code Section 69436.5, added by Chapter 403, Statutes of 2000, Section 4:

"A participating qualifying institution shall report to the commission annually as to the number of students determined to be independent pursuant to subparagraph (E) of paragraph (8) of subdivision (b) of Section 69436 and the reasons therefor."

<sup>22</sup> Education Code Section 69437, added by Chapter 403, Statutes of 2000, Section 4:

"(a) Commencing with the 2001-02 academic year, and each academic year thereafter, there shall be established the Competitive Cal Grant A and B award program for students who did not receive a Cal Grant A or B entitlement award pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436). Awards made under this section are not entitlements. The submission of an application by a student under this section shall not entitle that student to an award. The selection of students under this article shall be determined pursuant to subdivision (c) and other relevant criteria established by the commission.

(b) A total of 22,500 Cal Grant A and B awards shall be granted annually under this article on a competitive basis for applicants who meet the general eligibility criteria established in Article 1 (commencing with Section 69430) and the priorities established by the commission pursuant to subdivision (c).

1 commencing with the 2001-02 academic year, for students who did not receive a Cal

(1) Fifty percent of the awards referenced in this subdivision are available to all students, including California community college students, who meet the financial need and academic requirements established pursuant to this article. A student enrolling at a qualifying baccalaureate degree granting institution shall apply by the March 2 deadline. A California community college student is eligible to apply at the March 2 deadline or the September 2 deadline.

(2) Fifty percent of the awards referenced in this subdivision are reserved for students who will be enrolled at a California community college. The commission shall establish a second application deadline of September 2 for community college students to apply for these awards effective with the fall term or semester of the 2001-02 academic year.

(3) If any awards are not distributed pursuant to paragraphs (1) and (2) upon initial allocation of the awards under this article, the commission shall make awards to as many eligible students as possible, beginning with the students with the lowest expected family contribution and highest academic merit, consistent with the criteria adopted by the commission pursuant to subdivision (c), as practicable without exceeding an annual cumulative total of 22,500 awards.

(c)(1) On or before February 1, 2001, acting pursuant to a public hearing process that is consistent with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), the commission shall establish selection criteria for Cal Grant A and B awards under the competitive program that give special consideration to disadvantaged students, taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student's access to, and ability to persist in, postsecondary educational programs.

(2) Additional consideration shall be given to each of the following:

(A) Students who graduated from high school or its equivalent prior to the 2000-01 academic year. This subparagraph shall not be applicable after the 2004-05 academic year.

(B) Students pursuing Cal Grant B awards who reestablish their grade point averages.

(C) Students who did not receive awards pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436).

(d) All other students who meet the eligibility requirements pursuant to Article 1 (commencing with Section 69430) are eligible to compete for an award pursuant to this article."

Grant A or B entitlement award. Pursuant to subdivision (b), 50 percent of the awards are available to all students, including community college students, and 50 percent of the awards are reserved for students who will be enrolled at a California community college. Therefore, community college districts will be required to provide application forms for competitive Cal Grant A and B awards, receive completed forms and submit them to the commission for both students transferring from a community college and for students entering a community college.

Section 69437.3<sup>23</sup>, subdivision (a) requires the commission to utilize the standardized student financial aid application described in Section 69432.9. Subdivision (b) requires students enrolled at a community college to submit the standardized form no later than March 2 or September 2. Therefore, community college districts are required to supply standardized student financial aid application forms, accept completed forms and submit them to the commission twice a year.

Education Code Section 69437.6<sup>24</sup> sets forth the requirements that an applicant

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<sup>23</sup> Education Code Section 69437.3, added by Chapter 403, Statutes of 2000, Section 4:

"(a) The commission shall utilize the standardized student financial aid application described in Section 69432.9.

(b) An official financial aid application shall be submitted pursuant to Section 69432.9, submitted or postmarked no later than March 2, or September 2 for students enrolled at a community college."

<sup>24</sup> Education Code Section 69437.6, added by Chapter 403, Statutes of 2000, Section 4:

"(a) An applicant competing for an award under this article shall meet all the



1 competing for a competitive award under this article (commencing with Section 69430)  
2 must meet. Subdivision (f) permits an individual selected for a Cal Grant A award who  
3 enrolls in a California community college to elect to have the award held in reserve for  
4 him or her for a period not to exceed two academic years, except that the commission

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requirements of Article 1 (commencing with Section 69430).

(b) To compete for a competitive Cal Grant A Award, an applicant shall, at a minimum, meet all of the requirements of Article 2 (commencing with Section 69434), with the exception of paragraph (1) of subdivision (b) of Section 69434.

(c) To compete for a competitive Cal Grant B award, an applicant shall, at a minimum, meet all of the requirements of Article 3 (commencing with Section 69435). However, in lieu of meeting the grade point average requirements of paragraph (3) of subdivision (a) of Section 69435.3, a student may reestablish his or her grade point average by completing at least 16 cumulative units of credit for academic coursework at an accredited California community college, as defined by the commission, by regulation, with at least a 2.0 community college grade point average.

(d) To compete for a competitive California Community College Transfer Cal Grant Award, an applicant shall, at a minimum, meet the requirements of Article 4 (commencing with Section 69436), with the exception of paragraph (8) of subdivision (b) of Section 69436.

(e) All other competitors shall, at a minimum, comply with all of the requirements of subdivision (b) of Section 69432.9.

(f) An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to a tuition or fee charging qualifying institution, the individual will be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, he or she meets all of the requirements of this article. Upon receipt of the request the commission shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon his or her grade level at the time the award is transferred to the tuition or fee charging qualifying institution. Any award so held in reserve shall only be counted once toward the 22,500 awards authorized by this article."

may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. Therefore, community colleges are required to provide prescribed forms to students who request a reservation of awards, to process those requests and submit them to the commission. Chapter 159, Statutes of 2001, Section 81, amended Section 69437.6, subdivision (c)<sup>25</sup> to allow an applicant to reestablish his or her grade point average by completing at least 16 cumulative units of credit for academic coursework at an accredited California community college in lieu of meeting the grade point average requirements of paragraph (3) of subdivision (a) of Section 69435.3. Therefore, for the first time, community college districts are required to calculate, verify and submit grade point averages when requested by students who wish to reestablish their grade point averages.

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<sup>25</sup> Education Code Section 69437.6, added by Chapter 403, Statutes of 2000, Section 4, as amended by Chapter 159, Statutes of 2001, Section 81:

"(c) To compete for a competitive Cal Grant B award, an applicant shall, at a minimum, meet all of the requirements of Article 3 (commencing with Section 69435). However, in lieu of meeting the grade point average requirements of paragraph (3) of subdivision (a) of Section 69435.3, a student may reestablish his or her grade point average by completing at least 16 cumulative units of credit for academic coursework at an accredited California community college, as defined by the commission, by regulation, with at least a 2.0 community college grade point average."

CAL GRANT C PROGRAM

Education Code Section 69439<sup>26</sup> provides that a Cal Grant C award shall be utilized only for occupational or technical training in a course of not less than four months. To the extent that community college districts offer "occupational or technical training", they are required to receive, process, and submit applications for Cal Grant C awards.

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<sup>26</sup> Education Code Section 69439, added by Chapter 403, Statutes of 2000, Section 4:

"(a) Commencing with the 2001-02 academic year, and each academic year thereafter, a Cal Grant C award shall be utilized only for occupational or technical training in a course of not less than four months. There shall be the same number of Cal Grant C awards each year as were made in the 2000-01 fiscal year. The maximum award amount and the total amount of funding shall be determined each year in the annual budget act.

(b) "Occupational or technical training" means that phase of education coming after the completion of a secondary school program and leading toward recognized occupational goals approved by the commission.

(c) The commission may use criteria it deems appropriate in selecting students with occupational talents to receive grants for occupational or technical training.

(d) The Cal Grant C recipients shall be eligible for renewal of their grants until they have completed their occupational or technical training in conformance with terms prescribed by the commission. In no case shall the grants exceed two calendar years.

(e) Cal Grant C awards shall be for institutional fees, charges, and other costs including tuition, plus training-related costs, such as special clothing, local transportation, required tools, equipment, supplies, and books. In determining the amount of grants and training-related costs, the commission shall take into account other state and federal programs available to the applicant.

(f) Cal Grant C awards shall be awarded in areas of occupational or technical training as determined by the commission after consultation with appropriate state and federal agencies."

CAL GRANT T AWARDS

Education Code Section 69440<sup>27</sup> establishes the Cal Grant T Award which shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission on Teacher Credentialing. In order to receive an award, the recipient must teach for one year in low-performing schools, as defined in subdivision (c) of Section 44765. Therefore, to the extent that community college districts offer programs of professional preparation that have been approved by the California Commission on Teacher Credentialing, they are required to receive, process and submit applications for Cal Grant T awards.

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<sup>27</sup> Education Code Section 69440, added by Chapter 403, Statutes of 2000, Section 4:

"(a) Commencing with the 2001-02 academic year, and each academic year thereafter, Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission of Teacher Credentialing. There shall be a minimum of 3,000 new Cal Grant T awards each year. The maximum award amount, and the total amount of funding, shall be determined each year in the annual Budget Act. As a condition of receiving a Cal Grant T award, a recipient shall teach for one year in a low-performing school, as defined in subdivision (c) of Section 44765, for each two thousand dollar (\$2,000) incentive provided through the Cal Grant T Program, for a period not to exceed four years. Any recipient who fails to meet his or her teaching obligation shall repay the Cal Grant T award.

(b) The commission shall allocate Cal Grant T awards using academic criteria or criteria related to past performance similar to that used in awarding Cal Grant A awards for the 2000-01 academic year."

1 COMMUNITY COLLEGE STUDENT FINANCIAL AID OUTREACH PROGRAM

2 Education Code Section 69514.5<sup>28</sup> establishes the Community College Student  
3 Financial Aid Outreach Program. This program is to be developed and administered by  
4 the commission, in consultation with the Chancellor of the California Community  
5 Colleges, for the purpose of providing financial aid training to high school and  
6 community college counselors and advisors who work with students planning to attend

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<sup>28</sup> Education Code Section 69514.5, added by Chapter 403, Statutes of 2000,  
Section 5:

“(a) The Community College Student Financial Aid Outreach Program is hereby established. The commission shall, in consultation with the office of the Chancellor of the California Community Colleges, develop and administer this program for the purpose of providing financial aid training to high school and community college counselors and advisors who work with students planning to attend or attending a community college. This training shall also address the specific needs of all of the following:

- (1) Community college students intending to transfer to a four-year institution of higher education.
- (2) Foster youth.
- (3) Students with disabilities.

(b) The program shall provide specialized information on financial aid opportunities available to community college students, with a particular focus on students who plan to transfer to a four-year college or university. The commission shall work in collaboration with the Chancellor of the California Community Colleges and other segments of higher education to develop and distribute this specialized information to assist community college students who are planning to transfer to a four-year college or university. Each year, the program shall offer financial aid workshops for high school and community college counselors, targeted for students planning to attend a community college or to transfer from a community college to a four-year institution of higher education. The program shall assist community college counselors in conducting student and family workshops that provide general information about financial aid and technical assistance in completing financial aid forms.

(c) The program shall concentrate its efforts on high schools and community colleges that are located in geographic areas that have a high percentage of low-income families.”

or attending a community college. Subdivision (b) provides that each year, the program shall offer financial aid workshops for high school and community college counselors, targeted for students planning to attend a community college or to transfer from a community college to a four-year institution of higher education. The program shall assist community college counselors in conducting student and family workshops that provide general information about financial aid and technical assistance in completing financial aid forms. Therefore, community college districts are required to provide counselors to train for and provide specialized information to its students who plan to transfer to a four-year college or university. These counselors are also required to conduct student and family workshops to provide general information about financial aid and technical assistance in completing financial aid forms.

TITLE 5. CALIFORNIA CODE OF REGULATIONS

Applicable regulations for Cal Grants are found in Title 5, California Code of Regulations, Sections 30000 through 30033.

Title 5, California Code of Regulations, Section 30002<sup>29</sup> requires eligible applicants to also submit supplements and transcripts of academic record. Therefore, for the first time, districts are also required to accept supplemental material and

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<sup>29</sup> Title 5, California Code of Regulations, Section 30002:

"An eligible applicant is any person who has successfully met the requirements set forth in Sections 69530 to 69547, Education Code, and has submitted in proper form and prior to established deadlines such applications, supplements and transcripts of academic record, and financial and other information as the California Student Aid Commission may direct."

1 academic transcripts and submit them to the commission along with applications.

2 Title 5, California Code of Regulations, Section 30007<sup>30</sup>, subdivision (a), sets

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<sup>30</sup> Title 5, California Code of Regulations, Section 30007:

"(a) General.

(1) "College grade point average" and "community college grade point average" mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. A college grade point average or a community college grade point average must be computed for a minimum of 24 semester units or its equivalent regardless of the grade received.

(2) "All college work completed" includes all coursework for which grades are known to the official reporting the grade point average and accepted for credit at the school reporting the grade point average regardless of the grade received.

(3) It is the responsibility of the student applicant to have his or her college or community college report a grade point average.

(b) College Grade Point Average.

(1) For purposes of computing a college grade point average by an institution that grants a baccalaureate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for a baccalaureate degree from the reporting institution.

(2) For purposes of computing a college grade point average by a postsecondary institution that grants an associate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for an associate degree at the reporting institution.

(3) For purposes of computing a college grade point average by a postsecondary institution that does not grant a baccalaureate or an associate degree:

(A) "nontransferable units" are those units which are not used in satisfying requirements for earning a baccalaureate degree from a California public institution of higher education that grants such a degree.

(B) "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are any courses for which the earned grade is not used in the

forth how community college grade point averages are to be calculated. Subdivision (a)(3) requires community college districts to report a student's grade point average whenever requested by the student. Subdivision (d) of Section 30007 requires that every community college grade point average reported to the Commission include a certification under penalty of perjury by the district official filing the report that the grade point average is accurately reported. Therefore, prior to submission, community college school officials are required to certify grade point averages, as accurately reported, executed under penalty of perjury.

Title 5, California Code of Regulations, Section 30023<sup>31</sup>, subdivision (a), requires

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computation of a grade point average in determining admission eligibility, whether or not units earned for the course are transferable to such an institution.

(c) Community College Grade Point Average.

For purposes of computing a community college grade point average for a Cal Grant Award pursuant to the Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Act, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" mean all courses except "Associate Degree Credit Courses" as defined by Title 5, Chapter 6, Article 1, Section 55002(a) of the California Code of Regulations.

(d) Certification.

Every college grade point average and community college grade point average reported to the Commission shall include a certification under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported. The certification shall include a statement that it is subject to review by the Commission or its designee."

<sup>31</sup> Title 5, California Code of Regulations, Section 30023:

"(a) All Cal Grant A and B applicants shall submit a grade point average pursuant to section 30007, 30008 or 30026.

(1) For a Competitive Cal Grant award pursuant to Article 5 (beginning



1 applicants to submit grade point averages to the commission pursuant to sections  
2 30007, 30008 or 30026. Subdivision (c) allows the commission to accept, on a case-by-  
3 case basis, the submission of grade point averages from districts after the established  
4 deadline if circumstances beyond the control of the applicant delayed or prevented  
5 timely submission. Subdivision (d) provides a grace period of ten days, after notice to  
6 applicants or officials who submit timely but incomplete grade point averages, to

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with Education Code section 69437) of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act, a student who does not have a grade point average pursuant to section 30007 or 30008 or whose grade point average is more than 5 years old may submit a test score from the General Educational Development test (GED), the American College Test (ACT) or the Scholastic Aptitude Test (SAT).

(2) It is the responsibility of the applicant to have a grade point average or test score reported.

(b) A standardized test score for each approved test shall be converted to an equivalent grade point average by the Commission using the national distribution of test scores as compared to the distribution of grade point averages on a 0.00 to 4.00 scale. The grade point equivalencies shall be calculated based upon research from the testing agency for each approved test.

(c) The Commission may, on a case-by-case basis, accept the submission of grade point average(s) from institutions after the established deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average(s) by the reporting institution(s) by the established deadline. In such cases, any request to the Executive Director to accept grade point average(s) after the established deadline shall be received by the Commission no later than twenty (20) days after the established deadline and the computed grade point average(s) shall be included with the request.

(d) Applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten (10) days after the mailing of notice by the Commission to file a corrected or completed grade point average. A corrected or completed submission postmarked within the 10 day period shall be deemed to comply with this requirement."

resubmit corrected grade point averages. Therefore, for the first time, districts are required, when necessary, to request leave to file grade point averages after the established deadline. Therefore, also for the first time, districts are required to submit corrected grade point averages within 10 days after notice that an original submission was incomplete or incorrect.

Title 5, California Code of Regulations, Section 30026<sup>32</sup>, provides that an applicant seeking to reestablish his or her grade point average pursuant to Education Code section 69437.6(c) may do so by providing a grade point average computed pursuant to Section 30007(c) for at least 16 academic semester units or its equivalent from an accredited California community college. It is the responsibility of the applicant to have his or her community college report a grade point average. Therefore, community colleges are required to receive and process requests to compute and report grade point averages for students seeking to reestablish grade point averages.

Pursuant to Title 5, California Code of Regulations, Section 30027<sup>33</sup>, applicants

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<sup>32</sup> Title 5, California Code of Regulations, Section 300026:

"An applicant seeking to reestablish his or her grade point average pursuant to Education Code section 69437.6(c) may do so by providing a grade point average computed pursuant to Section 30007(c) for at least 16 academic semester units or its equivalent from an accredited California community college. It is the responsibility of the applicant to have his or her community college report a grade point average."

<sup>33</sup> Title 5, California Code of Regulations, Section 30027:

"An applicant seeking to establish "occupational talents" pursuant to Education

1 for Cal Grant C awards are required to submit supplemental information, including work  
2 histories and recommendations from teachers, when attempting to establish  
3 "occupational talents." Therefore, community college districts are also required to  
4 receive and process work histories and recommendations, along with Cal Grant C  
5 applications, and forward them to the commission.

6 Title 5, California Code of Regulations, Section 30032<sup>34</sup>, requires that refunds of  
7 unused award funds previously paid to a college be based on the published regulations  
8 of the college as certified to the Commission. Therefore, community colleges are  
9 required to receive Cal Grants when awarded, apply them only to customary tuition and  
0 necessary fees, and refund unused awards based upon regulations as certified to the  
1 Commission.

### 2 PART III. STATEMENT OF THE CLAIM

#### 3 SECTION 1. COSTS MANDATED BY THE STATE

4 The Statutes, Education Code Sections, and California Code of Regulations

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Code section 69439 may do so by submitting any of the following supplemental information:

- (a) applicant's work history (including unpaid internships) in the field; and/or
- (b) recommendations from teachers or persons working in the applicant's occupational or technical field."

<sup>34</sup> Title 5, California Code of Regulations, Section 30032:

"Refund or unused award funds previously paid to a school or college shall be based on the published regulations of the school or college concerned, as certified to the Commission by such school or college."

sections referenced in this test claim result in community college districts incurring costs mandated by the state, as defined in Government Code section 17514<sup>35</sup>, by creating new state-mandated duties related to the uniquely governmental function of providing public services and education to students and these statutes apply to community college districts and do not apply generally to all residents and entities in the state.<sup>36</sup>

The new duties mandated by the state upon community college districts require state reimbursement of the direct and indirect costs of labor, materials and supplies, data processing services and software, contracted services and consultants, equipment and capital assets, staff and student training and travel to implement the following activities:

- A) To enact and implement, and periodically update, policies and procedures

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<sup>35</sup> Government Code section 17514, as added by Chapter 1459/84:

"Costs mandated by the state" means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.

<sup>36</sup> Public schools are a Article XIII B, Section 6 "program," pursuant to Long Beach Unified School District v. State of California, (1990) 225 Cal.App.3d 155; 275 Cal.Rptr. 449:

"In the instant case, although numerous private schools exist, education in our society is considered to be a peculiarly government function. (Cf. Carmel Valley Fire Protection Dist. V. State of California (1987) 190 Cal.App.3d at p.537) Further, public education is administered by local agencies to provide service to the public. Thus public education constitutes a 'program' within the meaning of Section 6."

1 necessary to implement the requirements of the Cal Grant program as  
2 established by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant  
3 Program as set forth in Education Code Sections 69430 through 69440  
4 and Title 5 regulations enacted pursuant thereto.

5 B) Pursuant to Education Code Section 69432.8, receiving and accounting for  
6 advance payments received from the Student Aid Commission and  
7 disbursing those funds in accordance with the provisions set forth in the  
8 institutional agreement between the district and the commission.

9 C) Pursuant to Education Code Section 69432.9, subdivision (a), providing  
10 official financial aid application forms (FAFSA - Free Application for  
11 Federal Student Aid) to students who request them and assisting those  
12 students by answering questions they may have regarding that form and  
13 assisting them in its completion.

14 D) Pursuant to Education Code Section 69432.9, subdivision (c), certifying  
15 grade point averages for students requesting certifications.

16 E) Pursuant to Education Code Section 69433, subdivision (a), providing  
17 award renewal application forms to students who request them and  
18 assisting those students by answering questions they may have regarding  
19 that form and assisting them in its completion.

20 F) Pursuant to Education Code Section 69433, subdivision (c), providing  
21 standardized student financial aid applications, as prescribed by the

- 1 Student Aid Commission for all Cal Grant programs.
- 2 G) Pursuant to Education Code Section 69433.5, subdivision (h), producing  
3 reports, accounting, documents, or other necessary statements to the  
4 Student Aid Commission pursuant to its rules and regulations.
- 5 H) Pursuant to Education Code Section 69433.6, subdivision (a), designating  
6 a student's educational level in his or her course of study when the student  
7 initially receives payment for a grant.
- 8 I) Pursuant to Education Code Section 69433.7, complying with regulations  
9 adopted by the Student Aid Commission as necessary to implement the  
10 Chapter.
- 11 J) Pursuant to Education Code Section 69434, subdivision (b)(1), providing  
12 financial aid applications to students who request them and who are  
13 seeking Cal Grant A awards and assisting those students by answering  
14 questions they may have regarding that form and assisting them in its  
15 completion.
- 16 K) Pursuant to Education Code Section 69434.5, providing forms and  
17 procedures to individuals selected for a Cal Grant A award who elect to  
18 have the award held in trust and assisting those students by answering  
19 questions they may have regarding those forms and procedures and  
20 assisting them in their completion.
- 21 L) Pursuant to Education Code Section 69434.5, providing forms and

1 procedures to individuals who request them and who are requesting  
2 transfer of Cal Grant A awards held in trust to a tuition or fee charging  
3 qualifying institution and assisting those students by answering questions  
4 they may have regarding that form and assisting them in its completion.

5 M) Pursuant to Education Code Section 69435 and Section 69435.3,  
6 subdivision (a)(1), providing financial aid applications to students who  
7 request them and who are seeking Cal Grant B awards, and assisting  
8 those students by answering questions they may have regarding that form  
9 and assisting them in its completion

10 N) Pursuant to Education Code Section 69436, providing official financial aid  
11 applications to students who request them and who are applying for a Cal  
12 Grant A or a Cal Grant B award upon transfer from a community college to  
13 a qualifying baccalaureate program and assisting those students by  
14 answering questions they may have regarding that form and assisting  
15 them in its completion.

16 O) Pursuant to Education Code Section 69436.5, reporting to the Student Aid  
17 Commission annually as to the number of students determined to have  
18 financial need pursuant to section 69436.

19 P) Pursuant to Education Code Section 69437 and 69437.3, providing  
20 standardized financial aid applications to students who request them and  
21 who are seeking competitive Cal Grant A and Cal Grant B awards and

1 assisting those students by answering questions they may have regarding  
2 that form and assisting them in its completion.

3 Q) Pursuant to Education Code Section 69437.6, subdivision (f), providing  
4 forms and procedures to individuals who request them and who are  
5 requesting transfer of competitive Cal Grant A awards held in trust to a  
6 tuition or fee charging qualifying institution and assisting those students by  
7 answering questions they may have regarding that form and assisting  
8 them in its completion.

9 R) Pursuant to Education Code Section 69439, providing standardized  
10 financial aid applications to students who request them and who are  
11 seeking competitive Cal Grant C awards and assisting those students by  
12 answering questions they may have regarding that form and any  
13 supplemental forms provided by the commission and assisting them in  
14 their completion.

15 S) Pursuant to Education Code Section 69439, subdivision (d), providing  
16 standardized financial aid applications to students who request them and  
17 who are seeking renewals of competitive Cal Grant C awards and  
18 assisting those students by answering questions they may have regarding  
19 that form and assisting them in its completion.

20 T) Pursuant to Education Code Section 69440, providing standardized  
21 financial aid applications to students who request them and who are



1 seeking Cal Grant T awards and assisting those students by answering  
2 questions they may have regarding that form and assisting them in its  
3 completion.

4 U) Pursuant to Education Code Section 69514.5, subdivision (a), training  
5 community college counselors and advisors who work with students  
6 planning to attend or who are attending a community college and planning  
7 to transfer to a four-year college.

8 V) Pursuant to Education Code Section 69514.5, subdivision (b), conducting  
9 student and family workshops that provide general information about  
10 financial aid and technical assistance in completing financial aid forms.

11 **TITLE 5, CALIFORNIA CODE OF REGULATIONS**

12 A) Pursuant to Title 5, California Code of Regulations, Section 30002,  
13 accepting supplemental information and academic transcripts from  
14 applicants and submitting them to the commission.

15 B) Pursuant to Title 5, California Code of Regulations, Section 30007,  
16 subdivision (d), certifying, under penalty of perjury, that community college  
17 grade point averages have been accurately reported when requested by  
18 students and submitting them to the commission.

19 C) Pursuant to Title 5, California Code of Regulations, Section 30023,  
20 subdivision (c), submitting facts to the commission which show  
21 circumstances beyond the control of the applicant when requesting leave

1 to file grade point averages after the established deadline.

2 D) Pursuant to Title 5, California Code of Regulations, Section 30023,  
3 subdivision (d), resubmitting a corrected or completed grade point average  
4 within 10 days after notice from the commission that the district has  
5 submitted a timely but incomplete or incorrect grade point average.

6 E) Pursuant to Title 5, California Code of Regulations, Section 30026,  
7 providing a grade point average computed pursuant to Section 30007(c)  
8 for at least 16 academic units when requested by a student seeking to  
9 reestablish his or her grade point average.

10 F) Pursuant to Title 5, California Code of Regulations, Section 30027,  
11 receiving from students supplemental information when seeking Cal Grant  
12 C awards, including work histories, teacher recommendations and  
13 recommendations from other persons, and submitting them to the  
14 commission along with their applications.

15 G) Pursuant to Title 5, California Code of Regulations, Section 30032,  
16 refunding unused award funds previously received based upon published  
17 regulations of the district, as certified to the commission.

18 SECTION 2. EXCEPTIONS TO MANDATE REIMBURSEMENT

19 None of the Government Code Section 17556<sup>37</sup> statutory exceptions to a

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<sup>37</sup> Government Code section 17556, as last amended by Chapter 589, Statutes of  
1989:

1 finding of costs mandated by the state apply to this test claim. Note, that to the  
2 extent community college districts may have previously performed functions  
3 similar to those mandated by the referenced code sections, such efforts did not  
4 establish a preexisting duty that would relieve the state of its constitutional  
5 requirement to later reimburse community college districts when these activities

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"The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if, after a hearing, the commission finds that:

(a) The claim is submitted by a local agency or school district which requested legislative authority for that local agency or school district to implement the program specified in the statute, and that statute imposes costs upon that local agency or school district requesting the legislative authority. A resolution from the governing body or a letter from a delegated representative of the governing body of a local agency or school district which requests authorization for that local agency or school district to implement a given program shall constitute a request within the meaning of this paragraph.

(b) The statute or executive order affirmed for the state that which had been declared existing law or regulation by action of the courts.

(c) The statute or executive order implemented a federal law or regulation and resulted in costs mandated by the federal government, unless the statute or executive order mandates costs which exceed the mandate in that federal law or regulation.

(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service.

(e) The statute or executive order provides for offsetting savings to local agencies or school districts which result in no net costs to the local agencies or school districts, or includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate.

(f) The statute or executive order imposed duties which were expressly included in a ballot measure approved by the voters in a statewide election.

(g) The statute created a new crime or infraction, eliminated a crime or infraction, or changed the penalty for a crime or infraction, but only for that portion of the statute relating directly to the enforcement of the crime or infraction."

1 became mandated.<sup>38</sup>

2 SECTION 3. FUNDING PROVIDED FOR THE MANDATED PROGRAM

3 Funds may be available for financial aid and student outreach programs.

4 To the extent these funds are appropriated and actually received specifically for  
5 the administration of the Cal Grant program, those funds would reduce the costs  
6 mandated.

7 PART IV. ADDITIONAL CLAIM REQUIREMENTS

8 The following elements of this claim are provided pursuant to Section  
9 1183, Title 2, California Code of Regulations:

10 Exhibit 1: Declaration of Toni Du Bois  
11 Long Beach Community College District

12  
13 Exhibit 2: Copies of Statutes Cited  
14  
15 Chapter 159, Statutes of 2001  
16 Chapter 8, Statutes of 2001  
17 Chapter 403, Statutes of 2000

18  
19 Exhibit 3: Copies of Code Sections Cited  
20  
21 Education Code Section 69432.8  
22 Education Code Section 69432.9  
23 Education Code Section 69433  
24 Education Code Section 69433.5  
25 Education Code Section 69433.6

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<sup>38</sup> Government Code section 17565, added by Chapter 879, Statutes of 1986:

"If a local agency or a school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate."

1 Education Code Section 69433.7  
2 Education Code Section 69434  
3 Education Code Section 69434.5  
4 Education Code Section 69435  
5 Education Code Section 69435.3  
6 Education Code Section 69436  
7 Education Code Section 69436.5  
8 Education Code Section 69437  
9 Education Code Section 69437.3  
10 Education Code Section 69437.6  
11 Education Code Section 69439  
12 Education Code Section 69440  
13 Education Code Section 69514.5

14  
15 Exhibit 4: Copies of Title 5, California Code of Regulations Cited

16  
17 Section 30002  
18 Section 30007  
19 Section 30023  
20 Section 30026  
21 Section 30027  
22 Section 30032

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PART V. CERTIFICATION

I certify by my signature below, under penalty of perjury, that the statements made in this document are true and complete of my own knowledge or information and belief.

Executed on May 29, 2003, at Long Beach, California by:

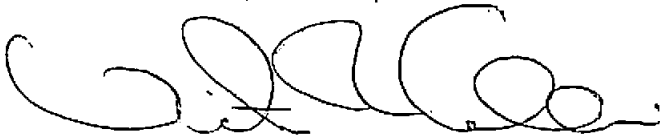


Victor R. Collins  
Executive Vice President - Human Resources

Voice: 562-938-4397  
Fax: 562-938-4364

PART VI. APPOINTMENT OF REPRESENTATIVE

Long Beach Community College District appoints Keith B. Petersen, SixTen and Associates, as its representative for this test claim.



Victor R. Collins  
Vice President - Human Resources

5-29-03

Date

Exhibit 1  
Declaration of Toni Du Bois  
Long Beach Community College District

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**DECLARATION OF TONI DU BOIS**

**Long Beach Community College District**

Test Claim of Long Beach Community College District

COSM No. \_\_\_\_\_

Chapter 159, Statutes of 2001

Chapter 8, Statutes of 2001

Chapter 403, Statutes of 2000

Education Code Section 69432.8

Education Code Section 69432.9

Education Code Section 69433

Education Code Section 69433.5

Education Code Section 69433.6

Education Code Section 69433.7

Education Code Section 69434

Education Code Section 69434.5

Education Code Section 69435

Education Code Section 69435.3

Education Code Section 69436

Education Code Section 69436.5

Education Code Section 69437

Education Code Section 69437.3

Education Code Section 69437.6

Education Code Section 69439

Education Code Section 69440

Education Code Section 69514.5

Title 5, California Code of Regulations

Section 30002

Section 30007

Section 30023

Section 30026

Section 30027

Section 30032

**Cal Grants**

I, Toni Du Bois, Dean of Financial Aid and Veteran Affairs, Long Beach

Community College District, make the following declaration and statement.

In my capacity as Dean of Financial Aid and Veteran Affairs, I am responsible for the processing of Cal Grant applications for the district. I am familiar with the provisions



1 and requirements of the Statutes, Education Code Sections and Title 5 Regulations  
2 enumerated above.

3 These Education Code sections require Long Beach Community College District

4 to:

5 A) To enact and implement, and periodically update, policies and procedures  
6 necessary to implement the requirements of the Cal Grant program as  
7 established by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program as  
8 set forth in Education Code Sections 69430 through 69440 and Title 5 regulations  
9 enacted pursuant thereto.

10 B) Pursuant to Education Code Section 69432.8, receiving and accounting for  
11 advance payments received from the Student Aid Commission and disbursing  
12 those funds in accordance with the provisions set forth in the institutional  
13 agreement between the district and the commission.

14 C) Pursuant to Education Code Section 69432.9, subdivision (a), providing official  
15 financial aid application forms (FAFSA - Free Application for Federal Student Aid)  
16 to students who request them and assisting those students by answering  
17 questions they may have regarding that form and assisting them in its completion.

18 D) Pursuant to Education Code Section 69432.9, subdivision (c), certifying grade  
19 point averages for students requesting certifications.

20 E) Pursuant to Education Code Section 69433, subdivision (a), providing award  
21 renewal application forms to students who request them and assisting those

1 students by answering questions they may have regarding that form and assisting  
2 them in its completion.

3 F) Pursuant to Education Code Section 69433, subdivision (c), providing  
4 standardized student financial aid applications, as prescribed by the Student Aid  
5 Commission for all Cal Grant programs.

6 G) Pursuant to Education Code Section 69433.5, subdivision (h), producing reports,  
7 accounting, documents, or other necessary statements to the Student Aid  
8 Commission pursuant to its rules and regulations.

9 H) Pursuant to Education Code Section 69433.6, subdivision (a), designating a  
10 student's educational level in his or her course of study when the student initially  
11 receives payment for a grant.

12 I) Pursuant to Education Code Section 69433.7, complying with regulations adopted  
13 by the Student Aid Commission as necessary to implement the Chapter.

14 J) Pursuant to Education Code Section 69434, subdivision (b)(1), providing  
15 financial aid applications to students who request them and who are seeking Cal  
16 Grant A awards and assisting those students by answering questions they may  
17 have regarding that form and assisting them in its completion.

18 K) Pursuant to Education Code Section 69434.5, providing forms and procedures to  
19 individuals selected for a Cal Grant A award who elect to have the award held in  
20 trust and assisting those students by answering questions they may have  
21 regarding those forms and procedures and assisting them in their completion.

- 1 L) Pursuant to Education Code Section 69434.5, providing forms and procedures to  
2 individuals who request them and who are requesting transfer of Cal Grant A  
3 awards held in trust to a tuition or fee charging qualifying institution and assisting  
4 those students by answering questions they may have regarding that form and  
5 assisting them in its completion.
- 6 M) Pursuant to Education Code Section 69435 and Section 69435.3, subdivision  
7 (a)(1), providing financial aid applications to students who request them and who  
8 are seeking Cal Grant B awards, and assisting those students by answering  
9 questions they may have regarding that form and assisting them in its completion
- 10 N) Pursuant to Education Code Section 69436, providing official financial aid  
11 applications to students who request them and who are applying for a Cal Grant  
12 A or a Cal Grant B award upon transfer from a community college to a qualifying  
13 baccalaureate program and assisting those students by answering questions they  
14 may have regarding that form and assisting them in its completion.
- 15 O) Pursuant to Education Code Section 69436.5, reporting to the Student Aid  
16 Commission annually as to the number of students determined to have financial  
17 need pursuant to section 69436.
- 18 P) Pursuant to Education Code Section 69437 and 69437.3, providing standardized  
19 financial aid applications to students who request them and who are seeking  
20 competitive Cal Grant A and Cal Grant B awards and assisting those students by  
21 answering questions they may have regarding that form and assisting them in its

1 completion.

2 Q) Pursuant to Education Code Section 69437.6, subdivision (f), providing forms and  
3 procedures to individuals who request them and who are requesting transfer of  
4 competitive Cal Grant A awards held in trust to a tuition or fee charging qualifying  
5 institution and assisting those students by answering questions they may have  
6 regarding that form and assisting them in its completion.

7 R) Pursuant to Education Code Section 69439, providing standardized  
8 financial aid applications to students who request them and who are seeking  
9 competitive Cal Grant C awards and assisting those students by answering  
10 questions they may have regarding that form and any supplemental forms  
11 provided by the commission and assisting them in their completion.

12 S) Pursuant to Education Code Section 69439, subdivision (d), providing  
13 standardized financial aid applications to students who request them and who are  
14 seeking renewals of competitive Cal Grant C awards and assisting those  
15 students by answering questions they may have regarding that form and assisting  
16 them in its completion.

17 T) Pursuant to Education Code Section 69440, providing standardized  
18 financial aid applications to students who request them and who are seeking Cal  
19 Grant T awards and assisting those students by answering questions they may  
20 have regarding that form and assisting them in its completion.

21 U) Pursuant to Education Code Section 69514.5, subdivision (a), training community

1 college counselors and advisors who work with students planning to attend or  
2 who are attending a community college and planning to transfer to a four-year  
3 college.

- 4 V) Pursuant to Education Code Section 69514.5, subdivision (b), conducting student  
5 and family workshops that provide general information about financial aid and  
6 technical assistance in completing financial aid forms.

7 **TITLE 5, CALIFORNIA CODE OF REGULATIONS**

- 8 A) Pursuant to Title 5, California Code of Regulations, Section 30002, accepting  
9 supplemental information and academic transcripts from applicants and  
10 submitting them to the commission.

- 11 B) Pursuant to Title 5, California Code of Regulations, Section 30007, subdivision  
12 (d), certifying, under penalty of perjury, that community college grade point  
13 averages have been accurately reported when requested by students and  
14 submitting them to the commission.

- 15 C) Pursuant to Title 5, California Code of Regulations, Section 30023, subdivision  
16 (c), submitting facts to the commission which show circumstances beyond the  
17 control of the applicant when requesting leave to file grade point averages after  
18 the established deadline.

- 19 D) Pursuant to Title 5, California Code of Regulations, Section 30023, subdivision  
20 (d), resubmitting a corrected or completed grade point average within 10 days  
21 after notice from the commission that the district has submitted a timely but

Declaration of Toni Du Bois  
Test Claim of Long Beach Community College District  
Chapter 159, Statutes of 2001, Cal Grants

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1 incomplete or incorrect grade point average.

2 E) Pursuant to Title 5, California Code of Regulations, Section 30026, providing a  
3 grade point average computed pursuant to Section 30007(c) for at least 16  
4 academic units when requested by a student seeking to reestablish his or her  
5 grade point average.

6 F) Pursuant to Title 5, California Code of Regulations, Section 30027, receiving from  
7 students supplemental information when seeking Cal Grant C awards, including  
8 work histories, teacher recommendations and recommendations from other  
9 persons, and submitting them to the commission along with their applications.

10 G) Pursuant to Title 5, California Code of Regulations, Section 30032, refunding  
11 unused award funds previously received based upon published regulations of the  
12 district, as certified to the commission.

13 It is estimated that the Long Beach Community College District incurred at least  
14 \$1,000 in staffing and other costs in excess of any funding provided for the period from  
15 July 1, 2001 through June 30, 2002 to implement these new duties mandated by the  
16 state for which the district has not been reimbursed by any federal, state, or local  
17 government agency, and for which it cannot otherwise obtain reimbursement.

18 The foregoing facts are known to me personally and, if so required, I could testify  
19 to the statements made herein. I hereby declare under penalty of perjury that the

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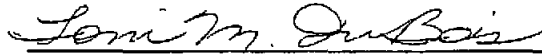
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Declaration of Toni Du Bois  
Test Claim of Long Beach Community College District  
Chapter 159, Statutes of 2001, Cal Grants

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1 foregoing is true and correct except where stated upon information and belief and where  
2 so stated I declare that I believe them to be true.

3 EXECUTED this 9 day of June, 2003, at Long Beach, California

4  
5 

6 Toni Du Bois  
7 Dean of Financial Aid and Veteran's Affairs  
8 Long Beach Community College District  
9  
10

Exhibit 2  
Copies of Statutes Cited



## MAINTENANCE OF CODES

## CHAPTER 159

S.B. No. 662

AN ACT to amend Sections 27, 113, 130, 144, 350, 1647.11, 2570.6, 2570.8, 2570.19, 2995, 3059, 3364, 3403, 4059, 4312, 4980.80, 4980.90, 4996.6, 5111, 5536, 6403, 6716, 6730.2, 6756, 7092, 7583.11, 8027, 8773.4, 10167.2, and 21702 of the Business and Professions Code, to amend Sections 1748.10, 1748.11, 1810.21, 2954.4, 2954.5, and 3097 of, and to amend and renumber Section 1834.8 of, the Civil Code, to amend Sections 403.020, 645.1, 674, and 699.510 of the Code of Civil Procedure, to amend Sections 9323, 9331, and 9408 of the Commercial Code, to amend Sections 2200, 6810, 17540.3, 25102, 25103, and 25120 of the Corporations Code, to amend Sections 313, 406, 426, 427, 11700, 17071.46, 17210, 17317, 17610.5, 22660, 22950, 25933, 33126.1, 37252, 37252.2, 37619, 41329.1, 42239, 44114, 45023.1, 48664, 52054, 52270, 52485, 54749, 56045, 56845, 69432.7, 69434.5, 69437.6, 69439, 69613.1, 87164, and 92901 of, and to amend and renumber Sections 45005.25 and 45005.30 of, the Education Code, to amend Sections 1405, 8040, 9118, and 15375 of the Elections Code, to amend Section 17504 of the Family Code, to amend Sections 761.5, 4827, 16024, 16501, and 18586 of the Financial Code, to amend Sections 1506, 2921, and 8276.3 of the Fish and Game Code, to amend Sections 492, 6046, and 75131 of the Food and Agricultural Code, to amend Sections 3543.4, 3562.2, 3583.5, 6254, 6516.6, 6599.2, 7074, 18935, 20028, 20300, 20392, 21006, 21547.7, 30064.1, 31461.3, 31681.55, 31835.02, 38773.6, 55720, 65584, 65585.1, and 75059.1 of the Government Code, to amend Sections 444.21, 1358.11, 11836, 11877.2, 17922, 25358.6.1, 39619.6, 104170, 105112, 111656.5, 111656.13, 114145, 123111, and 124900 of, to amend and renumber Section 104320 of, and to amend and renumber the heading of Article 10.5 (commencing with Section 1399.801) of Chapter 2.2 of Division 2 of, the Health and Safety Code, to amend Sections 789.8, 1215.1, 1871, 1872.83, 10123.135, 10178.3, 10192.11, 10231.2, 10236, 10506.5, 11621.2, 11784, 11786, 11787, and 12698 of the Insurance Code, to amend Sections 90.5, 129, 230.1, 4455, and 4609 of the Labor Code, to amend Section 1048 of the Military and Veterans Code, to amend Sections 272, 417.2, 646.94, and 3058.65 of the Penal Code, to amend Sections 1513 and 16062 of the Probate Code, to amend Sections 10129 and 20209.7 of the Public Contract Code, to amend Sections 5090.51, 14581, 36710, and 42923 of the Public Resources Code, to amend Sections 383.5, 2881.2, 7943, 9608, 9610, and 12702.5 of, and to amend and renumber Section 399.15 of, the Public Utilities Code, to amend Sections 75.11, 75.21, 97.3, 214, 23622.8, 23646, 44006, and 45153 of the Revenue and Taxation Code, to amend Section 1110 of the Unemployment Insurance Code, to amend Section 4000.37 of the Vehicle Code, to amend Sections 1789.5, 4098.1, 5614, 8102, 10082, 14005.28, 14005.35, 14008.6, 14087.32, and 14105.26 of the Welfare and Institutions Code, and to amend Section 511 of the San Gabriel Basin Water Quality Authority Act (Chapter 776 of the Statutes of 1992), Section 1 of Chapter 352 of the Statutes of 2000, Section 1 of Chapter 661 of the Statutes of 2000, Section 2 of Chapter 693 of the Statutes of 2000, Sections 5 and 6 of the Naval Training Center San

Additions or changes indicated by underline; deletions by asterisks \* \* \*

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of special education and related services to individuals with exceptional needs which results in the failure to comply substantially with corrective action orders issued by the department resulting from monitoring findings or complaint investigations.

(2) The district, special education local plan area, or county office failed to implement the decision of a due process hearing officer based on noncompliance with provisions of this part, the implementing regulations, provisions of the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.), or the implementing regulations, which noncompliance results in the denial of, or impedes the delivery of, a free and appropriate public education for an individual with exceptional needs.

(b) When the superintendent determines that a district, special education local plan area, or county office made substantial progress toward compliance with state law, federal law, or regulations governing the provision of special education and related services to individuals with exceptional needs, the superintendent may apportion the state or federal funds withheld from the district, special education local plan area, or county office.

(c) Notwithstanding any other provision of law, state funds may not be allocated to offset any federal funding intended for individuals with exceptional needs, as defined in Section 56026, and withheld from a local educational agency due to the agency's noncompliance with state or federal law.

(d) For purposes of this section, in order to enter into contracts with one or more local education agencies to serve individuals with exceptional needs who are not being served as required under this part, the department is exempt from the requirements of Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code and from the requirements of Article 6 (commencing with Section 999) of Chapter 6 of Division 4 of the Military and Veterans Code.

SEC. 79. Section 69432.7 of the Education Code is amended to read:

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

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

(b) "Access costs" means living expenses and expenses for transportation, supplies, and books.

(c) "Award year" means one academic year, or the equivalent, of attendance at a qualifying institution.

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

(e) "Commission" means the Student Aid Commission.

(f) "Enrollment status" means part-time status or full-time status.

(1) Part time, for purposes of Cal Grant eligibility, is defined as 6 to 11 semester units, inclusive, or the equivalent.

(2) Full time, for purposes of Cal Grant eligibility, is defined as 12 or more semester units or the equivalent.

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

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

(i) "Instructional program of not less than one academic year" means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at

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least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

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

(k) "Maximum household income and asset levels" means the applicable household income and household asset levels for participants in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001-02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

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

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

CAL GRANT PROGRAM ASSET CEILINGS

	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.

(l) "Qualifying institution" means any of the following:

(1) Any 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:

- (A) Federal Work-Study.
- (B) Perkins Loan Program.
- (C) Supplemental Educational Opportunity Grant Program.

(2) Any nonprofit institution headquartered and operating in California that certifies to the commission that 10 percent of the institution's operating budget, as demonstrated in an

audited financial statement, is expended for the purposes of institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges, and that meets any other state-required criteria adopted by regulation \* \* \* by the commission in consultation with the Department of Finance. A regionally accredited institution that was deemed qualified by the commission to participate in the Cal Grant Program for the 2000-01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(3) Any California public postsecondary educational institution.

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

SEC. 80. Section 69434.5 of the Education Code is amended to read:

69434.5. An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to a tuition or fee charging qualifying institution, the individual shall be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, he or she meets all of the requirements of this article. Upon receipt of the request, the commission shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon his or her grade level at the time the award is transferred to the tuition or fee charging qualifying institution.

SEC. 81. Section 69437.6 of the Education Code is amended to read:

69437.6. (a) An applicant competing for an award under this article shall meet all the requirements of Article 1 (commencing with Section 69430).

(b) To compete for a competitive Cal Grant A award, an applicant shall, at a minimum, meet all of the requirements of Article 2 (commencing with Section 69434), with the exception of paragraph (1) of subdivision (b) of Section 69434.

(c) To compete for a competitive Cal Grant B award, an applicant shall, at a minimum, meet all of the requirements of Article 3 (commencing with Section 69435). However, in lieu of meeting the grade point average requirements of paragraph (3) of subdivision (a) of Section 69435.3, a student may reestablish his or her grade point average by completing at least 16 cumulative units of credit for academic coursework at an accredited California Community College, as defined by the commission, by regulation, with at least a 2.0 community college grade point average.

(d) To compete for a competitive California Community College Transfer Cal Grant Award, an applicant shall, at a minimum, meet the requirements of Article 4 (commencing with Section 69436), with the exception of paragraph (8) of subdivision (b) of Section 69436.

(e) All other competitors shall, at a minimum, comply with all of the requirements of subdivision (b) of Section 69432.9.

(f) An individual selected for a Cal Grant A award who enrolls in a California Community College may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to a tuition or fee charging qualifying institution, the individual shall be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, he or she meets all of the requirements of this article. Upon receipt of the request, the commission

shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon his or her grade level at the time the award is transferred to the tuition or fee charging qualifying institution. Any award so held in reserve shall only be counted once toward the 22,500 awards authorized by this article.

SEC. 82. Section 69439 of the Education Code is amended to read:

69439. (a) Commencing with the 2001-02 academic year, and each academic year thereafter, a Cal Grant C award shall be utilized only for occupational or technical training in a course of not less than four months. There shall be the same number of Cal Grant C awards each year as were made in the 2000-01 fiscal year. The maximum award amount and the total amount of funding shall be determined each year in the annual Budget Act.

(b) "Occupational or technical training" means that phase of education coming after the completion of a secondary school program and leading toward recognized occupational goals approved by the commission.

(c) The commission may use criteria it deems appropriate in selecting students with occupational talents to receive grants for occupational or technical training.

(d) The Cal Grant C recipients shall be eligible for renewal of their grants until they have completed their occupational or technical training in conformance with terms prescribed by the commission. In no case shall the grants exceed two calendar years.

(e) Cal Grant C awards shall be for institutional fees, charges, and other costs, including tuition, plus training-related costs, such as special clothing, local transportation, required tools, equipment, supplies, and books. In determining the amount of grants and training-related costs, the commission shall take into account other state and federal programs available to the applicant.

(f) Cal Grant C awards shall be awarded in areas of occupational or technical training as determined by the commission after consultation with appropriate state and federal agencies.

SEC. 83. Section 69613.1 of the Education Code is amended to read:

69613.1. \* \* \* The Superintendent of Public Instruction shall furnish the commission with all of the following:

(a) Commencing January 1, 1990, and every January 1 thereafter, a list of teaching fields that have the most critical shortage of teachers. The superintendent shall review this list annually and revise the list as he or she deems necessary. Commencing January 1, 2001, the list of shortage areas furnished pursuant to this subdivision shall include the state special schools as a category separate from special education.

(b) A list of schools that serve a large population of pupils from low-income families, as designated for purposes of the Perkins Loan Program, or according to standards the superintendent deems appropriate.

(c) Commencing January 31, 2001, and every January 1 thereafter, a list of schools with a high percentage of teachers holding emergency permits. The list shall be established according to criteria determined by the superintendent.

(d) Commencing January 31, 2001, and every January 1 thereafter, a list of schools serving rural areas. The list shall be established according to standards deemed appropriate by the superintendent.

(e) Commencing January 31, 2001, and every January 1 thereafter, a list of low-performing schools.

SEC. 84. Section 87164 of the Education Code is amended to read:

87164. (a) An employee or applicant for employment with a public school employer who files a written complaint with his or her supervisor, a community college administrator, or the public school employer alleging actual or attempted acts of reprisal, retaliation, threats, coercion, or similar improper acts prohibited by Section 87163 for having disclosed improper governmental activities or for refusing to obey an illegal order may also file a copy of the written complaint with the local law enforcement agency, together with a sworn statement that the contents of the written complaint are true, or are believed by the affiant to be true,

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(e) The meetings of the Bipartisan California Commission on Internet Political Practices shall be open and public. The commission members shall receive one hundred dollars (\$100) per diem for each day of attendance at a meeting of the commission, not to exceed 10 meetings.

(f) The Bipartisan California Commission on Internet Political Practices shall report its findings and recommendations to the Legislature not later than December 1, 2001. The commission shall cease to exist on January 1, 2002.

SEC. 207. Section 3 of Chapter 975 of the Statutes of 2000 is amended to read:

Sec. 3. The sum of two hundred twenty thousand dollars (\$220,000) is hereby appropriated from the General Fund to the Controller for allocation to the Bipartisan California Commission on Internet Political Practices to defray the costs of the commission in conducting the study and preparing the report required by this act.

SEC. 208. Any section of any act enacted by the Legislature during the 2001 calendar year that takes effect on or before January 1, 2002, and that amends, amends and renumbers, adds, repeals and adds, or repeals a section that is amended, amended and renumbered, added, repealed and added, or repealed by this act, shall prevail over this act, whether that act is enacted prior to, or subsequent to, the enactment of this act. The repeal, or repeal and addition, of any article, chapter, part, title, or division of any code by this act shall not become operative if any section of any other act that is enacted by the Legislature during the 2001 calendar year and takes effect on or before January 1, 2002, amends, amends and renumbers, adds, repeals and adds, or repeals any section contained in that article, chapter, part, title, or division.

## COLLEGES AND UNIVERSITIES—FINANCIAL AID—ELIGIBILITY

## CHAPTER 8

S.B. No. 176

AN ACT to amend Sections 69434, 69435.3, 69436, and 69437.6 of the Education Code, relating to student financial aid, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Filed with Secretary of State May 4, 2001.]

## LEGISLATIVE COUNSEL'S DIGEST

SB 176, Ortiz. Student financial aid: Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program.

Existing law, known as the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act, establishes, among other programs, the Cal Grant A Entitlement Program, the Cal Grant B Entitlement Program, the California Community College Transfer Cal Grant Entitlement Program, and the Competitive Cal Grant A and B Awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs.

This bill would add to the eligibility requirements for the Cal Grant A Entitlement Program and the Cal Grant B Entitlement Program a provision specifying that a qualifying student must graduate from high school or its equivalent during or after the 2000-01 school year. The bill would amend the eligibility requirements for the California Community College Transfer Cal Grant Entitlement Program to change a reference to a federal statute and to specify that a student who graduates from a California high school during the 2000-01 academic year is eligible for that program. The bill would add to the eligibility requirements for the Competitive Cal Grant A awards a provision authorizing an applicant to meet the existing grade point average requirement through the submission of a college grade point average, as prescribed. The bill would amend the eligibility requirements for the Competitive Cal Grant B awards by creating an exemption from requirements regarding submission of a financial aid application and graduation from high school no sooner than the 2000-01 academic year.

The bill would appropriate \$3,342,000 from the General Fund to the Student Aid Commission for expenditure in the 2000-01 fiscal year, for costs related to implementing information technology changes needed to process additional workload associated with the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program.

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

Appropriation: yes.

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

SECTION 1. Section 69434 of the Education Code is amended to read:

69434. (a) Commencing with the 2001-02 academic year, and each academic year thereafter, a Cal Grant A award shall be used only for tuition or student fees, or both, in a for-credit instructional program with a length of not less than two academic years. Each student who meets the Cal Grant A qualifications as set forth in this article shall be guaranteed an award. The amount of any individual award is dependent on the cost of tuition or fees, or both, at the qualifying institution at which the student is enrolled. For each applicant, the award amount shall not exceed the amount of the calculated financial need.

(b) Pursuant to Section 66021.2, any California resident is entitled to a Cal Grant A award, and the commission shall allocate that award, if all of the following criteria are met:

Additions or changes indicated by underline; deletions by asterisks \* \* \*

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(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 69435.3 of the Education Code is amended to read:

69435.3. (a) Any California resident is entitled to receive a Cal Grant B award, and the commission shall allocate that award pursuant to Section 66021.2, 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 2.0 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 B recipients as set forth in Section 69432.7.

(5) The student is pursuing an undergraduate academic program of not less than one academic year 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.

(b) A student \* \* \* who meets the Cal Grant B \* \* \* Entitlement Program criteria specified in this article shall receive a Cal Grant B award for access costs and tuition and fees pursuant to Section 66021.2.

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

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

(b) Any California resident transferring from a California community college to a qualifying institution that offers a baccalaureate degree is entitled to receive, and the commission



shall award, a Cal Grant A or B award depending on the eligibility determined pursuant to subdivision (c), if all of the following criteria are met:

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

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

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

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

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

(6) He or she 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 \* \* \* does not meet the federal definition of \* \* \* an independent student, as set forth in subsection (d) of Section 1087vy of Title 20 of the United States Code, with the exception of:

(A) A student who is an orphan or a ward of the court and who will not be 24 years old or older by December 31 of the award year.

(B) A student who is a veteran of the United States Armed Forces and who will not be 24 years old or older by December 31 of the award year.

(C) A student who is a married person and who will not be 24 years old or older by December 31 of the award year.

(D) A student who will not be 24 years old or older by December 31 of the award year and who has dependents other than a spouse.

(E) A student who will not be 24 years old or older by December 31 of the award year and for whom a financial aid administrator makes documented determination of independence by reason of other unusual circumstances.

(9) The student \* \* \* graduated from a California high school or its equivalent during or after the 2000-01 academic year.

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

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

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

SEC. 4. Section 69437.6 of the Education Code is amended to read:

69437.6. (a) An applicant competing for an award under this article shall meet all the requirements of Article 1 (commencing with Section 69430).

(b) To compete for a competitive Cal Grant A award, an applicant shall, at a minimum, meet all of the requirements of Article 2 (commencing with Section 69434), with the exception of paragraphs (1) and (8) of subdivision (b) of Section 69434. However, in lieu of meeting the grade point average requirement set forth in paragraph (3) of subdivision (b) of Section 69434, an applicant may submit a community college or college grade point average of at least 2.4 on a 4.0 scale.

(c) To compete for a competitive Cal Grant B award, an applicant shall, at a minimum, meet all of the requirements of Article 3 (commencing with Section 69435), with the exception of paragraphs (1) and (8) of subdivision (a) of Section 69435.3. However, in lieu of meeting the grade point average requirements of paragraph (3) of subdivision (a) of Section 69435.3, a student may reestablish his or her grade point average by completing at least 16 cumulative

units of credit for academic coursework at an accredited California community college, as defined by the commission, by regulation, with at least a 2.0 community college grade point average.

(d) To compete for a competitive California Community College Transfer Cal Grant Award, an applicant shall, at a minimum, meet the requirements of Article 4 (commencing with Section 69436), with the exception of paragraphs (8) and (9) of subdivision (b) of Section 69436.

(e) All other competitors shall, at a minimum, comply with all of the requirements of subdivision (b) of Section 69432.9.

(f) An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to a tuition or fee charging qualifying institution, the individual shall be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, he or she meets all of the requirements of this article. Upon receipt of the request, the commission shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon his or her grade level at the time the award is transferred to the tuition or fee charging qualifying institution. Any award so held in reserve shall only be counted once toward the 22,500 awards authorized by this article.

SEC. 5. The sum of three million three hundred forty-two thousand dollars (\$3,342,000) is hereby appropriated from the General Fund to the Student Aid Commission for expenditure in the 2000-01 fiscal year, for costs related to implementing information technology changes needed to process additional workload associated with the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program established pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 of the Education Code. These changes are those identified in the feasibility study report approved by the Department of Finance and the Department of Information Technology during the 2000-01 fiscal year.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for the important changes made by this act to take effect in time for the beginning of the 2001-02 academic year, it is necessary that this act take effect immediately.

EDUCATION—STUDENT FINANCIAL AID—ACADEMIC MERIT

CHAPTER 403

S.B. No. 1644

AN ACT to amend Section 66021.2 of, to add Sections 69514.5, 69547.5, and 69547.9 to, to add Chapter 1.7 (commencing with Section 69430) to Part 42 of, and to repeal Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of, the Education Code, relating to student financial aid; making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Filed with Secretary of State September 12, 2000.]

Additions or changes indicated by underline; deletions by asterisks: \* \* \*

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

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

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

SEC. 4. Chapter 1.7 (commencing with Section 69430) is added to Part 42 of the Education Code, to read:

#### Chapter 1.7. Ortiz-Pacheco-Poochigian-Vasconcellos/SMC Program

##### Article 1. General Provisions

69430. This chapter shall be known, and may be cited, as the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program.

69431. There is hereby established the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, which may also be referred to as the Cal Grant Program.

69432. (a) Cal Grant Program awards shall be known as "Cal Grant A Entitlement Awards," "Cal Grant B Entitlement Awards," "California Community College Transfer Entitlement Awards," "Competitive Cal Grant A and B Awards," "Cal Grant C Awards," and "Cal Grant T Awards."

(b) Maximum award amounts for students at independent institutions and for Cal Grant C and T awards shall be identified in the annual Budget Act. Maximum award amounts for Cal Grant A and B awards for students attending public institutions shall be referenced in the annual Budget Act.

69432.5. The Budget required by the California Constitution to be submitted by the Governor at each Regular Session of the Legislature shall take into consideration the amount of federal grant funds for student financial aid.

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

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

(b) "Access costs" means living expenses and expenses for transportation, supplies, and books.

(c) "Award year" means one academic year, or the equivalent, of attendance at a qualifying institution.

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

(e) "Commission" means the Student Aid Commission.

(f) "Enrollment status" means part-time status or full-time status.

(1) Part-time, for purposes of Cal Grant eligibility, is defined as 6 to 11 semester units, inclusive, or the equivalent.

(2) Full-time, for purposes of Cal Grant eligibility, is defined as 12 or more semester units or the equivalent.

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

(h) "High school grade point average" means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the

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sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses, and computed pursuant to regulations of the commission. However, for high school graduates who apply after their senior year, "high school grade point average" includes senior year coursework.

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

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

(k) "Maximum household income and asset levels" means the applicable household income and household asset levels for participants in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001-02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

## 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

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

## CAL GRANT PROGRAM ASSET CEILINGS

	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.

(l) "Qualifying institution" means any of the following:

(1) Any 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:

(A) Federal Work-Study

(B) Perkins Loan Program

(C) Supplemental Educational Opportunity Grant Program

(2) Any nonprofit institution headquartered and operating in California that certifies to the commission that 10 percent of the institution's operating budget, as demonstrated in an audited financial statement, is expended for the purposes of institutionally funded student

financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges, and that meets any other state-required criteria adopted by regulation, by the commission in consultation with the Department of Finance. A regionally accredited institution that was deemed qualified by the commission to participate in the Cal Grant Program for the 2000-01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(3) Any California public postsecondary educational institution.

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

69432.8. The commission may determine that an advance payment is essential to ensure that funds provided pursuant to this chapter to assist students to enroll in postsecondary education are available at the time students enroll. Upon making that determination, the commission may, on the basis of institutional academic calendars, advance, per term to authorized postsecondary educational institutions, the funds for eligible students who have indicated they will attend those institutions, less an amount based on historical claim enrollment attrition information. Each institution shall disburse the funds in accordance with the provisions set forth in the institutional agreement between the commission and the institution.

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

(b) Financial need shall be determined using the federal financial need methodology pursuant to subdivision (a) of Section 69506 and applicable regulations adopted by the commission, and as established by Title IV of the Federal Higher Education Act of 1965 (20 U.S.C. Secs. 1070 et seq., as amended). The calculation of financial need shall be consistent with the commission's methodology for financial need for the 2000-01 academic year.

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

(2) Financial need is defined as the difference between the student's cost of attendance as determined by the commission and the expected family contribution. The calculation of financial need shall be consistent with the commission's methodology for determining financial need for the 2000-01 academic year as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Secs. 1070 et seq.).

(3)(A) The minimum financial need required for receipt of an initial Cal Grant A or Cal Grant C award shall be not less than the maximum annual award value for the applicable institution, plus an additional one thousand five hundred dollars (\$1,500) of financial need.

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

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

69433. (a)(1) A Cal Grant Program award shall be based upon the financial need of the applicant, and shall not exceed the calculated financial need for any individual applicant. The

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minimum level of financial need of each applicant shall be determined by the commission pursuant to Section 69432.9. The commission may provide renewal awards.

(2) A student attending a nonpublic institution shall receive a renewal award for tuition or fees, or both, in an amount not to exceed the maximum allowable award amount that was in effect in the year in which the student first received a new award.

(b) A Cal Grant award authorized pursuant to this chapter shall be defined as a full-time equivalent grant. An award to a part-time student shall be a fraction of a full-time grant, as determined by the commission.

(c)(1) The commission shall prescribe the use of standardized student financial aid applications for California. These applications shall be simple in nature, and collect common data elements required by the federal government and those elements needed to meet the objectives of state-funded and institutional financial aid programs.

(2) The applications prescribed in paragraph (1) shall be utilized for the Cal Grant Program, all other programs funded by the state or a public institution of postsecondary education (except for the Financial Assistance Program of the Board of Governors of the California Community Colleges authorized by Chapter 1118 of the Statutes of 1987, for which a simplified application designed for that sole purpose may be used), and all federal programs administered by a public postsecondary education institution.

(3) Supplemental application information may be utilized if the information is essential to accomplishing the objectives of individual programs. All supplemental application information used for the purposes of commission-administered programs shall be subject to approval by the commission, and applications shall be identical for programs with similar objectives, as determined by the commission.

(4) Public postsecondary institutions are encouraged to use, but may decide whether to use, the standard applications for funds provided by private donors.

(5) The Legislature finds and declares that it is in the best interest of students that all postsecondary education institutions in California participating in federal and state-funded financial aid programs accept the standard applications prescribed by the commission.

(d) Nothing in this chapter shall prevent an individual public postsecondary institution from processing, with its own staff and fiscal resources, the standard financial aid applications specified in subdivision (c) for student aid programs for which it has legal responsibility.

(e) The commission may enter into contracts with a public agency or a private entity to improve the processing and distribution of grants, fellowships, and loans through the use of electronic networks and unified data bases.

69433.5. (a) Only a resident of California, as determined by the commission pursuant to Part 41 (commencing with Section 68000), is eligible for an initial Cal Grant award. The recipient shall remain eligible for award renewal only if he or she is a California resident, in attendance, and making satisfactory academic progress at a qualifying institution, as determined by the commission.

(b) A part-time student shall not be discriminated against in the selection of Cal Grant Program award recipients, and an award to a part-time student shall be approximately proportional to the time the student spends in the instructional program, as determined by the commission. A first-time Cal Grant Program award recipient who is a part-time student shall be eligible for a full-time renewal award if he or she becomes a full-time student.

(c) Cal Grant Program awards shall be awarded without regard to race, religion, creed, sex, or age.

(d) No applicant shall receive more than one type of Cal Grant Program award concurrently. Except as provided in Section 69440, no applicant shall:

(1) Receive one or a combination of Cal Grant Program awards in excess of the amount equivalent to the award level for a total of four years of full-time attendance in an undergraduate program, except as provided in Section 69433.6.

(2) Have obtained a baccalaureate degree prior to receiving a Cal Grant Program award, except as provided in Section 69440.

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(e) A Cal Grant Program award, except as provided in Section 69440, may only be used for educational expenses of a program of study leading directly to an undergraduate degree or certificate, or for expenses of undergraduate coursework in a program of study leading directly to a first professional degree, but for which no baccalaureate degree is awarded.

(f) Commencing in 1999, the commission shall, for students who accelerate college attendance, increase the amount of award proportional to the period of additional attendance resulting from attendance in classes that fulfill requirements or electives for graduation during summer terms, sessions, or quarters. In the aggregate, the total amount a student may receive in a four-year period may not be increased as a result of accelerating his or her progress to a degree by attending summer terms, sessions, or quarters.

(g) The commission shall notify Cal Grant award recipients of the availability of funding for the summer term, session, or quarter through prominent notice in financial aid award letters, materials, guides, electronic information, and other means that may include, but not necessarily be limited to, surveys, newspaper articles, or attachments to communications from the commission and any other published documents.

(h) The commission may require, by the adoption of rules and regulations, the production of reports, accounting, documents, or other necessary statements from the award recipient and the college or university of attendance pertaining to the use or application of the award.

(i) A Cal Grant Program award may be utilized only at a qualifying institution.

69433.6. (a) Cal Grant A awards and Cal Grant B awards may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program provided that financial need continues to exist. Commencing with the 2001-02 academic year, the total number of years of eligibility for grants pursuant to this section shall be based on the student's educational level in his or her course of study as designated by the institution of attendance when the recipient initially receives payment for a grant.

(b) For a student enrolled in an institutionally prescribed five-year undergraduate program, Cal Grant A awards and Cal Grant B awards may be renewed for a total of five years of full-time attendance, provided that financial need continues to exist.

(c)(1) A Cal Grant Program award recipient who has completed a baccalaureate degree, and who has been admitted to and is enrolled in a program of professional teacher preparation at an institution approved by the California Commission on Teacher Credentialing is eligible for, but not entitled to, renewal of a Cal Grant Program award for an additional year of full-time attendance, if financial need continues to exist.

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

(d) A student's Cal Grant renewal eligibility shall not have lapsed more than 15 months prior to the payment of an award for purposes of this section.

69433.7. The commission shall adopt regulations necessary to implement this chapter. Notwithstanding any other provision of law, the commission may adopt emergency regulations pursuant to Section 11346.1 of the Government Code in order to ensure that the program enacted by this chapter may function in its first academic year.

69433.8. An award under this chapter does not guarantee admission to an institution of higher education or admission to a specific campus or program.

69433.9. To be eligible to receive a Cal Grant award under this chapter, a student shall be all of the following:

(a) A citizen of the United States, or an eligible noncitizen, as defined for purposes of financial aid programs under Title IV of the federal Higher Education Act of 1965 (20 U.S.C. Secs. 1070 et seq., as from time to time amended).

(b) In compliance with all applicable Selective Service registration requirements.

(c) Not incarcerated.

(d) Not in default on any student loan within the meaning of Section 69507.5.

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(e) For purposes of Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), and Article 4 (commencing with Section 69436), at the time of high school graduation or its equivalent, be a resident of California.

#### Article 2. Cal Grant A Entitlement Program

69434. (a) Commencing with the 2001-02 academic year, and each academic year thereafter, a Cal Grant A award shall be used only for tuition or student fees, or both, in a for-credit instructional program with a length of not less than two academic years. Each student who meets the Cal Grant A qualifications as set forth in this article shall be guaranteed an award. The amount of any individual award is dependent on the cost of tuition or fees, or both, at the qualifying institution at which the student is enrolled. For each applicant, the award amount shall not exceed the calculated financial need.

(b) Pursuant to Section 66021.2, any California resident is entitled to a Cal Grant A award, and the commission 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).

(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.

69434.5. An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to a tuition or fee charging qualifying institution, the individual will be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, he or she meets all of the requirements of this article. Upon receipt of the request, the commission shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon his or her grade level at the time the award is transferred to the tuition or fee charging qualifying institution.

#### Article 3. Cal Grant B Entitlement Program

69435. (a)(1) Commencing with the 2001-02 academic year, and each academic year thereafter, 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 shall award access grants in a student's first academic year. In subsequent years, the award shall include an additional amount to pay tuition or fees, or both,

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to attend college at a public or private four-year college or university or other qualifying institution for all Cal Grant B awards pursuant to paragraph (2) of subdivision (b) of Section 66021.2. In no event shall the total award in any year exceed the applicant's calculated financial need.

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

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

69435.3. (a) Any California resident is entitled to receive a Cal Grant B award; and the commission shall allocate that award pursuant to Section 66021.2, 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 2.0 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 B recipients as set forth in Section 69432.7.

(5) The student is pursuing an undergraduate academic program of not less than one academic year 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).

(b) A student whose household income does not exceed the maximum household income and asset levels, as set forth in Section 69432.7, for a Cal Grant B award shall receive access costs and tuition and fees pursuant to Section 66021.2.

#### Article 4. California Community College Transfer Cal Grant Entitlement Program

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

(b) Any California resident transferring from a California community college to a qualifying institution that offers a baccalaureate degree is entitled to receive, and the commission shall award, a Cal Grant A or B depending on the eligibility determined pursuant to subdivision (c), if all of the following criteria are met:

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

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

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

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

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

(6) He or she 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 meets the federal definition of a dependent student, as set forth in Section 152 of Title 26 of the United States Code, with the exception of:

(A) A student who is an orphan or a ward of the court and who will not be 24 years old or older by December 31 of the award year.

(B) A student who is a veteran of the United States Armed Forces and who will not be 24 years old or older by December 31 of the award year.

(C) A student who is a married person and who will not be 24 years old or older by December 31 of the award year.

(D) A student who will not be 24 years old or older by December 31 of the award year and who has dependents other than a spouse.

(E) A student who will not be 24 years old or older by December 31 of the award year and for whom a financial aid administrator makes documented determination of independence by reason of other unusual circumstances.

(9) A student who graduated from a California high school or its equivalent during or after the 2001-02 academic year.

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

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

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

69436.5. A participating qualifying institution shall report to the commission annually as to the number of students determined to be independent pursuant to subparagraph (E) of paragraph (8) of subdivision (b) of Section 69436 and the reasons therefor.

#### Article 5. Competitive Cal Grant A and B Awards

69437. (a) Commencing with the 2001-02 academic year, and each academic year thereafter, there shall be established the Competitive Cal Grant A and B award program for students who did not receive a Cal Grant A or B entitlement award pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436). Awards made under this section are not entitlements. The submission of an application by a student under this section shall not entitle that student to an award. The selection of students under this article shall be determined pursuant to subdivision (c) and other relevant criteria established by the commission.

(b) A total of 22,500 Cal Grant A and B awards shall be granted annually under this article on a competitive basis for applicants who meet the general eligibility criteria established in Article 1 (commencing with Section 69430) and the priorities established by the commission pursuant to subdivision (c).

(1) Fifty percent of the awards referenced in this subdivision are available to all students, including California community college students, who meet the financial need and academic requirements established pursuant to this article. A student enrolling at a qualifying

baccalaureate degree granting institution shall apply by the March 2 deadline. A California community college student is eligible to apply at the March 2 or the September 2 deadline.

(2) Fifty percent of the awards referenced in this subdivision are reserved for students who will be enrolled at a California community college. The commission shall establish a second application deadline of September 2 for community college students to apply for these awards effective with the fall term or semester of the 2001-02 academic year.

(3) If any awards are not distributed pursuant to paragraphs (1) and (2) upon initial allocation of the awards under this article, the commission shall make awards to as many eligible students as possible, beginning with the students with the lowest expected family contribution and highest academic merit, consistent with the criteria adopted by the commission pursuant to subdivision (c), as practicable without exceeding an annual cumulative total of 22,500 awards.

(c)(1) On or before February 1, 2001, acting pursuant to a public hearing process that is consistent with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), the commission shall establish selection criteria for Cal Grant A and B awards under the competitive program that give special consideration to disadvantaged students, taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student's access to, and ability to persist in, postsecondary education programs.

(2) Additional consideration shall be given to each of the following:

(A) Students who graduated from high school or its equivalent prior to the 2000-01 academic year. This subparagraph shall not be applicable after the 2004-05 academic year.

(B) Students pursuing Cal Grant B awards who reestablish their grade point averages.

(C) Students who did not receive awards pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436).

(d) All other students who meet the eligibility requirements pursuant to Article 1 (commencing with Section 69430) are eligible to compete for an award pursuant to this article.

69437.3. (a) The commission shall utilize the standardized student financial aid application described in Section 69432.9.

(b) An official financial aid application shall be submitted pursuant to Section 69432.9, submitted or postmarked no later than March 2, or September 2 for students enrolled at a community college.

(c) A student shall be enrolled at least part-time.

69437.5. Cal Grant A and B awards shall be used only for the purposes set forth in Article 2 (commencing with Section 69434) and Article 3 (commencing with Section 69435), respectively.

69437.6. (a) An applicant competing for an award under this article shall meet all the requirements of Article 1 (commencing with Section 69430).

(b) To compete for a competitive Cal Grant A Award, an applicant shall, at a minimum, meet all of the requirements of Article 2 (commencing with Section 69434), with the exception of paragraph (1) of subdivision (b) of Section 69434.

(c) To compete for a competitive Cal Grant B Award, an applicant shall, at a minimum, meet all of the requirements of Article 3 (commencing with Section 69435). However, in lieu of meeting the grade point average requirements of paragraph (3) of subdivision (a) of Section 69435.3, a student may reestablish his or her grade point average by completing at least 16 cumulative units of credit for academic coursework at an accredited California community college, as defined by the commission, by regulation, with at least a 2.0 community college grade point average.

(d) To compete for a competitive California Community College Transfer Cal Grant Award, an applicant shall, at a minimum, meet the requirements of Article 4 (commencing with Section 69436), with the exception of paragraph (8) of subdivision (b) of Section 69436.

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(e) All other competitors shall, at a minimum, comply with all of the requirements of subdivision (b) of Section 69432.9.

(f) An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to a tuition or fee charging qualifying institution, the individual will be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, he or she meets all of the requirements of this article. Upon receipt of the request the commission shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon his or her grade level at the time the award is transferred to the tuition or fee charging qualifying institution. Any award so held in reserve shall only be counted once toward the 22,500 awards authorized by this article.

69437.7: After two award cycles, the commission shall review the competitive grant program and its priorities to gain a better understanding of early participation patterns and to determine the initial level of program effectiveness. The commission shall report these findings to the Legislature and the Governor by December 31, 2003, and each year thereafter.

#### Article 6. Cal Grant C Program

69439: (a) Commencing with the 2001-02 academic year, and each academic year thereafter, a Cal Grant C award shall be utilized only for occupational or technical training in a course of not less than four months. There shall be the same number of Cal Grant C awards each year as were made in the 2000-01 fiscal year. The maximum award amount and the total amount of funding shall be determined each year in the annual Budget Act.

(b) "Occupational or technical training" means that phase of education coming after the completion of a secondary school program and leading toward recognized occupational goals approved by the commission.

(c) The commission may use criteria it deems appropriate in selecting students with occupational talents to receive grants for occupational or technical training.

(d) The Cal Grant C recipients shall be eligible for renewal of their grants until they have completed their occupational or technical training in conformance with terms prescribed by the commission. In no case shall the grants exceed two calendar years.

(e) Cal Grant C awards shall be for institutional fees, charges, and other costs including tuition, plus training-related costs, such as special clothing, local transportation, required tools, equipment, supplies, and books. In determining the amount of grants and training-related costs, the commission shall take into account other state and federal programs available to the applicant.

(f) Cal Grant C awards shall be awarded in areas of occupational or technical training as determined by the commission after consultation with appropriate state and federal agencies.

#### Article 7. Cal Grant T Program

69440: (a) Commencing with the 2001-02 academic year, and each academic year thereafter, Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission on Teacher Credentialing. There shall be a minimum of 3,000 new Cal Grant T awards each year. The maximum award amount, and the total amount of funding, shall be determined each year in the annual Budget Act. As a condition of receiving a Cal Grant T award, a recipient shall teach for one year in a low-performing school, as defined in subdivision (c) of Section 44765, for each two thousand dollar (\$2,000) incentive provided through the Cal Grant T Program, for a period not to exceed four years.

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Any recipient who fails to meet his or her teaching obligation shall repay the Cal Grant T award.

(b) The commission shall allocate Cal Grant T awards using academic criteria or criteria related to past performance similar to that used in awarding Cal Grant A awards for the 2000-01 academic year.

SEC. 5. Section 69514.5 is added to the Education Code, to read:

69514.5. (a) The Community College Student Financial Aid Outreach Program is hereby established. The commission shall, in consultation with the office of the Chancellor of the California Community Colleges, develop and administer this program for the purpose of providing financial aid training to high school and community college counselors and advisors who work with students planning to attend or attending a community college. This training shall also address the specific needs of all of the following:

- (1) Community college students intending to transfer to a four-year institution of higher education.
- (2) Foster youth.
- (3) Students with disabilities.

(b) The program shall provide specialized information on financial aid opportunities available to community college students, with a particular focus on students who plan to transfer to a four-year college or university. The commission shall work in collaboration with the Chancellor of the California Community Colleges and other segments of higher education to develop and distribute this specialized information to assist community college students who are planning to transfer to a four-year college or university. Each year, the program shall offer financial aid workshops for high school and community college counselors, targeted for students planning to attend a community college or to transfer from a community college to a four-year institution of higher education. The program shall assist community college counselors in conducting student and family workshops that provide general information about financial aid and technical assistance in completing financial aid forms.

(c) The program shall concentrate its efforts on high schools and community colleges that are located in geographic areas that have a high percentage of low-income families.

SEC. 6. Section 69547.5 is added to the Education Code, to read:

69547.5. Commencing on January 1, 2001, this article shall be applicable only to students who have received an award pursuant to this article on or before December 31, 2000.

SEC. 7. Section 69547.9 is added to the Education Code, to read:

69547.9. This article shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.

SEC. 8. The Student Aid Commission shall annually report to the Legislature and the Governor on the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program from its inception on both of the following:

- (a) The number of Cal Grant applicants and new and continuing recipients each year. This data shall include at a minimum the following information about recipients: educational level, grade point average, segment of attendance, number of community college transfer students.
- (b) A longitudinal component that measures student persistence and graduation rates over time.

SEC. 9. Notwithstanding any other provision of law, the Director of Finance may authorize the augmentation, from the Special Fund for Economic Uncertainties established pursuant to Section 16418 of the Government Code, of the annual amount appropriated for the purpose of making Cal Grant awards pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 of the Education Code, as necessary to fully fund the number of awards required to be granted by that chapter. No augmentation may be authorized under this section sooner than 30 days after the Director of Finance provides written notice of the proposed augmentation to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house that consider appropriations, nor sooner than whatever lesser time those persons, or their designees, may in each instance determine.

Additions or changes indicated by underline; deletions by asterisks. \* \* \*

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SEC. 10. (a) The sum of one million five hundred thousand dollars (\$1,500,000) is hereby appropriated from the General Fund to the Student Aid Commission for expenditure, without regard to fiscal year, for support costs related to the administration of this act.

(b) The expenditure of the funds appropriated in subdivision (a) is subject to approval of a work plan by the Department of Finance, once 30-day written notification has been given to the Chairperson of the Joint Legislative Budget Committee, or his or her designee.

(c) Notwithstanding any other provision of law, any deficiency request submitted by the Student Aid Commission and recommended by the Director of Finance, pursuant to Section 27.00 of the Budget Act of 2000, for the purposes of implementing this act, shall be considered to be for unanticipated expenses incurred in the operation of existing programs, and shall be subject to any other pertinent provisions of Section 27.00 of the Budget Act of 2000.

(d) In order to ensure proper planning for administration of this act, it is the intent of the Legislature that the Department of Finance consider a Spring Finance Letter from the Student Aid Commission for inclusion in the Budget Bill for the 2001-02 fiscal year for the purposes of requesting funds to comply with this act in the 2001-02 fiscal year.

(e) No funds provided pursuant to this section shall be expended for information technology projects prior to approval by the Department of Finance and the Department of Information Technology of a Feasibility Study Report or a Special Project Report, as applicable.

SEC. 11. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for this act to take effect in time to apply to high school seniors who graduate in the 2000-01 academic year, it is necessary that it take effect immediately.

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Additions or changes indicated by underline; deletions by asterisks \* \* \*

Exhibit 3  
Education Code Sections Cited



§ 69432.8. Advance payments

The commission may determine that an advance payment is essential to ensure that funds provided pursuant to this chapter to assist students to enroll in postsecondary education are available at the time students enroll. Upon making that determination, the commission may, on the basis of institutional academic calendars, advance, per term to authorized postsecondary educational institutions, the funds for eligible students who have indicated they will attend those institutions, less an amount based on historical claim enrollment attrition information. Each institution shall disburse the funds in accordance with the provisions set forth in the institutional agreement between the commission and the institution.

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

## § 69432.9. Applications; financial need; grade point average

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

(b) Financial need shall be determined using the federal financial need methodology pursuant to subdivision (a) of Section 69506 and applicable regulations adopted by the commission, and as established by Title IV of the Federal Higher Education Act of 1965 (20 U.S.C. Secs. 1070 et seq., as amended). The calculation of financial need shall be consistent with the commission's methodology for financial need for the 2000-01 academic year.

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

(2) Financial need is defined as the difference between the student's cost of attendance as determined by the commission and the expected family contribution. The calculation of financial need shall be consistent with the commission's methodology for determining financial need for the 2000-01 academic year as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Secs. 1070 et seq.).

(3)(A) The minimum financial need required for receipt of an initial Cal Grant A or Cal Grant C award shall be not less than the maximum annual award value for the applicable institution, plus an additional one thousand five hundred dollars (\$1,500) of financial need.

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

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

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

## § 69433. Awards to be based on financial need; standardized financial aid applications

(a)(1) A Cal Grant Program award shall be based upon the financial need of the applicant, and shall not exceed the calculated financial need for any individual applicant. The minimum level of financial need of each applicant shall be determined by the commission pursuant to Section 69432.9. The commission may provide renewal awards.

(2) A student attending a nonpublic institution shall receive a renewal award for tuition or fees, or both, in an amount not to exceed the maximum allowable award amount that was in effect in the year in which the student first received a new award.

(b) A Cal Grant award authorized pursuant to this chapter shall be defined as a full-time equivalent grant. An award to a part-time student shall be a fraction of a full-time grant, as determined by the commission.

(c)(1) The commission shall prescribe the use of standardized student financial aid applications for California. These applications shall be simple in nature, and collect common data elements required by the federal government and those elements needed to meet the objectives of state-funded and institutional financial aid programs.

(2) The applications prescribed in paragraph (1) shall be utilized for the Cal Grant Program, all other programs funded by the state or a public institution of postsecondary education (except for the Financial Assistance Program of the Board of Governors of the California Community Colleges authorized by Chapter 1118 of the Statutes of 1987, for which a simplified application designed for that sole purpose may be used), and all federal programs administered by a public postsecondary education institution.

(3) Supplemental application information may be utilized if the information is essential to accomplishing the objectives of individual programs. All supplemental application information used for the purposes of commission-administered programs shall be subject to approval by the commission, and applications shall be identical for programs with similar objectives, as determined by the commission.

(4) Public postsecondary institutions are encouraged to use, but may decide whether to use, the standard applications for funds provided by private donors.

(5) The Legislature finds and declares that it is in the best interest of students that all postsecondary education institutions in California participating in federal and state-funded financial aid programs accept the standard applications prescribed by the commission.

(d) Nothing in this chapter shall prevent an individual public postsecondary institution from processing, with its own staff and fiscal resources, the standard financial aid applications specified in subdivision (c) for student aid programs for which it has legal responsibility.

(e) The commission may enter into contracts with a public agency or a private entity to improve the processing and distribution of grants, fellowships, and loans through the use of electronic networks and unified data bases.

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

§ 69433.5. Residence and other requirements

(a) Only a resident of California, as determined by the commission pursuant to Part 41 (commencing with Section 68000), is eligible for an initial Cal Grant award. The recipient shall remain eligible for award renewal only if he or she is a California resident, in attendance, and making satisfactory academic progress at a qualifying institution, as determined by the commission.

(b) A part-time student shall not be discriminated against in the selection of Cal Grant Program award recipients, and an award to a part-time student shall be approximately proportional to the time the student spends in the instructional program, as determined by the commission. A first-time Cal Grant Program award recipient who is a part-time student shall be eligible for a full-time renewal award if he or she becomes a full-time student.

(c) Cal Grant Program awards shall be awarded without regard to race, religion, creed, sex, or age.

(d) No applicant shall receive more than one type of Cal Grant Program award concurrently. Except as provided in Section 69440, no applicant shall:

(1) Receive one or a combination of Cal Grant Program awards in excess of the amount equivalent to the award level for a total of four years of full-time attendance in an undergraduate program, except as provided in Section 69433.6.

(2) Have obtained a baccalaureate degree prior to receiving a Cal Grant Program award, except as provided in Section 69440.

(e) A Cal Grant Program award, except as provided in Section 69440, may only be used for educational expenses of a program of study leading directly to an undergraduate degree or certificate, or for expenses of undergraduate coursework in a program of study leading directly to a first professional degree, but for which no baccalaureate degree is awarded.

(f) Commencing in 1999, the commission shall, for students who accelerate college attendance, increase the amount of award proportional to the period of additional attendance resulting from attendance in classes that fulfill requirements or electives for graduation during summer terms, sessions, or quarters. In the aggregate, the total amount a student may receive in a four-year period may not be increased as a result of accelerating his or her progress to a degree by attending summer terms, sessions, or quarters.

(g) The commission shall notify Cal Grant award recipients of the availability of funding for the summer term, session, or quarter through prominent notice in financial aid award letters, materials, guides, electronic information, and other means that may include, but not necessarily be limited to, surveys, newspaper articles, or attachments to communications from the commission and any other published documents.

(h) The commission may require, by the adoption of rules and regulations, the production of reports, accounting, documents, or other necessary statements from the award recipient and the college or university of the award.

(i) A Cal Grant Program award may be utilized only at a qualifying institution.

(Added by Stats 2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

§ 69433.6. Renewal of awards

(a) Cal Grant A awards and Cal Grant B awards may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program provided that financial need continues to exist. Commencing with the 2001-02 academic year, the total number of years of eligibility for grants pursuant to this section shall be based on the student's educational level in his or her course of study as designated by the institution of attendance when the recipient initially receives payment for a grant.

(b) For a student enrolled in an institutionally prescribed five-year undergraduate program, Cal Grant A awards and Cal Grant B awards may be renewed for a total of five years of full-time attendance, provided that financial need continues to exist.

(c)(1) A Cal Grant Program award recipient who has completed a baccalaureate degree, and who has been admitted to and is enrolled in a program of professional teacher preparation at an institution approved by the California Commission on Teacher Credentialing is eligible for, but not entitled to, renewal of a Cal Grant Program award for an additional year of full-time attendance, if financial need continues to exist.

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

(d) A student's Cal Grant renewal eligibility shall not have lapsed more than 16 months prior to the payment of an award for purposes of this section.

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

§ 69433.7. Regulations

The commission shall adopt regulations necessary to implement this chapter. Notwithstanding any other provision of law, the commission may adopt emergency regulations pursuant to Section 11346.1 of the Government Code in order to ensure that the program enacted by this chapter may function in its first academic year.

(Added by Stats.2000, c. 408 (S.B.1644), § 4, eff. Sept. 12, 2000.)

§ 69434. Use of award; criteria for award

(a) Commencing with the 2001-02 academic year, and each academic year thereafter, a Cal Grant A award shall be used only for tuition or student fees, or both, in a for-credit instructional program with a length of not less than two academic years. Each student who meets the Cal Grant A qualifications as set forth in this article shall be guaranteed an award. The amount of any individual award is dependent on the cost of tuition or fees, or both, at the qualifying institution at which the student is enrolled. For each applicant, the award amount shall not exceed the amount of the calculated financial need.

(b) Pursuant to Section 66021.2, any California resident is entitled to a Cal Grant A award, and the commission 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.

(Added by Stats.2000, c. 408 (S.B.1644), § 4, eff. Sept. 12, 2000. Amended by Stats.2001, c. 8 (S.B.176), § 1, eff. May 4, 2001.)

§ 69434.5. Persons enrolling in a community college

An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to a tuition or fee charging qualifying institution, the individual shall be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, he or she meets all of the requirements of this article. Upon receipt of the request, the commission shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon his or her grade level at the time the award is transferred to the tuition or fee charging qualifying institution.

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000. Amended by Stats.2001, c. 159 (S.B.662), § 80.)



§ 69435. Use of award; awarding of grants in first academic year

(a)(1) Commencing with the 2001-02 academic year, and each academic year thereafter, 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 shall award access grants in a student's first academic year. In subsequent years, the award shall include an additional amount to pay tuition or fees, or both, to attend college at a public or private four-year college or university or other qualifying institution for all Cal Grant B awards pursuant to paragraph (2) of subdivision (b) of Section 66021.2. In no event shall the total award in any year exceed the applicant's calculated financial need.

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

(b) An award for access costs under this article shall be in an annual amount not to exceed one thousand five hundred fifty-one dollars (\$1,551). This amount may be adjusted in the annual Budget Act. (Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

§ 69435.3. Criteria for receiving Cal Grant B award

(a) Any California resident is entitled to receive a Cal Grant B award, and the commission shall allocate that award pursuant to Section 66021.2, 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 2.0 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 B recipients as set forth in Section 69432.7.

(5) The student is pursuing an undergraduate academic program of not less than one academic year 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.

(b) A student \* \* \* who meets the Cal Grant B \* \* \* Entitlement Program criteria specified in this article shall receive a Cal Grant B award for access costs and tuition and fees pursuant to Section 66021.2. (Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000. Amended by Stats.2001, c. 8 (S.B.176), § 2, eff. May 4, 2001.)

§ 69436. Students transferring from community college to qualifying baccalaureate program; eligibility and criteria for awarding Cal Grant A or B award

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

(b) Any California resident transferring from a California community college to a qualifying institution that offers a baccalaureate degree is entitled to receive, and the commission shall award, a Cal Grant A or B award depending on the eligibility determined pursuant to subdivision (c), if all of the following criteria are met:

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

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

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

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

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

(6) He or she 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 \* \* \* does not meet the federal definition of \* \* \* an independent student, as set forth in subsection (d) of Section 1087vv of Title 20 of the United States Code, with the exception of:

(A) A student who is an orphan or a ward of the court and who will not be 24 years old or older by December 31 of the award year.

(B) A student who is a veteran of the United States Armed Forces and who will not be 24 years old or older by December 31 of the award year.

(C) A student who is a married person and who will not be 24 years old or older by December 31 of the award year.

(D) A student who will not be 24 years old or older by December 31 of the award year and who has dependents other than a spouse.

(E) A student who will not be 24 years old or older by December 31 of the award year and for whom a financial aid administrator makes documented determination of independence by reason of other unusual circumstances.

(9) The student \* \* \* graduated from a California high school or its equivalent during or after the 2000-01 academic year.

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

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

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

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000. Amended by Stats.2001, c. 8 (S.B.176), § 3, eff. May 4, 2001.)

§ 69436.5. Report on number of independent students

A participating qualifying institution shall report to the commission annually as to the number of students determined to be independent pursuant to subparagraph (E) of paragraph (8) of subdivision (b) of Section 69436 and the reasons therefor.

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

§ 69437. Establishment of program; number of awards

(a) Commencing with the 2001-02 academic year, and each academic year thereafter, there shall be established the Competitive Cal Grant A and B award program for students who did not receive a Cal Grant A or B entitlement award pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436). Awards made under this section are not entitlements. The submission of an application by a student under this section shall not entitle that student to an award. The selection of students under this article shall be determined pursuant to subdivision (c) and other relevant criteria established by the commission.

(b) A total of 22,500 Cal Grant A and B awards shall be granted annually under this article on a competitive basis for applicants who meet the general eligibility criteria established in Article 1 (commencing with Section 69430) and the priorities established by the commission pursuant to subdivision (c).

(1) Fifty percent of the awards referenced in this subdivision are available to all students, including California community college students, who meet the financial need and academic requirements established pursuant to this article. A student enrolling at a qualifying baccalaureate degree granting institution shall apply by the March 2 deadline. A California community college student is eligible to apply at the March 2 or the September 2 deadline.

(2) Fifty percent of the awards referenced in this subdivision are reserved for students who will be enrolled at a California community college. The commission shall establish a second application deadline of September 2 for community college students to apply for these awards effective with the fall term or semester of the 2001-02 academic year.

(3) If any awards are not distributed pursuant to paragraphs (1) and (2) upon initial allocation of the awards under this article, the commission shall make awards to as many eligible students as possible, beginning with the students with the lowest expected family contribution and highest academic merit, consistent with the criteria adopted by the commission pursuant to subdivision (c), as practicable without exceeding an annual cumulative total of 22,500 awards.

(c)(1) On or before February 1, 2001, acting pursuant to a public hearing process that is consistent with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code), the commission shall establish selection criteria for Cal Grant A and B awards under the competitive program that give special consideration to disadvantaged students, taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student's access to, and ability to persist in, postsecondary education programs.

(2) Additional consideration shall be given to each of the following:

(A) Students who graduated from high school or its equivalent prior to the 2000-01 academic year. This subparagraph shall not be applicable after the 2004-05 academic year.

(B) Students pursuing Cal Grant B awards who reestablish their grade point averages.

(C) Students who did not receive awards pursuant to Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), or Article 4 (commencing with Section 69436).

(d) All other students who meet the eligibility requirements pursuant to Article 1 (commencing with Section 69430) are eligible to compete for an award pursuant to this article.

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

§ 69437.3. Application; enrollment requirement

(a) The commission shall utilize the standardized student financial aid application described in Section 69432.9.

(b) An official financial aid application shall be submitted pursuant to Section 69432.9, submitted or postmarked no later than March 2, or September 2 for students enrolled at a community college.

(c) A student shall be enrolled at least part-time.

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

## § 69437.6. Requirements

(a) An applicant competing for an award under this article shall meet all the requirements of Article 1 (commencing with Section 69430).

(b) To compete for a competitive Cal Grant A award, an applicant shall, at a minimum, meet all of the requirements of Article 2 (commencing with Section 69434), with the exception of paragraphs (1) and (8) of subdivision (b) of Section 69434. However, in lieu of meeting the grade point average requirement set forth in paragraph (3) of subdivision (b) of Section 69434, an applicant may submit a community college or college grade point average of at least 2.4 on a 4.0 scale.

(c) To compete for a competitive Cal Grant B award, an applicant shall, at a minimum, meet all of the requirements of Article 3 (commencing with Section 69435), with the exception of paragraphs (1) and (8) of subdivision (a) of Section 69435.3. However, in lieu of meeting the grade point average requirements of paragraph (3) of subdivision (a) of Section 69435.3, a student may reestablish his or her grade point average by completing at least 16 cumulative units of credit for academic coursework at an accredited California community college, as defined by the commission, by regulation, with at least a 2.0 community college grade point average.

(d) To compete for a competitive California Community College Transfer Cal Grant Award, an applicant shall, at a minimum, meet the requirements of Article 4 (commencing with Section 69436), with the exception of paragraphs (8) and (9) of subdivision (b) of Section 69436.

(e) All other competitors shall, at a minimum, comply with all of the requirements of subdivision (b) of Section 69432.9.

(f) An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to a tuition or fee charging qualifying institution, the individual shall be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, he or she meets all of the requirements of this article. Upon receipt of the request, the commission shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon his or her grade level at the time the award is transferred to the tuition or fee charging qualifying institution. Any award so held in reserve shall only be counted once toward the 22,500 awards authorized by this article.

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000. Amended by Stats.2001, c. 159 (S.B.662), § 81; Stats.2001, c. 8 (S.B.176), § 4, eff. May 4, 2001.)

## § 69439. Use of award; number of awards; criteria; renewal; amount

(a) Commencing with the 2001-02 academic year, and each academic year thereafter, a Cal Grant C award shall be utilized only for occupational or technical training in a course of not less than four months. There shall be the same number of Cal Grant C awards each year as were made in the 2000-01 fiscal year. The maximum award amount and the total amount of funding shall be determined each year in the annual Budget Act.

(b) "Occupational or technical training" means that phase of education coming after the completion of a secondary school program and leading toward recognized occupational goals approved by the commission.

(c) The commission may use criteria it deems appropriate in selecting students with occupational talents to receive grants for occupational or technical training.

(d) The Cal Grant C recipients shall be eligible for renewal of their grants until they have completed their occupational or technical training in conformance with terms prescribed by the commission. In no case shall the grants exceed two calendar years.

(e) Cal Grant C awards shall be for institutional fees, charges, and other costs, including tuition, plus training-related costs, such as special clothing, local transportation, required tools, equipment, supplies, and books. In determining the amount of grants and training-related costs, the commission shall take into account other state and federal programs available to the applicant.

(f) Cal Grant C awards shall be awarded in areas of occupational or technical training as determined by the commission after consultation with appropriate state and federal agencies.

(Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000. Amended by Stats.2001, c. 159 (S.B.662), § 82.)



§ 69440. Use of award; number of awards; amount of award; criteria

(a) Commencing with the 2001-02 academic year, and each academic year thereafter, Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the California Commission on Teacher Credentialing. There shall be a minimum of 3,000 new Cal Grant T awards each year. The maximum award amount, and the total amount of funding, shall be determined each year in the annual Budget Act. As a condition of receiving a Cal Grant T award, a recipient shall teach for one year in a low-performing school, as defined in subdivision (c) of Section 44765, for each two thousand dollar (\$2,000) incentive provided through the Cal Grant T Program, for a period not to exceed four years. Any recipient who fails to meet his or her teaching obligation shall repay the Cal Grant T award.

(b) The commission shall allocate Cal Grant T awards using academic criteria or criteria related to past performance similar to that used in awarding Cal Grant A awards for the 2000-01 academic year. (Added by Stats.2000, c. 403 (S.B.1644), § 4, eff. Sept. 12, 2000.)

§ 69514.5. Community College Student Financial Aid Outreach Program; establishment

(a) The Community College Student Financial Aid Outreach Program is hereby established. The commission shall, in consultation with the office of the Chancellor of the California Community Colleges, develop and administer this program for the purpose of providing financial aid training to high school and community college counselors and advisors who work with students planning to attend or attending a community college. This training shall also address the specific needs of all of the following:

- (1) Community college students intending to transfer to a four-year institution of higher education.
- (2) Foster youth.
- (3) Students with disabilities.

(b) The program shall provide specialized information on financial aid opportunities available to community college students, with a particular focus on students who plan to transfer to a four-year college or university. The commission shall work in collaboration with the Chancellor of the California Community Colleges and other segments of higher education to develop and distribute this specialized information to assist community college students who are planning to transfer to a four-year college or university. Each year, the program shall offer financial aid workshops for high school and community college counselors, targeted for students planning to attend a community college or to transfer from a community college to a four-year institution of higher education. The program shall assist community college counselors in conducting student and family workshops that provide general information about financial aid and technical assistance in completing financial aid forms.

(c) The program shall concentrate its efforts on high schools and community colleges that are located in geographic areas that have a high percentage of low-income families.

(Added by Stats.2000, c. 403 (S.B.1644), § 5, eff. Sept. 12, 2000.)

Exhibit 4  
Title 5, California Code of Regulations Cited

## Division 4. California Student Aid Commission

### Chapter 1. California Student Aid Commission

#### Article 1. Definition of Certain Terms

##### § 30000. Academic Year.

For Cal Grant A and B an academic year means two semesters or three quarters or their equivalent within a 12-month period. An academic year may include a summer quarter in those colleges which maintain a summer quarter comparable to either the fall, winter or spring quarters. For Cal Grant C an academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

##### HISTORY

1. Repealer of Article 1 (Sections 30000-30006) and new Article 1 (Sections 30000-30006) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 69, No. 51 and Register 59, No. 7.
2. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

##### § 30001. Grant Recipient.

A grant recipient is a person who has successfully met all of the requirements set forth in Education Code Sections 69530 to 69547, who has been selected for a grant by the California Student Aid Commission, and who has accepted the grant in terms of attending a school or college to which he has been admitted.

A Cal Grant A recipient, as defined in Education Code Section 69532, may utilize a grant for tuition and fees as in Education Code Section 69536; a Cal Grant B Recipient, as defined in Education Code Section 69532, may utilize a grant for tuition, fees and subsistence as in Education Code Section 69538; a Cal Grant C recipient, as defined in Education Code Section 69532, may utilize a grant for occupational or technical training for tuition and training-related costs as in Education Code Section 69539.

##### § 30002. Eligible Applicant.

An eligible applicant is any person who has successfully met the requirements set forth in Sections 69530 to 69547, Education Code, and has submitted in proper form and prior to established deadlines such applications, supplements and transcripts of academic record, and financial and other information as the California Student Aid Commission may direct.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69534-69536, 69538, 69539 and 69541, Education Code.

##### HISTORY

1. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

##### § 30003. Full-Time Student.

A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or units or their equivalent.

##### § 30004. Part-Time Student.

A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered 3/4-time and a student enrolled for 6-8 units or their equivalent is considered 1/2-time.

##### § 30005. Eligibility Limitations.

Undergraduate course means the first eight semesters or twelve quarters or their equivalent of full-time college attendance beyond the high school graduation and prior to a baccalaureate degree. Eligibility may be extended for two semesters or three quarters or their equivalent for students enrolled in a five-year undergraduate program.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69536 and 69538, Education Code.

##### HISTORY

1. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

##### § 30006. Standards for Ability to Pay for Postsecondary Education.

The Commission shall adopt standards of measuring parental and student ability to pay for postsecondary education and such standards shall be applicable to Cal Grant A, B, and C.

##### § 30007. College Grade Point Average; Community College Grade Point Average.

###### (a) General.

(1) "College grade point average" and "community college grade point average" mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. A college grade point average or a community college grade point average must be computed for a minimum of 24 semester units or its equivalent regardless of the grade received.

(2) "All college work completed" includes all coursework for which grades are known to the official reporting the grade point average and accepted for credit at the school reporting the grade point average regardless of the grade received.

(3) It is the responsibility of the student applicant to have his or her college or community college report a grade point average.

###### (b) College Grade Point Average.

(1) For purposes of computing a college grade point average by an institution that grants a baccalaureate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for a baccalaureate degree from the reporting institution.

(2) For purposes of computing a college grade point average by a postsecondary institution that grants an associate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for an associate degree at the reporting institution.

(3) For purposes of computing a college grade point average by a postsecondary institution that does not grant a baccalaureate or an associate degree:

(A) "nontransferable units" are those units which are not used in satisfying requirements for earning a baccalaureate degree from a California public institution of higher education that grants such a degree.

(B) "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are any courses for which the earned grade is not used in the computation of a grade point average in determining admission eligibility, whether or not units earned for the course are transferable to such an institution.

###### (c) Community College Grade Point Average.

For purposes of computing a community college grade point average for a Cal Grant Award pursuant to the Ortiz-Pacheco-Poobhigian-Vancellos Cal Grant Act, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" mean all courses except "Associate Degree Credit Courses" as defined by Title 5

Chapter 6, Article 1, Section 55002(a) of the California Code of Regulations.

(d) Certification.

college grade point average and community college grade point average reported to the Commission shall include a certification under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported. The certification shall include a statement that it is subject to review by the Commission or its designee.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(d), Education Code.

HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including redesignation and amendment of former subsection (a) as subsections (a)-(a)(3) transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

§ 30008. High School Grade Point Average.

(a) "High school grade point average" means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses. However, for high school graduates who apply after their senior year, "high school grade point average" includes senior year coursework, excluding physical education, reserve officer training corps (ROTC), and remedial courses. Grade point averages shall only include the most recent grade course repeated by a student.

"High School" means a secondary school accredited by Western Association of Schools and Colleges (WASC), or another regional accrediting association if the secondary school is not in the WASC region, or which has a University of California approved course list. Applicants who do not have a grade point average from a high school shall provide a test score from the General Educational Development test (GED), the American College Test (ACT) or the Scholastic Aptitude Test (SAT).

(c) Every high school grade point average reported to the Commission shall include a certification under penalty of perjury from the school official filing the report that the grade point average is accurately reported to the best of his or her knowledge. The certification shall include a statement that it is subject to review by the Commission or its designee. It is the responsibility of the applicant to have his or her high school grade point average reported.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(h), Education Code.

HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including the addition of a subsection designator for each paragraph, transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

§ 30009. Qualifying Institution.

(a) A "Qualifying Institution" means an institution as defined by Education Code section 69432.7(f).

(b) An institution qualifying pursuant to section 69432.7(f)(1) must be participating in the Federal Pell Grant program and in at least two of the three federal campus-based programs specifically listed in subdivisions

(A), (B) and (C) of that section. "Participating in federal campus-based programs" means the school has been allocated funds and is spending those funds at each California site which Cal Grant recipients attend.

(c)(1) An institution qualifying pursuant to section 69432.7(f)(2) means a postsecondary nonprofit institution headquartered and operating in California which:

(A) certifies to the Commission that 10 percent of the institution's operating budget is expended for institutionally funded student financial aid in the form of grants; and

(B) demonstrates to the Commission that it has the administrative capacity to administer the funds; and

(C) is accredited by the Western Association of Schools and Colleges; and

(D) meets such other standards adopted by regulation by the Commission in consultation with the Department of Finance.

(2) A regionally accredited institution that was deemed qualified by the Commission to participate in the Cal Grant Program for the 2000-01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(d) A qualifying institution or a specific site of an otherwise qualifying institution shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution.

(e) An institution that becomes disqualified pursuant to Part 600 of Title 34 Code of Federal Regulations shall not be a "qualified institution" pursuant to this section.

(f) An institution disqualified pursuant to this section may become a "qualifying institution" by complying with Education Code section 69432.7(f) and this section.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(f), Education Code.

HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including amendment of subsection (d), transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

## Article 2. Applicant Qualifications

### § 30020. Academic Record.

The Commission may establish minimum standards of academic achievement and potential and may adopt criteria for selecting recipients of grants from among applicants to qualify for a Cal Grant and may require applicants to submit transcripts of high school and college academic records or other evidence of potential.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

HISTORY

1. Repealer of Article 2 (Sections 30020-30022) and new Article 2 (Sections 30020-30022) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 61, No. 22 and Register 70, No. 20.

### § 30021. Choice of School or College.

A Cal Grant shall be granted in terms of the applicant's selection of school or college at the time he is selected for a grant.

### § 30022. Change in School or College Choice.

Whenever a grant recipient changes his choice of school, college or program, the Commission must redetermine his financial need eligibility. Subject to such redetermination, a grant recipient may change his choice of college (a) prior to the time of actual enrollment, (b) at the conclusion of a quarter or semester, provided that any loss of tuition and fee payments shall be borne by the student.

**§ 30023. In Lieu Test Scores; Grace Period.**

(a) All Cal Grant A and B applicants shall submit a grade point average pursuant to section 30007, 30008 or 30026.

(1) For a Competitive Cal Grant award pursuant to Article 5 (beginning with Education Code section 69437) of the Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Act, a student who does not have a grade point average pursuant to section 30007 or 30008 or whose grade point average is more than 5 years old may submit a test score from the General Educational Development test (GED), the American College Test (ACT) or the Scholastic Aptitude Test (SAT).

(2) It is the responsibility of the applicant to have a grade point average or test score reported.

(b) A standardized test score for each approved test shall be converted to an equivalent grade point average by the Commission using the national distribution of test scores as compared to the distribution of grade point averages on a 0.00 to 4.00 scale. The grade point equivalencies shall be calculated based upon research from the testing agency for each approved test.

(c) The Commission may, on a case-by-case basis, accept the submission of grade point average(s) from institutions after the established deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average(s) by the reporting institution(s) by the established deadline. In such cases, any request to the Executive Director to accept grade point average(s) after the established deadline shall be received by the Commission no later than twenty (20) days after the established deadline and the computed grade point average(s) shall be included with the request.

(d) Applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten (10) days after the mailing of notice by the Commission to file a corrected or completed grade point average. A corrected or completed submission postmarked within the 10 day period shall be deemed to comply with this requirement.

NOTE: Authority cited: Sections 69432.9(c) and 69433.7, Education Code. Reference: Section 69432.9(c), Education Code.

**HISTORY**

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including the addition of a subsection designator for each paragraph and amendment of newly designated subsection (c), transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**§ 30024. Cal Grant B Entitlement Criteria.**

A Cal Grant B Entitlement award for first year tuition and fees plus the access grant as defined and limited by Education Code section 69435(a)(3) shall be given to applicants based upon consideration of the following factors:

(a) Applicants with the lowest expected family contribution determined pursuant to Education Code Section 69432.7; and applicants with the highest level of academic merit as indicated by their high school grade point average and/or submitted test scores;

(b) Additional factors to be considered may include any of the following:

- (1) Whether the applicant is an orphan or ward of the court or was a ward of the court at the age of eighteen;
- (2) The level of education attainment of the applicant's parents;
- (3) The number of family members in the applicant's household in relation to the household income; and
- (4) Whether the applicant comes from a single parent household or is a single parent.

NOTE: Authority cited: Sections 69435(a)(3) and 69433.7, Education Code. Reference: Section 69435(a)(3), Education Code.

**HISTORY**

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency, including amendment of first paragraph; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including amendment of subsection (b), transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**§ 30025. Cal Grant A and B Competitive Award Selection Criteria.**

(a) A Cal Grant A or B Competitive Award shall give special consideration to applicants who are disadvantaged students taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper access to, and ability to persist in, postsecondary education programs. The extent to which an applicant is considered disadvantaged shall be determined based on the following:

- (1) Whether the applicant is an orphan or ward of the court or was a ward of the court at the age of eighteen;
- (2) The level of education attainment of the applicant's parents;
- (3) The number of family members in the applicant's household in relation to the household income; and
- (4) Whether the applicant comes from a single parent household or is a single parent.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69437, Education Code.

**HISTORY**

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including the designation of the first paragraph as subsection (a), transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**§ 30026. Reestablishing Grade Point Average.**

An applicant seeking to reestablish his or her grade point average pursuant to Education Code section 69437.6(c) may do so by providing a grade point average computed pursuant to Section 30007(c) for at least 16 academic semester units or its equivalent from an accredited California community college. It is the responsibility of the applicant to have his or her community college report a grade point average.

NOTE: Authority cited: Sections 69433.7 and 69437.6(c), Education Code. Reference: Section 69437.6(c), Education Code.

**HISTORY**

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**§ 30027. Occupational Talents Criteria.**

An applicant seeking to establish "occupational talents" pursuant to Education Code section 69439 may do so by submitting any of the following supplemental information:

- (a) applicant's work history (including unpaid internships) in the field; and/or

(b) recommendations from teachers or persons working in the applicant's occupational or technical field.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69500-69515, Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including amendment of first paragraph, transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

### Article 3. Use of Cal Grants

#### § 30030. Application of Cal Grants.

All Cal Grants are awarded for use during a specified academic year, and shall be put into effect in September of such academic year. Exceptions may be made for students in Cal Grant C or when a student has been granted a leave or in such other instances as the Commission may otherwise provide.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

#### HISTORY

1. Repealer of Article 3 (Sections 30030-30033) and new Article 3 (Sections 30030-30033) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 64, No. 14).

#### § 30031. Tuition and Necessary Fees.

Only the tuition and fee charges which may be classified under the following two categories are acceptable for payment in the Cal Grant Program:

- (a) The minimum customary tuition and/or fee charges at the per unit, per quarter, per semester, or per term rate charged all undergraduate students.
- (b) Student body fees made mandatory through student action (Education Code Section 23801).

#### § 30032. Refund of Grant Payments.

Refund of unused award funds previously paid to a school or college shall be based on the published regulations of the school or college concerned, as certified to the Commission by such school or college.

#### § 30033. Withdrawal of a Cal Grant.

The Commission may withdraw a Cal Grant if the recipient:

- (a) Fails to enroll in school or college and attend classes.
- (b) Withdraws from school or college without making a request for a leave of absence.
- (c) Fails to maintain a full-time or part-time program in accordance with the regulations of the school or college he is attending and the California Student Aid Commission.
- (d) Loses his status as a resident in California.
- (e) Fails to continue to demonstrate financial need according to California Student Aid Commission criteria.
- (f) Is in violation of California Student Aid Commission regulations.

### Article 4. State Guaranteed Loans

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

#### HISTORY

1. New Article 4 (Sections 30040 through 30046) filed 10-17-66 as an emergency; effective upon filing (Register 66, No. 36).
2. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).
3. Repealer of Article 4 (Sections 30040-30046) filed 6-14-78; effective thirtieth day thereafter (Register 78, No. 24).

### Article 5. State Student Incentive Grant Program

#### § 30050. Statement of Non-Interference.

The Student Aid Commission finds that the State Student Incentive Grant Program as authorized by Title IV, Part A, Subpart 3, of the Higher Education Act of 1965 as amended (20 U.S.C., 1070c-107c-3), will not interfere with or jeopardize the continuation of the Cal Grant Program established under Sections 69530 through 69547 of the State Education Code.

NOTE: Authority cited for Article 5: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

#### HISTORY

1. New Article 5 (Sections 30050-30057) filed 8-2-74 as an emergency; effective upon filing (Register 74, No. 31).
2. Certificate of Compliance filed 11-22-74 (Register 74, No. 47).
3. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30051. Eligible Students.

Eligible students are undergraduate students with substantial financial need who are applicants for a Cal Grant A, Cal Grant B, or Cal Grant C who meet all requirements otherwise established by the California Student Aid Commission for receipt of such awards.

#### HISTORY

1. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30052. Substantial Financial Need.

Substantial financial need shall be financial need using standards of financial need assessment established by the Commission for receipt of state funds including standards of family contributions, self-help expectations, and unmet need.

#### § 30053. Full-Time Student.

A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or their equivalent.

#### HISTORY

1. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30054. Part-Time Student.

A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered 3/4-time and a student enrolled for 6-8 units or their equivalent is considered 1/2-time.

#### HISTORY

1. Repealer and new section filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30055. Size of Grant.

The size of the grant shall never be more than one-half of the maximum authorized by the Education Code in the State Scholarship (Cal Grant A), College Opportunity Grant (Cal Grant B), or Occupational Education and Training Grant (Cal Grant C) programs:

#### HISTORY

1. Renumbering of former Section 30054 and amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30056. Independent Students.

The criteria for determining independence from parental income shall be the same as established by the Commission for establishing independence from parental income for the Cal Grant A, Cal Grant B, and Cal Grant C programs.

#### HISTORY

1. Renumbering of former Section 30055 and amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30057. Academic Year.

An academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.





# CALIFORNIA STUDENT AID COMMISSION

EXHIBIT B

OFFICE OF THE EXECUTIVE DIRECTOR

October 14, 2003

**RECEIVED**

OCT 15 2003

**COMMISSION ON  
STATE MANDATES**

Ms. Paula Higashi  
Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

Dear Ms. Higashi:

Thank you for providing the California Student Aid Commission ("Commission") the opportunity to comment on Claim 02-TC-28 from the Long Beach Community College District involving the Cal Grant Program. California Education Code ("EC") §66021.2 establishes the long-term Cal Grant policy to implement

*"the state's historic commitment to provide educational opportunity by ensuring both student access to and selection of an institution of higher education for students with financial need. ... (g). The implementation of the policy set forth in this section shall maintain a balance between the state's policy goals of ensuring student access to and selection of an institution of higher education for students with financial need and academic merit."*

It is important to note that the Cal Grant program is purely voluntary on the part of California postsecondary institutions and, as noted above, is a student program to promote choice and access. While the statutes establish numerous requirements upon the Commission to determine student eligibility and the Commission has adopted implementing regulations, [California Code of Regulations ("CCR") §§30000 *et seq.*], as well as information technology Business Rules and Requirements for its award processing, students will only receive payment for the award if they attend a "qualifying institution." [EC §69432.7(l)]

There are several parts of the Cal Grant program which make it clear that participation by a postsecondary institution is voluntary; institutions electing to participate in the Cal Grant program do it to attract financially needy students to their institution while providing a financial benefit to students already in attendance and an incentive to remain at the institution.



**Long-Term Cal Grant Policy**  
**EC §66021.2(f):**

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

This section makes clear the policy that Cal Grant Awards supplement rather than replace existing institutional student aid. "Participates" clearly connotes the voluntary nature of the program for institutions. Any institution which disagrees with the program parameters or requirements need not participate in the program, albeit to the detriment of its students.

**Advance Payments**  
**EC §69432.8:**

*"The commission may determine that an advance payment is essential to ensure that funds provided pursuant to this chapter to **assist students** to enroll in postsecondary education are available at the time students enroll. ... Each institution shall disburse the funds in accordance with the provisions set forth in the **institutional agreement** between the commission and the institution."*  
*(Emphasis supplied.)*

Qualifying institutions do not automatically receive Cal Grant funds for students with awards attending their institution. They must enter into a contract (Institutional Participation Agreement or IPA) with the Commission before they receive any funds for their students. The IPA is an institutional agreement (entered into with the Commission) that they will comply with the statutory requirements of the program and maintain records for the Commission to audit for program compliance. Any institution not wishing to voluntarily participate in the Cal Grant program for its students will not sign an IPA. The Commission does not disburse funds to an institution that has not signed an IPA even though it is a "qualifying institution" pursuant to statute and regulation. That institution has elected not to participate in the program even though it could participate.

**Definitions – "Qualifying Institutions"**  
**EC §69432.7(l):**

*"Qualifying institution' means any of the following: ..."*

The use of the word "qualifying" is intentional and significant. It also demonstrates the voluntary nature of the Cal Grant Program for institutions.



**Appropriated Funds**

While not specifically for the Cal Grant Program, the claimant and Community Colleges did receive a budget augmentation for the administration of its student financial aid programs in the 2003-04 Budget Act.

*"6870-101-0001-- For local assistance, Board of Governors of the California Community Colleges (Proposition 98) . . . 2,189,054,000*

*"Schedule: ...*

*"(5) 20.10.005-Student Financial Aid Administration . . . 46,447,000*

*...  
"(b) Of the amount appropriate in Schedule (5) for financial aid administration and outreach, \$34,200,000 shall be for direct contact with potential and current financial aid applicants. Each CCC campus shall receive a minimum allocation of \$50,000. The remainder of the funding shall be allocated to campuses based upon a formula reflecting full-time-equivalent students (FTES) weighted by a measure of low-income populations as demonstrated by BOG fee waiver program participation within a district. It is the intent of the Legislature with the funds provided in this section that all California Community Colleges campuses provide additional staff resources to increase both financial aid participation and student access to low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. Funds may be used for screening current students for possible financial aid eligibility and offering these students personal assistance in accessing financial aid, providing individual help in multiple languages for families and students in filling out the necessary paperwork to apply for financial aid, and increasing financial aid staff to process additional financial aid forms.*

*"(c) Funds allocated to a community college district for financial aid personnel, outreach determination of financial need, and delivery of student financial aid services shall supplement, and shall not supplant, the level of funds allocated for the administration of student financial aid programs during the 2001-02 fiscal year."*

If you have any questions or concerns, please feel free to contact me at (916) 526-8271.

Sincerely,



Diana Fuentes-Michel  
Executive Director



Ms. Carol Bingham  
California Department of Education (E-08)  
Fiscal Policy Division  
1430 N Street, Suite 5602  
Sacramento, CA 95814


Ms. Susan Geanacou  
Department of Finance (A-15)  
915 L Street, Suite 1190  
Sacramento, CA 95814

Mr. J. Bradley Burgess  
Public Resource Management Group  
895 La Sierra Drive  
Sacramento, CA 95864

EXHIBIT C

Statewide Cost Estimate - The Commission is required to adopt a statewide cost estimate of the reimbursable state-mandated program within 12 months of receipt of a test claim. This deadline may be extended for up to six months upon the request of either the claimant or the Commission.

Dated: 9-10-03

  
\_\_\_\_\_  
PAULA HIGASHI, Executive Director



# Commission on State Mandates

Original List Date: 6/26/2003  
Last Updated:  
List Print Date: 09/10/2003  
Claim Number: 02-TC-28  
Issue: Cal Grants

Mailing Information: Completeness Determination

## Mailing List

### TO ALL PARTIES AND INTERESTED PARTIES:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 11B1.2.)

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Mr. Keith B. Petersen  
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**Claimant Representative**

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Mandate Resource Services  
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---

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Mr. Arthur Palkowitz  
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Mr. Steve Shields  
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Ms. Beth Hunter  
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Mr. Michael Havey  
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Division of Accounting & Reporting  
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Mr. Thomas J. Nussbaum (G-01)  
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Fax: (916) 323-8245

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Ms. Diana Fuentes-Michel  
California State Aid Commission  
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Rancho Cordova, CA 95741-9026

Tel:

Fax:

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# SixTen and Associates Mandate Reimbursement Services

Exhibit C

KEITH B. PETERSEN, MPA, JD, President  
E-Mail: Kbpsixten@aol.com

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5252 Balboa Avenue, Suite 900  
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**Sacramento**  
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Sacramento, CA 95834  
Telephone: (916) 565-6104  
Fax: (916) 564-6103

November 20, 2007

RECEIVED

NOV 26 2007

COMMISSION ON  
STATE MANDATES

Paula Higashi, Executive Director  
Commission on State Mandates  
U.S. Bank Plaza Building  
980 Ninth Street, Suite 300  
Sacramento, California 95814

Re: No. CSM. 02-TC -28  
Cal Grants

Dear Ms. Higashi:

Please find enclosed a supplement to the test claim filing, specifically, a history of the Title 5, CCR, sections included in the test claim.

Sincerely,



Keith B. Petersen

1 Keith B. Petersen  
2 SixTen and Associates  
3 3841 North Freeway Blvd, Suite 170  
4 Sacramento, CA 95834  
5 Voice: (916) 565-6104  
6 Fax: (916) 564-6103  
7 kbpsixten@aol.com

8 BEFORE THE  
9 COMMISSION ON STATE MANDATES  
10 STATE OF CALIFORNIA

11 <b>Supplement to the:</b>	)	No. CSM. 02-TC -28
12	)	
13 Test Claim Filed June 13, 2003	)	<u>Cal Grants</u>
14	)	
15	)	History Index for
16	)	Title 5, California Code of Regulations
17 by Long Beach Community College	)	
18 District	)	
19	)	Section 30002
20	)	Section 30007
21	)	Section 30023
22	)	Section 30026
23	)	Section 30027
24	)	Section 30032
25	)	
26	)	

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27 REQUEST FOR SUPPLEMENTAL INFORMATION

28 This supplement to the test claim provides an index and copy of each change to  
29 the Title 5, CCR, sections included in the test claim. The Registers cited are attached  
30 as Exhibit A. Amended language is underlined (new language) or stricken out (deleted  
31 language).

32 HISTORY OF TITLE 5, CCR, SECTIONS INCLUDED IN THE TEST CLAIM

33 **Register 59-07** New Chapter 4 (§§ 30000 - 30006, §§ 30020 - 30022,  
34 §§ 30030 - 30033) added.

- 2 **Register 69-51** Editorial renumbering of Chapter 4 as Part IV, unavailable from records.
- 3 **Register 77-24** § 30000-30006: Repealed, added new sections.
- 4 § 30020-22: Repealed, added new sections.
- 5 § 30030-33: Repealed, added new sections.
- 6 **Register 82-25** § 30000: Amendment to section.
- 7 § 30002: Amendment to section.
- 8 § 30005: Amendment to section.
- 9 **Register 01-03** § 30007: New section filed as emergency.
- 10 § 30008: New section filed as emergency.
- 11 § 30009: New section filed as emergency.
- 12 § 30023: New section filed as emergency.
- 13 § 30024: New section filed as emergency.
- 14 § 30025: New section filed as emergency.
- 15 § 30026: New section filed as emergency.
- 16 § 30027: New section filed as emergency.
- 17 **Register 01-20** § 30007: Editorial correction of HISTORY 1. New section refiled as
- 18 emergency.
- 19 § 30008: Editorial correction of HISTORY 1. New section refiled as
- 20 emergency.
- 21 § 30009: Editorial correction of HISTORY 1. New section refiled as
- 22 emergency.

1 § 30023: Editorial correction of HISTORY 1. New section refiled as  
2 emergency.

3 § 30024: Editorial correction of HISTORY 1. New section refiled as  
4 emergency.

5 § 30025: Editorial correction of HISTORY 1. New section refiled as  
6 emergency.

7 § 30026: Editorial correction of HISTORY 1. New section refiled as  
8 emergency.

9 § 30027: Editorial correction of HISTORY 1. New section refiled as  
10 emergency.

11 **Register 01-33** § 30007: Filed certificate of compliance as to 01-20 order.  
12 Redesignation and amendment of former subsection (a)  
13 as subsections (a)-(a)(3).

14 § 30008: Filed certificate of compliance as to 01-20 order.  
15 Addition of subsections designators (a), (b), and (c).

16 § 30009: Filed certificate of compliance as to 01-20 order.  
17 Amendment of former subsection (d).

18 § 30023: Filed certificate of compliance as to 01-20 order.  
19 Added a subsection designator for each paragraph and  
20 amendment of newly designated subsection (c).

21 § 30024: Filed certificate of compliance as to 01-20 order.

Amendment of subdivision (b).

§ 30025: Filed certificate of compliance as to 01-20 order.

Added a subsection designator (a).

§ 30026: Filed certificate of compliance as to 01-20 order.

§ 30027: Filed certificate of compliance as to 01-20 order.

Amendment of first paragraph.

**Subsequent Registers:** There may be changes to the regulations after the date the test claim was filed, which are not included.

CERTIFICATION

By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this document is true and complete to the best of my own knowledge or information or belief, and that the attached regulations are true and correct copies of documents from archives of a recognized law library.

EXECUTED this \_\_\_\_ day of November 2007, at Sacramento, California



FOR THE TEST CLAIMANT

Keith Petersen, President

SixTen and Associates

ATTACHMENT

Exhibit A Title 5, CCR Registers



Register 59-07

§§ 30000 - 30006

§§ 30020 - 30022

§§ 30030 - 30033

CHAPTER 4. STATE SCHOLARSHIP COMMISSION

Article 1. Definition of Certain Terms

**30000. Academic Year.** Academic year means two semesters or three quarters within a 12-month period. An academic year may include a summer quarter in those colleges which maintain a summer quarter comparable to either the fall, winter or spring quarters.

NOTE: Authority cited for Chapter 4: Section 31216, Education Code.

History: 1. New Chapter 4 (Sections 30000 through 30006, 30020 through 30022, 30030 through 30033) filed 4-27-59; effective thirtieth day thereafter (Register 59, No. 7).

**30001. Age of Eligible Applicant.** An applicant who is otherwise qualified shall be considered eligible to participate in the annual competition provided he has not reached his 24th birthday on or before the day on which the State Scholarship Commission makes the annual selection of award winners. This age limitation does not apply in the case of renewed scholarship awards.

**30002. Award Winner.** An award winner is a person who has successfully met all of the requirements set forth in Education Code Section 31203, who has been nominated for an award by the State Scholarship Commission, and who has accepted the award in terms of attending a college to which he has been admitted.

**30003. Eligible Applicant.** An eligible applicant is any person who has successfully met the requirements set forth in Section 31203, Education Code, and this Chapter; and has submitted in proper form and prior to established deadlines such applications, transcripts of academic record, competitive examination scores and other information as the Scholarship Commission may direct.

**30004. Full-time Student.** A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or units, except where the Scholarship Commission may otherwise provide.

**30005. Satisfactory Academic Progress.** Satisfactory academic progress means that level of scholastic achievement as defined and required by a college for successful attainment of a degree and/or the same level of scholastic achievement required of other scholarship students attending such college.

**30006. Undergraduate Course.** Undergraduate course means the first eight semesters or twelve quarters of full-time college attendance beyond the high school graduation.

Article 2. Applicant Qualifications

**30020. Academic Record.** Transcripts of high school and college academic records shall be submitted at the direction of the State Scholarship Commission. Each record shall be considered qualifying if:

(a) For high school senior applicants, such record contains a minimum of 80 semester hours of A or B grades in the last five semesters of high school, ending in January of the competition year, and excluding such courses as physical education, work experience, study hall, library, ROTC and such other courses as the commission may direct.

(b) For applicants enrolled in college, and who have completed at least one semester, such college transcript must show a 1.5 grade average on a 3.0=A scale.

**30021. Choice of College.** A state scholarship must be used at one of the colleges enumerated on the application form for the current year and shall be granted in terms of the applicant's selection of college at the time he is nominated for an award.

**30022. Change in College Choice.** Whenever an award winner changes his choice of the college, the Commission must redetermine his financial need eligibility. Subject to such redetermination, an award winner may change his choice of college (a) prior to the time of actual enrollment, (b) at the conclusion of a quarter or semester, provided that any loss of tuition and fee payments shall be borne by the student.

### Article 3. Use of State Scholarship Awards

**30030. Application of State Scholarships.** All state scholarships are awarded for use during a specified academic year, and shall be put into effect in September of such academic year, except where a student has been granted a military leave or in such other instances as the Commission may otherwise provide.

**30031. Tuition and Necessary Fees.** Only the tuition and fee charges which may be classified under the following five categories are acceptable for payment under the State Scholarship program.

(a) The minimum customary tuition and/or fee charges at the per unit, per quarter or per semester rate charged all undergraduate students.

(b) Flat rate or special course fees required of all students. (Courses involving individual instruction must carry academic credit.)

(c) Student body fees made mandatory through student action (Education Code Section 23801.)

(d) Customary and nonrecurring fees such as application, acceptance and graduation fees.

(e) Extension course tuition and/or fees, where such course in the opinion of the student's college counselor or advisor is a necessary part of the student's undergraduate program; provided, however, that such extension course is carried in addition to a regular full-time program, excluding summer sessions.

**30032. Refund of Scholarship Payments.** Refund of unused award funds previously paid to a college shall be based on the published regulations of the college concerned, as certified to the commission by such college.

**30033. Withdrawal of a State Scholarship.** The commission may withdraw a State Scholarship if the award winner:

- (a) Fails to enroll in college and attend classes.
- (b) Withdraws from college without making a prior request for leave of absence.
- (c) Fails to maintain a full-time program in accordance with the regulations of the college he is attending.
- (d) Loses his status as a resident of California.
- (e) Is in violation of Education Code Sections 31203 (e), 31203 (g) or 31214.

Register 77-24

§ 30002  
§ 30032

## Article 1. Definition of Certain Terms

**30000. Academic Year.** For Cal Grant A and B an academic year means two semesters or three quarters within a 12-month period. An academic year may include a summer quarter in those colleges which maintain a summer quarter comparable to either the fall, winter or spring quarters. For Cal Grant C an academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.

*NOTE:* Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

*History:* 1. Repealer of Article 1 (Sections 30000-30006) and new Article 1 (Sections 30000-30006) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 69, No. 51 and Register 59, No. 7.

**30001. Grant Recipient.** A grant recipient is a person who has successfully met all of the requirements set forth in Education Code Sections 69530 to 69547, who has been selected for a grant by the California Student Aid Commission, and who has accepted the grant in terms of attending a school or college to which he has been admitted.

A Cal Grant A recipient, as defined in Education Code Section 69532, may utilize a grant for tuition and fees as in Education Code Section 69536; a Cal Grant B Recipient, as defined in Education Code Section 69532, may utilize a grant for tuition, fees and subsistence as in Education Code Section 69538; a Cal Grant C recipient, as defined in Education Code Section 69532, may utilize a grant for occupational or technical training for tuition and training-related costs as in Education Code Section 69539.

**30002. Eligible Applicant.** An eligible applicant is any person who has successfully met the requirements set forth in Sections 69530 to 69547, Education Code, and has submitted in proper form and prior to established deadlines such applications, supplements and transcripts of academic record, competitive scores and financial and other information as the California Student Aid Commission may direct.

**30003. Full-time Student.** A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or units or their equivalent.

**30004. Part-time Student.** A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered  $\frac{3}{4}$ -time and a student enrolled for 6-8 units or their equivalent is considered  $\frac{1}{2}$ -time.

**30005. Undergraduate Course.** Undergraduate course means the first eight semesters or twelve quarters or their equivalent of full-time college attendance beyond the high school graduation and prior to a baccalaureate degree.

**30006. Standards for Ability to Pay for Postsecondary Education.** The Commission shall adopt standards of measuring parental and student ability to pay for postsecondary education and such standards shall be applicable to Cal Grant A, B, and C.

**Article 2. Applicant Qualifications**

**30020. Academic Record.** The Commission may establish minimum standards of academic achievement and potential and may adopt criteria for selecting recipients of grants from among applicants to qualify for a Cal Grant and may require applicants to submit transcripts of high school and college academic records or other evidence of potential.

*NOTE:* Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

*History:* 1. Repealer of Article 2 (Sections 30020-30022) and new Article 2 (Sections 30020-30022) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 61, No. 22 and Register 70, No. 20.

**30021. Choice of School or College.** A Cal Grant shall be granted in terms of the applicant's selection of school or college at the time he is selected for a grant.

**30022. Change in School or College Choice.** Whenever a grant recipient changes his choice of school, college or program, the Commission must redetermine his financial need eligibility. Subject to such redetermination, a grant recipient may change his choice of college (a) prior to the time of actual enrollment, (b) at the conclusion of a quarter or semester, provided that any loss of tuition and fee payments shall be borne by the student.

**Article 3. Use of Cal Grants**

**30030. Application of Cal Grants.** All Cal Grants are awarded for use during a specified academic year, and shall be put into effect in September of such academic year. Exceptions may be made for students in Cal Grant C or when a student has been granted a leave or in such other instances as the Commission may otherwise provide.

*NOTE:* Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

*History:* 1. Repealer of Article 3 (Sections 30030-30033) and new Article 3 (Sections 30030-30033) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 64, No. 14).

**30031. Tuition and Necessary Fees.** Only the tuition and fee charges which may be classified under the following two categories are acceptable for payment in the Cal Grant Program.

(a) The minimum customary tuition and/or fee charges at the per unit, per quarter, per semester, or per term rate charged all undergraduate students.

(b) Student body fees made mandatory through student action (Education Code Section 23801).

**30032. Refund of Grant Payments.** Refund of unused award funds previously paid to a school or college shall be based on the published regulations of the school or college concerned, as certified to the Commission by such school or college.

**30033. Withdrawal of a Cal Grant.** The Commission may withdraw a Cal Grant if the recipient:

- (a) Fails to enroll in school or college and attend classes.
- (b) Withdraws from school or college without making a request for a leave of absence.
- (c) Fails to maintain a full-time or part-time program in accordance with the regulations of the school or college he is attending and the California Student Aid Commission.
- (d) Loses his status as a resident in California.
- (e) Fails to continue to demonstrate financial need according to California Student Aid Commission criteria.
- (f) Is in violation of California Student Aid Commission regulations.



Register 82-25

§ 30002

Article 8. Approval or Disapproval for Processing

Section

- 30080. Approval as a Sole Processor
- 30081. Withdrawal as a Sole Processor During Period of Service
- 30082. Withdrawal as a Sole Processor Upon Expiration of Period of Service

Article 9. The California Guaranteed Student Loan Program

Section

- 30100. Federal Regulations
- 30101. Student Eligibility
- 30102. Unpaid Balances on Prior Loans
- 30103. Prior Grant or Loan Obligations
- 30104. Social Security Numbers
- 30105. Previous Loan Liability
- 30106. Insurance Premium
- 30107. Insurance Premium Refunds
- 30108. Insurance Premium Revenues
- 30109. Student Records
- 30110. Enrollment Confirmation
- 30111. Full Guarantee
- 30112. Payment of Claims
- 30113. Preclaims Collection Assistance
- 30114. Interest on Claims
- 30115. Lender Agreement
- 30116. Lender and School Reviews
- 30117. Sallie Mae
- 30118. Procedural Changes
- 30119. Earnings from the Reserve Fund
- 30120. Contracting for Services
- 30121. Loan Proceed Delivery
- 30122. California Student Loan Authority

Article 1. Definition of Certain Terms

30000. Academic Year.

For Cal Grant A and B an academic year means two semesters or three quarters or their equivalent within a 12-month period. An academic year may include a summer quarter in those colleges which maintain a summer quarter comparable to either the fall, winter or spring quarters. For Cal Grant C an academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

HISTORY:

1. Repealer of Article 1 (Sections 30000-30006) and new Article 1 (Sections 30000-30006) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 69, No. 51 and Register 59, No. 7.

2. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

**30001. Grant Recipient.**

A grant recipient is a person who has successfully met all of the requirements set forth in Education Code Sections 69530 to 69547, who has been selected for a grant by the California Student Aid Commission, and who has accepted the grant in terms of attending a school or college to which he has been admitted.

A Cal Grant A recipient, as defined in Education Code Section 69532, may utilize a grant for tuition and fees as in Education Code Section 69536; a Cal Grant B Recipient, as defined in Education Code Section 69532, may utilize a grant for tuition, fees and subsistence as in Education Code Section 69538; a Cal Grant C recipient, as defined in Education code Section 69532, may utilize a grant for occupational or technical training for tuition and training-related costs as in Education Code Section 69539.

**30002. Eligible Applicant.**

An eligible applicant is any person who has successfully met the requirements set forth in Sections 69530 to 69547, Education Code, and has submitted in proper form and prior to established deadlines such applications, supplements and transcripts of academic record, and financial and other information as the California Student Aid Commission may direct.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69534-69536, 69538, 69539 and 69541, Education Code.

**HISTORY:**

1. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

**30003. Full-time Student.**

A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or units or their equivalent.

**30004. Part-time Student.**

A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered  $\frac{3}{4}$ -time and a student enrolled for 6-8 units or their equivalent is considered  $\frac{1}{2}$ -time.

**30005. Eligibility Limitations.**

Undergraduate course means the first eight semesters or twelve quarters or their equivalent of full-time college attendance beyond the high school graduation and prior to a baccalaureate degree. Eligibility may be extended for two semesters or three quarters or their equivalent for students enrolled in a five-year undergraduate program.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69536 and 69538, Education Code.

**HISTORY:**

1. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

§ 30005  
(p. 438.2)

CALIFORNIA STUDENT AID COMMISSION

**TITLE 5**

(Register 82, No. 25—6-19-82)

Register 01-03

§ 30007  
§ 30023  
§ 30026  
§ 30027

## Division 4. California Student Aid Commission

### Chapter 1. California Student Aid Commission

#### Article 1. Definition of Certain Terms

##### § 30000. Academic Year.

For Cal Grant A and B an academic year means two semesters or three quarters or their equivalent within a 12-month period. An academic year may include a summer quarter in those colleges which maintain a summer quarter comparable to either the fall, winter or spring quarters. For Cal Grant C an academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

##### HISTORY

1. Repealer of Article 1 (Sections 30000-30006) and new Article 1 (Sections 30000-30006) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 69, No. 51 and Register 59, No. 7.
2. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

##### § 30001. Grant Recipient.

A grant recipient is a person who has successfully met all of the requirements set forth in Education Code Sections 69530 to 69547, who has been selected for a grant by the California Student Aid Commission, and who has accepted the grant in terms of attending a school or college to which he has been admitted.

A Cal Grant A recipient, as defined in Education Code Section 69532, may utilize a grant for tuition and fees as in Education Code Section 69536; a Cal Grant B recipient, as defined in Education Code Section 69532, may utilize a grant for tuition, fees and subsistence as in Education Code Section 69538; a Cal Grant C recipient, as defined in Education Code Section 69532, may utilize a grant for occupational or technical training for tuition and training-related costs as in Education Code Section 69539.

##### § 30002. Eligible Applicant.

An eligible applicant is any person who has successfully met the requirements set forth in Sections 69530 to 69547, Education Code, and has submitted in proper form and prior to established deadlines such applications, supplements and transcripts of academic record, and financial and other information as the California Student Aid Commission may direct.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69534-69536, 69538, 69539 and 69541, Education Code.

##### HISTORY

1. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

##### § 30003. Full-Time Student.

A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or units or their equivalent.

##### § 30004. Part-Time Student.

A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered 3/4-time and a student enrolled for 6-8 units or their equivalent is considered 1/2-time.

##### § 30005. Eligibility Limitations.

Undergraduate course means the first eight semesters or twelve quarters or their equivalent of full-time college attendance beyond the high school graduation and prior to a baccalaureate degree. Eligibility may be extended for two semesters or three quarters or their equivalent for students enrolled in a five-year undergraduate program.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69536 and 69538, Education Code.

##### HISTORY

1. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

##### § 30006. Standards for Ability to Pay for Postsecondary Education.

The Commission shall adopt standards of measuring parental and student ability to pay for postsecondary education and such standards shall be applicable to Cal Grant A, B, and C.

##### § 30007. College Grade Point Average; Community College Grade Point Average.

(a) General. "College grade point average" and "community college grade point average" mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. "All college work completed" includes all coursework for which grades are known to the official reporting the grade point average and accepted for credit at the school reporting the grade point average regardless of the grade received. A college grade point average or a community college grade point average must be computed for a minimum of 24 semester units or its equivalent regardless of the grade received. It is the responsibility of the student applicant to have his or her college or community college report a grade point average.

(b) College Grade Point Average.

(1) For purposes of computing a college grade point average by an institution that grants a baccalaureate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for a baccalaureate degree from the reporting institution.

(2) For purposes of computing a college grade point average by a postsecondary institution that grants an associate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for an associate degree at the reporting institution.

(3) For purposes of computing a college grade point average by a postsecondary institution that does not grant a baccalaureate or an associate degree:

(A) "nontransferable units" are those units which are not used in satisfying requirements for earning a baccalaureate degree from a California public institution of higher education that grants such a degree.

(B) "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are any courses for which the earned grade is not used in the computation of a grade point average in determining admission eligibility, whether or not units earned for the course are transferable to such an institution.

(c) Community College Grade Point Average

For purposes of computing a community college grade point average for a Cal Grant Award pursuant to the Ortiz-Pacheco-Poehchigian-Vasconcellos Cal Grant Act, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" means all courses except "Associate Degree Credit Courses" as defined by Title 5, Chapter 6, Article 1, Section 55002(a) of the California Code of Regulations.

(d) Certification. Every college grade point average and community college grade point average reported to the Commission shall include a certification under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported. The certification shall include a statement that it is subject to review by the Commission or its designee.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(d), Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-9-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-9-2001 or emergency language will be repealed by operation of law on the following day.

### § 30008. High School Grade Point Average.

"High school grade point average" means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses. However, for high school graduates who apply after their senior year, "high school grade point average" includes senior year coursework, excluding physical education, reserve officer training corps (ROTC), and remedial courses. Grade point averages shall only include the most recent grade for any course repeated by a student.

"High School" means a secondary school accredited by Western Association of Schools and Colleges (WASC), or another regional accrediting association if the secondary school is not in the WASC region, or which has a University of California approved course list. Applicants who do not have a grade point average from a high school shall provide a test score from the General Educational Development test (GED), the American College Test (ACT) or the Scholastic Aptitude Test (SAT).

Every high school grade point average reported to the Commission shall include a certification under penalty of perjury from the school official filing the report that the grade point average is accurately reported to the best of his or her knowledge. The certification shall include a statement that it is subject to review by the Commission or its designee. It is the responsibility of the applicant to have his or her high school grade point average reported.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(h), Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-9-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-9-2001 or emergency language will be repealed by operation of law on the following day.

### § 30009. Qualifying Institution.

(a) A "Qualifying Institution" means an institution as defined by Education Code section 69432.7(f).

(b) An institution qualifying pursuant to section 69432.7(f)(1) must be participating in the Federal Pell Grant program and in at least two of the three federal campus-based programs specifically listed in subdivisions (A), (B) and (C) of that section. "Participating in federal campus-based programs" means the school has been allocated funds and is spending those funds at each California site which Cal Grant recipients attend.

(c)(1) An institution qualifying pursuant to section 69432.7(f)(2) means a postsecondary nonprofit institution headquartered and operated in California which:

(A) certifies to the Commission that 10 percent of the institution's operating budget is expended for institutionally funded student financial aid in the form of grants; and

(B) demonstrates to the Commission that it has the administrative capacity to administer the funds; and

(C) is accredited by the Western Association of Schools and Colleges; and

(D) meets such other standards adopted by regulation by the Commission in consultation with the Department of Finance.

(2) A regionally accredited institution that was deemed qualified by the Commission to participate in the Cal Grant Program for the 2000-01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(d) A qualified institution or a specific site of an otherwise qualified institution will be deemed disqualified if it no longer possesses all of the requirements for a qualified institution.

(e) An institution that becomes disqualified pursuant to Part 600 of Title 34 Code of Federal Regulations shall not be a "qualified institution" pursuant to this section.

(f) An institution disqualified pursuant to this section may become a "qualifying institution" by complying with Education Code section 69432.7(f) and this section.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(f), Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-9-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-9-2001 or emergency language will be repealed by operation of law on the following day.

## Article 2. Applicant Qualifications

### § 30020. Academic Record.

The Commission may establish minimum standards of academic achievement and potential and may adopt criteria for selecting recipients of grants from among applicants to qualify for a Cal Grant and may require applicants to submit transcripts of high school and college academic records or other evidence of potential.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

#### HISTORY

1. Repealer of Article 2 (Sections 30020-30022) and new Article 2 (Sections 30020-30022) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 61, No. 22 and Register 70, No. 20.

### § 30021. Choice of School or College.

A Cal Grant shall be granted in terms of the applicant's selection of school or college at the time he is selected for a grant.

### § 30022. Change in School or College Choice.

Whenever a grant recipient changes his choice of school, college or program, the Commission must redetermine his financial need eligibility. Subject to such redetermination, a grant recipient may change his choice of college (a) prior to the time of actual enrollment, (b) at the conclusion of a quarter or semester, provided that any loss of tuition and fee payments shall be borne by the student.

### § 30023. In Lieu Test Scores; Grace Period.

All Cal Grant A and B applicants shall submit a grade point average pursuant to section 30007, 30008 or 30026. For a Competitive Cal Grant award pursuant to Article 5 (beginning with Education Code section 69437) of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act, a student who does not have a grade point average pursuant to section 30007 or 30008 or whose grade point average is more than 5 years old may submit a test score from the General Educational Development test (GED), the American College Test (ACT) or the Scholastic Aptitude Test (SAT). It is the responsibility of the applicant to have a grade point average or test score reported.

A standardized test score for each approved test shall be converted to an equivalent grade point average by the Commission using the national distribution of test scores as compared to the distribution of grade point averages on a 0.00 to 4.00 scale. The grade point equivalencies shall be calculated based upon research from the testing agency for each approved test.

The Commission may, on a case-by-case basis, accept the submission of grade point average(s) from institutions after the established deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average(s) by the reporting institution(s) by the established

deadline. In such cases, any request to the Executive Director to accept grade point average(s) after the established deadline must be received by the Commission no later than twenty (20) days after the established deadline. The computed grade point average(s) must be included with the request.

Applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten (10) days after the mailing of notice by the Commission to file a corrected or completed grade point average. A corrected or completed submission postmarked within the 10 day period shall be deemed to comply with this requirement.

NOTE: Authority cited: Sections 69432.9(c) and 69433.7, Education Code. Reference: Section 69432.9(c), Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-9-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-9-2001 or emergency language will be repealed by operation of law on the following day.

### § 30024. Cal Grant B Entitlement Criteria.

A Cal Grant B Entitlement award for tuition and fees plus the access grant as defined and limited by Education Code section 69435(a)(3) shall be given to applicants based upon consideration of the following factors:

(a) Applicants with the lowest expected family contribution determined pursuant to Education Code Section 69432.7; and applicants with the highest level of academic merit as indicated by their high school grade point average and/or submitted test scores;

(b) Additional factors to be considered shall include any of the following:

(1) Whether the applicant is an orphan or ward of the court and was a ward of the court at the age of eighteen;

(2) The level of education attainment of the applicant's parents;

(3) The number of family members in the applicant's household in relation to the household income; and

(4) Whether the applicant comes from a single parent household or is a parent.

NOTE: Authority cited: Sections 69435(a)(3) and 69433.7, Education Code. Reference: Section 69435(a)(3), Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-9-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-9-2001 or emergency language will be repealed by operation of law on the following day.

### § 30025. Cal Grant A and B Competitive Award Selection Criteria.

A Cal Grant A or B Competitive Award shall give special consideration to applicants who are disadvantaged students taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper access to, and ability to persist in, postsecondary education programs. The extent to which an applicant is considered disadvantaged shall be determined based on the following:

(1) Whether the applicant is an orphan or ward of the court or was a ward of the court at the age of eighteen;

(2) The level of education attainment of the applicant's parents;

(3) The number of family members in the applicant's household in relation to the household income; and

(4) Whether the applicant comes from a single parent household or is a single parent.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69437, Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-9-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-9-2001 or emergency language will be repealed by operation of law on the following day.

### § 30026. Reestablishing Grade Point Average.

An applicant seeking to reestablish his or her grade point average pursuant to Education Code section 69437.6(c) may do so by providing a

grade point average computed pursuant to Section 30007(c) for at least 16 academic semester units or its equivalent from an accredited California community college. It is the responsibility of the applicant to have his or her community college report a grade point average.

NOTE: Authority cited: Sections 69433.7 and 69437.6(c), Education Code. Reference: Section 69437.6(c), Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-9-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-9-2001 or emergency language will be repealed by operation of law on the following day.

### § 30027. Occupational Talents Criteria.

An applicant seeking to establish "occupational talents" pursuant to Education Code section 69439 may do so by submitting any of the following on a Commission approved supplemental form:

(a) applicant's work history (including unpaid internships) in the field; and/or

(b) recommendations from teachers or persons working in the applicant's occupational or technical field.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69439(c), Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-9-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-9-2001 or emergency language will be repealed by operation of law on the following day.

## Article 3. Use of Cal Grants

### § 30030. Application of Cal Grants.

All Cal Grants are awarded for use during a specified academic year, and shall be put into effect in September of such academic year. Exceptions may be made for students in Cal Grant C or when a student has been granted a leave or in such other instances as the Commission may otherwise provide.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

#### HISTORY

1. Repealer of Article 3 (Sections 30030-30033) and new Article 3 (Sections 30030-30033) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 64, No. 14).

### § 30031. Tuition and Necessary Fees.

Only the tuition and fee charges which may be classified under the following two categories are acceptable for payment in the Cal Grant Program.

(a) The minimum customary tuition and/or fee charges at the per unit, per quarter, per semester, or per term rate charged all undergraduate students.

(b) Student body fees made mandatory through student action (Education Code Section 23801).

### § 30032. Refund of Grant Payments.

Refund of unused award funds previously paid to a school or college shall be based on the published regulations of the school or college concerned, as certified to the Commission by such school or college.

### § 30033. Withdrawal of a Cal Grant.

The Commission may withdraw a Cal Grant if the recipient:

(a) Fails to enroll in school or college and attend classes.

(b) Withdraws from school or college without making a request for a leave of absence.

(c) Fails to maintain a full-time or part-time program in accordance with the regulations of the school or college he is attending and the California Student Aid Commission.

(d) Loses his status as a resident in California.

(e) Fails to continue to demonstrate financial need according to California Student Aid Commission criteria.

(f) Is in violation of California Student Aid Commission regulations.



**Article 4. State Guaranteed Loans**

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

**HISTORY**

1. New Article 4 (Sections 30040 through 30046) filed 10-17-66 as an emergency; effective upon filing (Register 66, No. 36).
2. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).
3. Repealer of Article 4 (Sections 30040-30046) filed 6-14-78; effective thirtieth day thereafter (Register 78, No. 24).

**Article 5. State Student Incentive Grant Program**

**§ 30050. Statement of Non-Interference.**

The Student Aid Commission finds that the State Student Incentive Grant Program as authorized by Title IV, Part A, Subpart 3, of the Higher Education Act of 1965 as amended (20 U.S.C., 1070c-107c-3), will not interfere with or jeopardize the continuation of the Cal Grant Program established under Sections 69530 through 69547 of the State Education Code.

NOTE: Authority cited for Article 5: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

**HISTORY**

1. New Article 5 (Sections 30050-30057) filed 8-2-74 as an emergency; effective upon filing (Register 74, No. 31).
2. Certificate of Compliance filed 11-22-74 (Register 74, No. 47).
3. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

**§ 30051. Eligible Students.**

Eligible students are undergraduate students with substantial financial need who are applicants for a Cal Grant A, Cal Grant B, or Cal Grant C who meet all requirements otherwise established by the California Student Aid Commission for receipt of such awards.

**HISTORY**

1. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

**§ 30052. Substantial Financial Need.**

Substantial financial need shall be financial need using standards of financial need assessment established by the Commission for receipt of state funds including standards of family contributions, self-help expectations, and unmet need.

**§ 30053. Full-Time Student.**

A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or their equivalent.

**HISTORY**

1. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

**§ 30054. Part-Time Student.**

A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered 3/4-time and a student enrolled for 6-8 units or their equivalent is considered 1/2-time.

**HISTORY**

1. Repealer and new section filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

**§ 30055. Size of Grant.**

The size of the grant shall never be more than one-half of the maximum authorized by the Education Code in the State Scholarship (Cal Grant A), College Opportunity Grant (Cal Grant B), or Occupational Education and Training Grant (Cal Grant C) programs.

**HISTORY**

1. Renumbering of former Section 30054 and amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

**§ 30056. Independent Students.**

The criteria for determining independence from parental income shall be the same as established by the Commission for establishing independence from parental income for the Cal Grant A, Cal Grant B, and Cal Grant C programs.

**HISTORY**

1. Renumbering of former Section 30055 and amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

**§ 30057. Academic Year.**

An academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.

**HISTORY**

1. Renumbering of former Section 30056 filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

**§ 30058. Eligible Institutions.**

Eligible institutions are institutions which are located in California which meet the requirements for participation in the Cal Grant A, Cal Grant B, and Cal Grant C programs as established in the State Education Code.

**HISTORY**

1. Renumbering of former Section 30057 and amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

**Article 6. Conflict of Interest Code Student Aid Commission**

**§ 30060. Conflict of Interest Code.**

The Political Reform Act, Government Code sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 California Code of Regulations section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the Student Aid Commission.

Pursuant to section 4(a) of the Standard Code, designated employees shall file statements of economic interests with their agencies. Upon receipt of the statements of the Director and Commission Members, the agency shall make and retain a copy and forward the original of these statements to the Fair Political Practices Commission.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 87100, et seq., Government Code.

**HISTORY**

1. New article 6 (sections 30060-30069) filed 7-8-77; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 6-8-77 (Register 77, No. 28).
2. Repealer of article 6 (sections 30060-30069 and Exhibits A and B) and new article 6 (section 30060 and Appendix) filed 6-12-81; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 6-30-80 (Register 81, No. 24).
3. Amendment of Appendix (Exhibits A and B) filed 1-4-85; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 11-13-84 (Register 85, No. 1).
4. Amendment of Appendix filed 3-27-89; operative 4-26-89. Approved by Fair Political Practices Commission 1-25-89 (Register 89, No. 13).
5. Amendment of Conflict of Interest Code filed 1-17-91; operative 2-16-91 (Register 91, No. 11).

Register 01-20

§ 30007  
§ 30023  
§ 30026  
§ 30027

## Division 4. California Student Aid Commission

### Chapter 1. California Student Aid Commission

#### Article 1. Definition of Certain Terms

##### § 30000. Academic Year.

For Cal Grant A and B an academic year means two semesters or three quarters or their equivalent within a 12-month period. An academic year may include a summer quarter in those colleges which maintain a summer quarter comparable to either the fall, winter or spring quarters. For Cal Grant C an academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.

NOTE: Authority cited Section 69544, Education Code Reference Sections 69500, 69515 and 69540, 69547, Education Code

##### HISTORY

1. Repealer of Article 1 (Sections 30000, 30006) and new Article 1 (Sections 30000, 30006) filed 6-10-77, effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 69, No. 51 and Register 59, No. 7.
2. Amendment filed 6-18-82, effective thirtieth day thereafter (Register 82, No. 25).

##### § 30001. Grant Recipient.

A grant recipient is a person who has successfully met all of the requirements set forth in Education Code Sections 69530 to 69547, who has been selected for a grant by the California Student Aid Commission, and who has accepted the grant in terms of attending a school or college to which he has been admitted.

A Cal Grant A recipient, as defined in Education Code Section 69532, may utilize a grant for tuition and fees as in Education Code Section 69536; a Cal Grant B recipient, as defined in Education Code Section 69532, may utilize a grant for tuition, fees and subsistence as in Education Code Section 69538; a Cal Grant C recipient, as defined in Education Code Section 69532, may utilize a grant for occupational or technical training for tuition and training-related costs as in Education Code Section 69539.

##### § 30002. Eligible Applicant.

An eligible applicant is any person who has successfully met the requirements set forth in Sections 69530 to 69547, Education Code, and has submitted in proper form and prior to established deadlines such applications, supplements and transcripts of academic record, and financial and other information as the California Student Aid Commission may direct.

NOTE: Authority cited Section 69544, Education Code Reference Sections 69534, 69536, 69538, 69539 and 69541, Education Code

##### HISTORY

1. Amendment filed 6-18-82, effective thirtieth day thereafter (Register 82, No. 25).

##### § 30003. Full-Time Student.

A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or units or their equivalent.

##### § 30004. Part-Time Student.

A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered 3/4-time and a student enrolled for 6-8 units or their equivalent is considered 1/2-time.

##### § 30005. Eligibility Limitations.

Undergraduate course means the first eight semesters or twelve quarters or their equivalent of full-time college attendance beyond the high school graduation and prior to a baccalaureate degree. Eligibility may be extended for two semesters or three quarters or their equivalent for students enrolled in a five-year undergraduate program.

NOTE: Authority cited Section 69544, Education Code Reference Sections 69536 and 69538, Education Code

##### HISTORY

1. Amendment filed 6-18-82, effective thirtieth day thereafter (Register 82, No. 25).

##### § 30006. Standards for Ability to Pay for Postsecondary Education.

The Commission shall adopt standards of measuring parental and student ability to pay for postsecondary education and such standards shall be applicable to Cal Grant A, B, and C.

##### § 30007. College Grade Point Average; Community College Grade Point Average.

(a) General "College grade point average" and "community college grade point average" mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. "All college work completed" includes all coursework for which grades are known to the official reporting the grade point average and accepted for credit at the school reporting the grade point average regardless of the grade received. A college grade point average or a community college grade point average must be computed for a minimum of 24 semester units or its equivalent regardless of the grade received. It is the responsibility of the student applicant to have his or her college or community college report a grade point average.

##### (b) College Grade Point Average

(1) For purposes of computing a college grade point average by an institution that grants a baccalaureate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for a baccalaureate degree from the reporting institution.

(2) For purposes of computing a college grade point average by a postsecondary institution that grants an associate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for an associate degree at the reporting institution.

(3) For purposes of computing a college grade point average by a postsecondary institution that does not grant a baccalaureate or an associate degree:

(A) "nontransferable units" are those units which are not used in satisfying requirements for earning a baccalaureate degree from a California public institution of higher education that grants such a degree.

(B) "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are any courses for which the earned grade is not used in the computation of a grade point average in determining admission eligibility, whether or not units earned for the course are transferable to such an institution.

##### (c) Community College Grade Point Average

For purposes of computing a community college grade point average for a Cal Grant Award pursuant to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" means all courses except "Associate Degree Credit Courses" as defined by Title 5, Chapter 6, Article 1, Section 54002(a) of the California Code of Regulations.

(d) Certification Every college grade point average and community college grade point average reported to the Commission shall include a certification under penalty of perjury to the best of his or her knowledge that the school official filing the report that the grade point average is accurately reported. The certification shall include a statement that it is subject to review by the Commission or its designee.

NOTE: Authority cited Section 69433.7, Education Code Reference Section 69432.7(d), Education Code

**HISTORY**

- 1 New section filed 1/16/2001 as an emergency, operative 1/16/2001 (Register 2001, No. 3) A Certificate of Compliance must be transmitted to OAL by 5/16/2001 or emergency language will be repealed by operation of law on the following day
- 2 Editorial correction of HISTORY 1 (Register 2001, No. 20)
- 3 New section filed 5/15/2001 as an emergency, operative 5/16/2001 (Register 2001, No. 20) A Certificate of Compliance must be transmitted to OAL by 9/14/2001 or emergency language will be repealed by operation of law on the following day

**§ 30008. High School Grade Point Average.**

"High school grade point average" means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses. However, for high school graduates who apply after their senior year, "high school grade point average" includes senior year coursework, excluding physical education, reserve officer training corps (ROTC), and remedial courses. Grade point averages shall only include the most recent grade for any course repeated by a student.

"High School" means a secondary school accredited by Western Association of Schools and Colleges (WASC), or another regional accrediting association if the secondary school is not in the WASC region, or which has a University of California approved course list. Applicants who do not have a grade point average from a high school shall provide a test score from the General Educational Development test (GED), the American College Test (ACT) or the Scholastic Aptitude Test (SAT).

Every high school grade point average reported to the Commission shall include a certification under penalty of perjury from the school official filing the report that the grade point average is accurately reported to the best of his or her knowledge. The certification shall include a statement that it is subject to review by the Commission or its designee. It is the responsibility of the applicant to have his or her high school grade point average reported.

NOTE: Authority cited Section 69433.7, Education Code Reference Section 69432.7(b), Education Code

**HISTORY**

- 1 New section filed 1/16/2001 as an emergency, operative 1/16/2001 (Register 2001, No. 3) A Certificate of Compliance must be transmitted to OAL by 5/16/2001 or emergency language will be repealed by operation of law on the following day
- 2 Editorial correction of HISTORY 1 (Register 2001, No. 20)
- 3 New section filed 5/15/2001 as an emergency, operative 5/16/2001 (Register 2001, No. 20) A Certificate of Compliance must be transmitted to OAL by 9/13/2001 or emergency language will be repealed by operation of law on the following day

**§ 30009. Qualifying Institution.**

(a) A "Qualifying Institution" means an institution as defined by Education Code section 69432.7(f)

(b) An institution qualifying pursuant to section 69432.7(f)(1) must be participating in the Federal Pell Grant program and in at least two of the three federal campus-based programs specifically listed in subdivisions (A), (B) and (C) of that section. "Participating in federal campus-based programs" means the school has been allocated funds and is spending those funds at each California site which Cal Grant recipients attend.

(c)(1) An institution qualifying pursuant to section 69432.7(f)(2) means a postsecondary nonprofit institution headquartered and operated in California which

(A) certifies to the Commission that 10 percent of the institution's operating budget is expended for institutionally funded student financial aid in the form of grants, and

(B) demonstrates to the Commission that it has the administrative capacity to administer the funds, and

(C) is accredited by the Western Association of Schools and Colleges, and

(D) meets such other standards adopted by regulation by the Commission in consultation with the Department of Finance

(2) A regionally accredited institution that was deemed qualified by the Commission to participate in the Cal Grant Program for the 2000-01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(d) A qualified institution or a specific site of an otherwise qualified institution will be deemed disqualified if it no longer possesses all of the requirements for a qualified institution

(e) An institution that becomes disqualified pursuant to Part 600 of Title 34 Code of Federal Regulations shall not be a "qualified institution" pursuant to this section

(f) An institution disqualified pursuant to this section may become a "qualifying institution" by complying with Education Code section 69432.7(f) and this section

NOTE: Authority cited Section 69433.7, Education Code Reference Section 69432.7(f), Education Code

**HISTORY**

- 1 New section filed 1/16/2001 as an emergency, operative 1/16/2001 (Register 2001, No. 3) A Certificate of Compliance must be transmitted to OAL by 5/16/2001 or emergency language will be repealed by operation of law on the following day
- 2 Editorial correction of HISTORY 1 (Register 2001, No. 20)
- 3 New section filed 5/15/2001 as an emergency, operative 5/16/2001 (Register 2001, No. 20) A Certificate of Compliance must be transmitted to OAL by 9/13/2001 or emergency language will be repealed by operation of law on the following day

**Article 2. Applicant Qualifications**

**§ 30020. Academic Record.**

The Commission may establish minimum standards of academic achievement and potential and may adopt criteria for selecting recipients of grants from among applicants to qualify for a Cal Grant and may require applicants to submit transcripts of high school and college academic records or other evidence of potential

NOTE: Authority cited Section 69544, Education Code Reference Sections 69500, 69515 and 69534, 69547, Education Code

**HISTORY**

- 1 Repealer of Article 2 (Sections 30020-30022) and new Article 2 (Sections 30020-30022) filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24) For prior history, see Register 61, No. 22 and Register 70, No. 20

**§ 30021. Choice of School or College.**

A Cal Grant shall be granted in terms of the applicant's selection of school or college at the time he is selected for a grant

**§ 30022. Change in School or College Choice.**

Whenever a grant recipient changes his choice of school, college or program, the Commission must redetermine his financial need eligibility. Subject to such redetermination, a grant recipient may change his choice of college (a) prior to the time of actual enrollment, (b) at the conclusion of a quarter or semester, provided that any loss of tuition and fee payments shall be borne by the student.

**§ 30023. In Lieu Test Scores; Grace Period.**

All Cal Grant A and B applicants shall submit a grade point average pursuant to section 30007, 30008 or 30026. For a Competitive Cal Grant award pursuant to Article 5 (beginning with Education Code section 69437) of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act, a student who does not have a grade point average pursuant to section 30007 or 30008 or whose grade point average is more than 5 years old may submit a test score from the General Educational Development test

(GED), the American College Test (ACT) or the Scholastic Aptitude Test (SAT). It is the responsibility of the applicant to have a grade point average or test score reported.

A standardized test score for each approved test shall be converted to an equivalent grade point average by the Commission using the national distribution of test scores as compared to the distribution of grade point averages on a 0.00 to 4.00 scale. The grade point equivalencies shall be calculated based upon research from the testing agency for each approved test.

The Commission may, on a case-by-case basis, accept the submission of grade point average(s) from institutions after the established deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average(s) by the reporting institution(s) by the established deadline. In such cases, any request to the Executive Director to accept grade point average(s) after the established deadline must be received by the Commission no later than twenty (20) days after the established deadline and the computed grade point average(s) must be included with the request.

Applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten (10) days after the mailing of notice by the Commission to file a corrected or completed grade point average. A corrected or completed submission postmarked within the 10 day period shall be deemed to comply with this requirement.

NOTE: Authority cited Sections 69432 (a) and 69433 (7), Education Code Reference Section 69432 (a), Education Code.

#### HISTORY

1. New section filed 1/16/2001 as an emergency, operative 1/16/2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5/16/2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
1. New section filed 5/15/2001 as an emergency, operative 5/16/2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9/13/2001 or emergency language will be repealed by operation of law on the following day.

#### § 30024. Cal Grant B Entitlement Criteria.

A Cal Grant B Entitlement award for first year tuition and fees plus the access grant as defined and limited by Education Code section 69433(a)(3) shall be given to applicants based upon consideration of the following factors:

(a) Applicants with the lowest expected family contribution determined pursuant to Education Code Section 69432.7, and applicants with the highest level of academic merit as indicated by their high school grade point average and/or submitted test scores.

(b) Additional factors to be considered shall include any of the following:

- (1) Whether the applicant is an orphan or ward of the court and was a ward of the court at the age of eighteen.
- (2) The level of education attainment of the applicant's parents.
- (3) The number of family members in the applicant's household in relation to the household income; and
- (4) Whether the applicant comes from a single parent household or is a single parent.

NOTE: Authority cited Sections 69433(a)(3) and 69433 (7), Education Code Reference Section 69433(a)(3), Education Code.

#### HISTORY

1. New section filed 1/16/2001 as an emergency, operative 1/16/2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5/16/2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
1. New section filed 5/15/2001 as an emergency, including amendment of first paragraph, operative 5/16/2001 (Register 2001, No. 20). A Certificate of Com-

pliance must be transmitted to OAL by 9/13/2001 or emergency language will be repealed by operation of law on the following day.

#### § 30025. Cal Grant A and B Competitive Award Selection Criteria.

A Cal Grant A or B Competitive Award shall give special consideration to applicants who are disadvantaged students taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper access to, and ability to persist in, postsecondary education programs. The extent to which an applicant is considered disadvantaged shall be determined based on the following:

- (1) Whether the applicant is an orphan or ward of the court or was a ward of the court at the age of eighteen.
- (2) The level of education attainment of the applicant's parents.
- (3) The number of family members in the applicant's household in relation to the household income; and
- (4) Whether the applicant comes from a single parent household or is a single parent.

NOTE: Authority cited Section 69433 (7), Education Code Reference Section 69433 (7), Education Code.

#### HISTORY

1. New section filed 1/16/2001 as an emergency, operative 1/16/2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5/16/2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
1. New section filed 5/15/2001 as an emergency, operative 5/16/2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9/13/2001 or emergency language will be repealed by operation of law on the following day.

#### § 30026. Reestablishing Grade Point Average.

An applicant seeking to reestablish his or her grade point average pursuant to Education Code section 69437.6(c) may do so by providing a grade point average computed pursuant to Section 30007(c) for at least 16 academic semester units or its equivalent from an accredited California community college. It is the responsibility of the applicant to have his or her community college report a grade point average.

NOTE: Authority cited Sections 69437 (7) and 69437 (6)(c), Education Code Reference Section 69437 (6)(c), Education Code.

#### HISTORY

1. New section filed 1/16/2001 as an emergency, operative 1/16/2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5/16/2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
1. New section filed 5/15/2001 as an emergency, operative 5/16/2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9/13/2001 or emergency language will be repealed by operation of law on the following day.

#### § 30027. Occupational Talents Criteria.

An applicant seeking to establish "occupational talents" pursuant to Education Code section 69439 may do so by submitting any of the following on a Commission approved supplemental form:

- (a) applicant's work history (including unpaid internships) in the field; and/or
- (b) recommendations from teachers or persons working in the applicant's occupational or technical field.

NOTE: Authority cited Section 69439 (7), Education Code Reference Section 69439(c), Education Code.

#### HISTORY

1. New section filed 1/16/2001 as an emergency, operative 1/16/2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5/16/2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
1. New section filed 5/15/2001 as an emergency, operative 5/16/2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9/13/2001 or emergency language will be repealed by operation of law on the following day.

**Article 3. Use of Cal Grants**

**§ 30030. Application of Cal Grants.**

All Cal Grants are awarded for use during a specified academic year, and shall be put into effect in September of such academic year. Exceptions may be made for students in Cal Grant C or when a student has been granted a leave or in such other instances as the Commission may otherwise provide.

NOTE: Authority cited Section 69544, Education Code Reference Sections 69500, 69515 and 69530, 69547, Education Code.

**HISTORY**

- 1 Repealer of Article 3 (Sections 30030, 30031) and new Article 3 (Sections 30030, 30031) filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24) For prior history, see Register 64, No. 14.

**§ 30031. Tuition and Necessary Fees.**

Only the tuition and fee charges which may be classified under the following two categories are acceptable for payment in the Cal Grant Program.

(a) The minimum customary tuition and/or fee charges at the per unit, per quarter, per semester, or per term rate charged all undergraduate students.

(b) Student body fees made mandatory through student action (Education Code Section 23601).

**§ 30032. Refund of Grant Payments.**

Refund of unused award funds previously paid to a school or college shall be based on the published regulations of the school or college concerned, as certified to the Commission by such school or college.

**§ 30033. Withdrawal of a Cal Grant.**

The Commission may withdraw a Cal Grant if the recipient

- (a) Fails to enroll in school or college and attend classes.
- (b) Withdraws from school or college without making a request for a leave of absence.

(c) Fails to maintain a full-time or part-time program in accordance with the regulations of the school or college he is attending and the California Student Aid Commission.

(d) Loses his status as a resident in California.

(e) Fails to continue to demonstrate financial need according to California Student Aid Commission criteria.

(f) Is in violation of California Student Aid Commission regulations.

**Article 4. State Guaranteed Loans**

NOTE: Authority cited Section 69544, Education Code Reference Sections 69500, 69515 and 69530, 69547, Education Code.

**HISTORY**

- 1 New Article 4 (Sections 30040 through 30046) filed 10/17/66 as an emergency, effective upon filing (Register 66, No. 36).
- 2 Amendment filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24).
- 3 Repealer of Article 4 (Sections 30040, 30046) filed 6/14/78, effective thirtieth day thereafter (Register 78, No. 24).

**Article 5. State Student Incentive Grant Program**

**§ 30050. Statement of Non-Interference.**

The Student Aid Commission finds that the State Student Incentive Grant Program as authorized by Title IV, Part A, Subpart 3, of the Higher Education Act of 1965 as amended (20 U.S.C., 1070c-107c-3), will not interfere with or jeopardize the continuation of the Cal Grant Program established under Sections 69530 through 69547 of the State Education Code.

NOTE: Authority cited for Article 5 Section 69544, Education Code Reference Sections 69500, 69515 and 69530, 69547, Education Code.

**HISTORY**

- 1 New Article 5 (Sections 30050, 30057) filed 8/2/74 as an emergency, effective upon filing (Register 74, No. 31).
- 2 Certificate of Compliance filed 11/22/74 (Register 74, No. 47).
- 3 Amendment filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24).

**§ 30051. Eligible Students.**

Eligible students are undergraduate students with substantial financial need who are applicants for a Cal Grant A, Cal Grant B, or Cal Grant C who meet all requirements otherwise established by the California Student Aid Commission for receipt of such awards.

**HISTORY**

- 1 Amendment filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24).

**§ 30052. Substantial Financial Need.**

Substantial financial need shall be financial need using standards of financial need assessment established by the Commission for receipt of state funds including standards of family contributions, self-help expectations, and unmet need.

**§ 30053. Full-Time Student.**

A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or their equivalent.

**HISTORY**

- 1 Amendment filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24).

**§ 30054. Part-Time Student.**

A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered 3/4-time and a student enrolled for 6-8 units or their equivalent is considered 1/2-time.

**HISTORY**

- 1 Repealer and new section filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24).

**§ 30055. Size of Grant.**

The size of the grant shall never be more than one-half of the maximum authorized by the Education Code in the State Scholarship (Cal Grant A), College Opportunity Grant (Cal Grant B), or Occupational Education and Training Grant (Cal Grant C) programs.

**HISTORY**

- 1 Renumbering of former Section 30054 and amendment filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24).

**§ 30056. Independent Students.**

The criteria for determining independence from parental income shall be the same as established by the Commission for establishing independence from parental income for the Cal Grant A, Cal Grant B, and Cal Grant C programs.

**HISTORY**

- 1 Renumbering of former Section 30055 and amendment filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24).

**§ 30057. Academic Year.**

An academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.

**HISTORY**

- 1 Renumbering of former Section 30056 filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24).

**§ 30058. Eligible Institutions.**

Eligible institutions are institutions which are located in California which meet the requirements for participation in the Cal Grant A, Cal Grant B, and Cal Grant C programs as established in the State Education Code.

**HISTORY**

- 1 Renumbering of former Section 30057 and amendment filed 6/10/77, effective thirtieth day thereafter (Register 77, No. 24).

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§ 30007  
§ 30023  
§ 30026  
§ 30027

## Division 4. California Student Aid Commission

### Chapter 1. California Student Aid Commission

#### Article 1. Definition of Certain Terms

##### § 30000. Academic Year.

For Cal Grant A and B an academic year means two semesters or three quarters or their equivalent within a 12-month period. An academic year may include a summer quarter in those colleges which maintain a summer quarter comparable to either the fall, winter or spring quarters. For Cal Grant C an academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500, 69515 and 69530-69547, Education Code.

##### HISTORY

1. Repealer of Article 1 (Sections 30000, 30006) and new Article 1 (Sections 30000-30006) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 69, No. 51 and Register 59, No. 7.
2. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

##### § 30001. Grant Recipient.

A grant recipient is a person who has successfully met all of the requirements set forth in Education Code Sections 69530 to 69547, who has been selected for a grant by the California Student Aid Commission, and who has accepted the grant in terms of attending a school or college to which he has been admitted.

A Cal Grant A recipient, as defined in Education Code Section 69532, may utilize a grant for tuition and fees as in Education Code Section 69536; a Cal Grant B Recipient, as defined in Education Code Section 69532, may utilize a grant for tuition, fees and subsistence as in Education Code Section 69538; a Cal Grant C recipient, as defined in Education Code Section 69532, may utilize a grant for occupational or technical training for tuition and training-related costs as in Education Code Section 69539.

##### § 30002. Eligible Applicant.

An eligible applicant is any person who has successfully met the requirements set forth in Sections 69530 to 69547, Education Code, and has submitted in proper form and prior to established deadlines such applications, supplements and transcripts of academic record, and financial and other information as the California Student Aid Commission may direct.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69534-69536, 69538, 69539 and 69541, Education Code.

##### HISTORY

1. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

##### § 30003. Full-Time Student.

A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or units or their equivalent.

##### § 30004. Part-Time Student.

A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered 3/4-time and a student enrolled for 6-8 units or their equivalent is considered 1/2-time.

##### § 30005. Eligibility Limitations.

Undergraduate course means the first eight semesters or twelve quarters or their equivalent of full-time college attendance beyond the high school graduation and prior to a baccalaureate degree. Eligibility may be extended for two semesters or three quarters or their equivalent for students enrolled in a five-year undergraduate program.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69536 and 69538, Education Code.

##### HISTORY

1. Amendment filed 6-18-82; effective thirtieth day thereafter (Register 82, No. 25).

##### § 30006. Standards for Ability to Pay for Postsecondary Education.

The Commission shall adopt standards of measuring parental and student ability to pay for postsecondary education and such standards shall be applicable to Cal Grant A, B, and C.

##### § 30007. College Grade Point Average; Community College Grade Point Average.

###### (a) General.

(1) "College grade point average" and "community college grade point average" mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. A college grade point average or a community college grade point average must be computed for a minimum of 24 semester units or its equivalent regardless of the grade received.

(2) "All college work completed" includes all coursework for which grades are known to the official reporting the grade point average and accepted for credit at the school reporting the grade point average regardless of the grade received.

(3) It is the responsibility of the student applicant to have his or her college or community college report a grade point average.

###### (b) College Grade Point Average.

(1) For purposes of computing a college grade point average by an institution that grants a baccalaureate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for a baccalaureate degree from the reporting institution.

(2) For purposes of computing a college grade point average by a postsecondary institution that grants an associate degree, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for an associate degree at the reporting institution.

(3) For purposes of computing a college grade point average by a postsecondary institution that does not grant a baccalaureate or an associate degree:

(A) "nontransferable units" are those units which are not used in satisfying requirements for earning a baccalaureate degree from a California public institution of higher education that grants such a degree.

(B) "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are any courses for which the earned grade is not used in the computation of a grade point average in determining admission eligibility, whether or not units earned for the course are transferable to such an institution.

###### (c) Community College Grade Point Average.

For purposes of computing a community college grade point average for a Cal Grant Award pursuant to the Ortiz-Pacheco-Puochigian-Vasconcellos Cal Grant Act, "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" mean all courses except "Associate Degree Credit Courses" as defined by Title 5,



Chapter 6, Article 1, Section 55002(a) of the California Code of Regulations.

(d) Certification.

Every college grade point average and community college grade point average reported to the Commission shall include a certification under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported. The certification shall include a statement that it is subject to review by the Commission or its designee.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(d), Education Code.

HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.

2. Editorial correction of HISTORY 1 (Register 2001, No. 20).

3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.

4. Certificate of Compliance as to 5-15-2001 order, including redesignation and amendment of former subsection (a) as subsections (a) (b)(3) transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**30008. High School Grade Point Average.**

(a) "High school grade point average" means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses. However, for high school graduates who apply after their senior year, "high school grade point average" includes senior year coursework, excluding physical education, reserve officer training corps (ROTC), and remedial courses. Grade point averages shall only include the most recent grade for any course repeated by a student.

(b) "High School" means a secondary school accredited by Western Association of Schools and Colleges (WASC), or another regional accrediting association if the secondary school is not in the WASC region, or which has a University of California approved course list. Applicants who do not have a grade point average from a high school shall provide a test score from the General Educational Development test (GED), the American College Test (ACT) or the Scholastic Aptitude Test (SAT).

(c) Every high school grade point average reported to the Commission shall include a certification under penalty of perjury from the school official filing the report that the grade point average is accurately reported to the best of his or her knowledge. The certification shall include a statement that it is subject to review by the Commission or its designee. It is the responsibility of the applicant to have his or her high school grade point average reported.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(h), Education Code.

HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.

2. Editorial correction of HISTORY 1 (Register 2001, No. 20).

3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.

4. Certificate of Compliance as to 5-15-2001 order, including the addition of a subsection designator for each paragraph, transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**§ 30009. Qualifying Institution.**

(a) A "Qualifying Institution" means an institution as defined by Education Code section 69432.7(i).

(b) An institution qualifying pursuant to section 69432.7(i)(1) must be participating in the Federal Pell Grant program and in at least two of the three federal campus-based programs specifically listed in subdivisions

(A), (B) and (C) of that section. "Participating in federal campus-based programs" means the school has been allocated funds and is spending those funds at each California site which Cal Grant recipients attend.

(c)(1) An institution qualifying pursuant to section 69432.7(i)(2) means a postsecondary nonprofit institution headquartered and operating in California which:

(A) certifies to the Commission that 10 percent of the institution's operating budget is expended for institutionally funded student financial aid in the form of grants; and

(B) demonstrates to the Commission that it has the administrative capacity to administer the funds; and

(C) is accredited by the Western Association of Schools and Colleges; and

(D) meets such other standards adopted by regulation by the Commission in consultation with the Department of Finance.

(2) A regionally accredited institution that was deemed qualified by the Commission to participate in the Cal Grant Program for the 2000-01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.

(d) A qualifying institution or a specific site of an otherwise qualifying institution shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution.

(e) An institution that becomes disqualified pursuant to Part 600 of Title 34 Code of Federal Regulations shall not be a "qualified institution" pursuant to this section.

(f) An institution disqualified pursuant to this section may become a "qualifying institution" by complying with Education Code section 69432.7(i) and this section.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(i), Education Code.

HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.

2. Editorial correction of HISTORY 1 (Register 2001, No. 20).

3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.

4. Certificate of Compliance as to 5-15-2001 order, including amendment of subsection (d), transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**Article 2. Applicant Qualifications**

**§ 30020. Academic Record.**

The Commission may establish minimum standards of academic achievement and potential and may adopt criteria for selecting recipients of grants from among applicants to qualify for a Cal Grant and may require applicants to submit transcripts of high school and college academic records or other evidence of potential.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

HISTORY

1. Repealer of Article 2 (Sections 30020-30022) and new Article 2 (Sections 30020-30022) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 61, No. 22 and Register 70, No. 20.

**§ 30021. Choice of School or College.**

A Cal Grant shall be granted in terms of the applicant's selection of school or college at the time he is selected for a grant.

**§ 30022. Change in School or College Choice.**

Whenever a grant recipient changes his choice of school, college or program, the Commission must redetermine his financial need eligibility. Subject to such redetermination, a grant recipient may change his choice of college (a) prior to the time of actual enrollment, (b) at the conclusion of a quarter or semester, provided that any loss of tuition and fee payments shall be borne by the student.

**§ 30023. In Lieu Test Scores; Grace Period.**

(a) All Cal Grant A and B applicants shall submit a grade point average pursuant to section 30007, 30008 or 30026.

(1) For a Competitive Cal Grant award pursuant to Article 5 (beginning with Education Code section 69437) of the Ortiz-Puchera-Pouchigian-Vasconcellos Cal Grant Act, a student who does not have a grade point average pursuant to section 30007 or 30008 or whose grade point average is more than 5 years old may submit a test score from the General Educational Development test (GED), the American College Test (ACT) or the Scholastic Aptitude Test (SAT).

(2) It is the responsibility of the applicant to have a grade point average or test score reported.

(b) A standardized test score for each approved test shall be converted to an equivalent grade point average by the Commission using the national distribution of test scores as compared to the distribution of grade point averages on a 0.00 to 4.00 scale. The grade point equivalencies shall be calculated based upon research from the testing agency for each approved test.

(c) The Commission may, on a case-by-case basis, accept the submission of grade point average(s) from institutions after the established deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average(s) by the reporting institution(s) by the established deadline. In such cases, any request to the Executive Director to accept grade point average(s) after the established deadline shall be received by the Commission no later than twenty (20) days after the established deadline and the computed grade point average(s) shall be included with the request.

(d) Applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten (10) days after the mailing of notice by the Commission to file a corrected or completed grade point average. A corrected or completed submission postmarked within the 10 day period shall be deemed to comply with this requirement.

NOTE: Authority cited: Sections 69432.9(c) and 69433.7, Education Code. Reference: Section 69432.9(c), Education Code.

**HISTORY**

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including the addition of a subsection designator for each paragraph and amendment of newly designated subsection (c), transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**§ 30024. Cal Grant B Entitlement Criteria.**

A Cal Grant B Entitlement award for first year tuition and fees plus the access grant as defined and limited by Education Code section 69435(a)(3) shall be given to applicants based upon consideration of the following factors:

(a) Applicants with the lowest expected family contribution determined pursuant to Education Code Section 69432.7; and applicants with the highest level of academic merit as indicated by their high school grade point average and/or submitted test scores;

(b) Additional factors to be considered may include any of the following:

(1) Whether the applicant is an orphan or ward of the court or was a ward of the court at the age of eighteen;

(2) The level of education attainment of the applicant's parents;

(3) The number of family members in the applicant's household in relation to the household income; and

(4) Whether the applicant comes from a single parent household or is a single parent.

NOTE: Authority cited: Sections 69435(a)(3) and 69433.7, Education Code. Reference: Section 69435(a)(3), Education Code.

**HISTORY**

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency, including amendment of first paragraph; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including amendment of subsection (b), transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**§ 30025. Cal Grant A and B Competitive Award Selection Criteria.**

(a) A Cal Grant A or B Competitive Award shall give special consideration to applicants who are disadvantaged students taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper access to, and ability to persist in, postsecondary education programs. The extent to which an applicant is considered disadvantaged shall be determined based on the following:

(1) Whether the applicant is an orphan or ward of the court or was a ward of the court at the age of eighteen;

(2) The level of education attainment of the applicant's parents;

(3) The number of family members in the applicant's household in relation to the household income; and

(4) Whether the applicant comes from a single parent household or is a single parent.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69437, Education Code.

**HISTORY**

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including the designation of the first paragraph as subsection (a), transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**§ 30026. Reestablishing Grade Point Average.**

An applicant seeking to reestablish his or her grade point average pursuant to Education Code section 69437.6(c) may do so by providing a grade point average computed pursuant to Section 30007(c) for at least 16 academic semester units or its equivalent from an accredited California community college. It is the responsibility of the applicant to have his or her community college report a grade point average.

NOTE: Authority cited: Sections 69433.7 and 69437.6(c), Education Code. Reference: Section 69437.6(c), Education Code.

**HISTORY**

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

**§ 30027. Occupational Talents Criteria.**

An applicant seeking to establish "occupational talents" pursuant to Education Code section 69439 may do so by submitting any of the following supplemental information:

(a) applicant's work history (including unpaid internships) in the field; and/or

(b) recommendations from teachers or persons working in the applicant's occupational or technical field.

NOTE: Authority cited: Section 69433.7, Education Code. Reference: Section 69439(c), Education Code.

#### HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of HISTORY 1 (Register 2001, No. 20).
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance to 5-15-2001 order, including amendment of first paragraph, transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

### Article 3. Use of Cal Grants

#### § 30030. Application of Cal Grants.

All Cal Grants are awarded for use during a specified academic year, and shall be put into effect in September of such academic year. Exceptions may be made for students in Cal Grant C or when a student has been granted a leave or in such other instances as the Commission may otherwise provide.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

#### HISTORY

1. Repealer of Article 3 (Sections 30030-30033) and new Article 3 (Sections 30030-30033) filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24). For prior history, see Register 64, No. 14).

#### § 30031. Tuition and Necessary Fees.

Only the tuition and fee charges which may be classified under the following two categories are acceptable for payment in the Cal Grant Program.

(a) The minimum customary tuition and/or fee charges at the per unit, per quarter, per semester, or per term rate charged all undergraduate students.

(b) Student body fees made mandatory through student action (Education Code Section 23801).

#### § 30032. Refund of Grant Payments.

Refund of unused award funds previously paid to a school or college shall be based on the published regulations of the school or college concerned, as certified to the Commission by such school or college.

#### § 30033. Withdrawal of a Cal Grant.

The Commission may withdraw a Cal Grant if the recipient:

- (a) Fails to enroll in school or college and attend classes.
- (b) Withdraws from school or college without making a request for a leave of absence.
- (c) Fails to maintain a full-time or part-time program in accordance with the regulations of the school or college he is attending and the California Student Aid Commission.
- (d) Loses his status as a resident in California.
- (e) Fails to continue to demonstrate financial need according to California Student Aid Commission criteria.
- (f) Is in violation of California Student Aid Commission regulations.

### Article 4. State Guaranteed Loans

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

#### HISTORY

1. New Article 4 (Sections 30040 through 30046) filed 10-17-66 as an emergency; effective upon filing (Register 66, No. 36).
2. Amendment filed 6-10-77, effective thirtieth day thereafter (Register 77, No. 24).
3. Repealer of Article 4 (Sections 30040-30046) filed 6-14-78; effective thirtieth day thereafter (Register 78, No. 24).

### Article 5. State Student Incentive Grant Program

#### § 30050. Statement of Non-Interference.

The Student Aid Commission finds that the State Student Incentive Grant Program as authorized by Title IV, Part A, Subpart 3, of the Higher Education Act of 1965 as amended (20 U.S.C., 1070c-107e-3), will not interfere with or jeopardize the continuation of the Cal Grant Program established under Sections 69530 through 69547 of the State Education Code.

NOTE: Authority cited for Article 5: Section 69544, Education Code. Reference: Sections 69500-69515 and 69530-69547, Education Code.

#### HISTORY

1. New Article 5 (Sections 30050-30057) filed 8-2-74 as an emergency; effective upon filing (Register 74, No. 31).
2. Certificate of Compliance filed 11-22-74 (Register 74, No. 47).
3. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30051. Eligible Students.

Eligible students are undergraduate students with substantial financial need who are applicants for a Cal Grant A, Cal Grant B, or Cal Grant C who meet all requirements otherwise established by the California Student Aid Commission for receipt of such awards.

#### HISTORY

1. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30052. Substantial Financial Need.

Substantial financial need shall be financial need using standards of financial need assessment established by the Commission for receipt of state funds including standards of family contributions, self-help expectations, and unmet need.

#### § 30053. Full-Time Student.

A full-time, regularly enrolled undergraduate student is one who is regularly enrolled for a semester or quarter program of not less than 12 (twelve) credit hours or their equivalent.

#### HISTORY

1. Amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30054. Part-Time Student.

A part-time student is one who is taking 6-11 units or their equivalent. A student enrolled for 9-11 units or their equivalent is considered 3/4-time and a student enrolled for 6-8 units or their equivalent is considered 1/2-time.

#### HISTORY

1. Repealer and new section filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30055. Size of Grant.

The size of the grant shall never be more than one-half of the maximum authorized by the Education Code in the State Scholarship (Cal Grant A), College Opportunity Grant (Cal Grant B), or Occupational Education and Training Grant (Cal Grant C) programs.

#### HISTORY

1. Renumbering of former Section 30054 and amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30056. Independent Students.

The criteria for determining independence from parental income shall be the same as established by the Commission for establishing independence from parental income for the Cal Grant A, Cal Grant B, and Cal Grant C programs.

#### HISTORY

1. Renumbering of former Section 30055 and amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

#### § 30057. Academic Year.

An academic year means a period of time usually eight or nine months during which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, or three quarters of instruction.

HISTORY

1. Renumbering of former Section 30056 filed 6-10-77, effective thirtieth day thereafter (Register 77, No. 24).

§ 30058. Eligible Institutions.

Eligible institutions are institutions which are located in California which meet the requirements for participation in the Cal Grant A, Cal Grant B, and Cal Grant C programs as established in the State Education Code.

HISTORY

1. Renumbering of former Section 30057 and amendment filed 6-10-77; effective thirtieth day thereafter (Register 77, No. 24).

Article 6. Conflict of Interest Code Student Aid Commission

§ 30060. Conflict of Interest Code.

The Political Reform Act, Government Code sections 81000, et seq., requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Fair Political Practices Commission has adopted a regulation, 2 California Code of Regulations section 18730, which contains the terms of a standard Conflict of Interest Code, which can be incorporated by reference, and which may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act after public notice and hearings. Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission, along with the attached Appendix in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the Student Aid Commission.

Pursuant to section 4(a) of the Standard Code, designated employees shall file statements of economic interests with their agencies. Upon receipt of the statements of the California Student Aid Commissioners, the Executive Director, members of the EDFUND Board of Directors, and the President of EDFUND, the agency shall make and retain a copy and forward the original of these statements to the Fair Political Practices Commission.

NOTE: Authority cited: Section 69544, Education Code. Reference: Sections 87100, et seq., Government Code.

HISTORY

- 1. New article 6 (sections 30060-30069) filed 7-8-77; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 6-8-77 (Register 77, No. 28).
2. Repealer of article 6 (sections 30060-30069 and Exhibits A and B) and new article 6 (section 30060 and Appendix) filed 6-12-81; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 6-30-80 (Register 81, No. 24).
3. Amendment of Appendix (Exhibits A and B) filed 1-4-85; effective thirtieth day thereafter. Approved by Fair Political Practices Commission 11-13-84 (Register 85, No. 1).
4. Amendment of Appendix filed 3-27-89; operative 4-26-89. Approved by Fair Political Practices Commission 1-25-89 (Register 89, No. 13).
5. Amendment of Conflict of Interest Code filed 1-17-91; operative 2-16-91 (Register 91, No. 11).
6. Amendment of section and Appendix filed 4-30-2001; operative 5-30-2001. Approved by Fair Political Practices Commission 2-26-2001 (Register 2001, No. 18).

Appendix

Exhibit "A"

Designated Positions

1. Persons occupying the following positions are designated employees and must report those financial interests listed in the disclosure categories under Exhibit "B" to which they have been assigned. (No employee who performs purely ministerial, clerical, or service functions shall be a designated employee.) California Student Aid Commission (CSAC) employees assigned to EDFUND will be considered EDFUND employees for purposes of determining whether their position is a designated position.

Designated Position

California Student Aid Commission Employees

Table listing positions and disclosure categories for California Student Aid Commission Employees, including Executive Director, Chief Deputy Director, Division Chief, Accounting Officer, Auditor, Contract Officer, Financial Aid Manager, Procurement Officer, Staff Counsel, and Staff Services Manager.

Consultants\* 2, 3

EDFUND Employees

Table listing positions and disclosure categories for EDFUND Employees, including Board Member, President, Chief Operations Officer, Vice President, Assistant Vice President, Auditor, Claims Prevention and Resolution Manager, Finance and Administration Manager, Ombudsman, Procurement Staff, and Staff Counsel.

\*Consultants 2, 3

Exhibit "B"

Disclosure Categories

Designated employees assigned to Category 1 shall disclose: Interests in real property located in the jurisdiction.

Designated employees assigned to Category 2 shall disclose:

Investments and business positions in, and income from, business entities of the type which provide services, supplies, materials, or equipment to the Commission.

Designated employees assigned to Category 3 shall disclose:

Investments and business positions in, and income from, business entities of the type that either provide financial aid or related services to the Commission or participate in and benefit from the Commission's programs. This includes, but is not limited to, affiliations with and income from public, private or vocational schools, colleges and universities, educational associations or entities, state or federal agencies, financial aid processors, collection agencies, lending institutions, lender services, school services, secondary markets and contracted servicers.

Exhibit "C"

Consultants

\* Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Executive Director or the President of EDFUND may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Executive Director's or President of EDFUND's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.



**COMMISSION ON STATE MANDATES**980 NINTH STREET, SUITE 300  
SACRAMENTO, CA 95814PHONE: (916) 323-3562  
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EXHIBIT D

November 21, 2008

Mr. Keith Peterson  
SixTen & Associates  
3841 North Freeway Blvd., Suite 170  
Sacramento, CA 95834*And Affected State Agencies and Interested Parties (See Enclosed Mailing List)***RE: Draft Staff Analysis and Hearing Date***Cal Grants, 02-TC-28*

Long Beach Community College District, Claimant

Education Code Sections 69432.8, 69432.9, 69433, 69433.5, 69433.6, 69433.7, 69434,  
69434.5, 69435, 69435.3, 69436, 69436.5, 69437, 69437.3, 69437.6, 69439, 69440, and  
69514.5Statutes 2000, Chapter 403 (SB 1644); Statutes 2001, Chapters 8 (SB 176)  
and 159 (SB 662)California Code of Regulations, Title 5, Sections 30002, 30007, 30023, 30026, 30027 and  
30032


Dear Mr. Peterson:

The draft staff analysis for this test claim is enclosed for your review and comment.

**Written Comments**Any party or interested person may file written comments on the draft staff analysis by **Friday, December 12, 2008**. You are advised that comments filed with the Commission are required to be simultaneously served on the other interested parties on the mailing list, and to be accompanied by a proof of service. (Cal. Code Regs., tit. 2, § 1181.2.) If you would like to request an extension of time to file comments, please refer to section 1183.01, subdivision (c)(1), of the Commission's regulations.**Hearing**This test claim is set for hearing on **Friday, January 30, 2009** at 9:30 a.m. in Room 126 of the State Capitol, Sacramento, California. The final staff analysis will be issued on or about January 16, 2009. Please let us know in advance if you or a representative of your agency will testify at the hearing, and if other witnesses will appear. If you would like to request postponement of the hearing, please refer to section 1183.01, subdivision (c)(2), of the Commission's regulations.

Please contact Camille Shelton at (916) 323-8215 if you have questions.

Sincerely,

  
NANCY PATTON

Assistant Executive Director

Enclosure

j:mandates/2002/02tc28/corres/dsatrans

*Handwritten scribble*

ITEM \_\_\_\_  
**TEST CLAIM**  
**DRAFT STAFF ANALYSIS**

Education Code Sections 69432.8, 69432.9, 69433, 69433.5, 69433.6, 69433.7, 69434, 69434.5,  
69435, 69435.3, 69436, 69436.5, 69437, 69437.3, 69437.6, 69439, 69440, and 69514.5

Statutes 2000, Chapter 403 (SB 1644)

Statutes 2001, Chapters 8 (SB 176) and 159 (SB 662)

California Code of Regulations, Title 5, Sections 30002, 30007, 30023, 30026, 30027 and 30032

*Cal Grants*  
(02-TC-28)

Long Beach Community College District, Claimant

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**EXECUTIVE SUMMARY**

**Background**

This test claim involves the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, which was enacted by the Legislature in 2000 to address Cal Grant awards to students beginning in the 2001-2002 academic year. The Cal Grant program provides funding for California residents based on financial need and academic merit for public or private postsecondary education.

In order to complete the Cal Grant application process, the student applicant must submit to the Student Aid Commission the Free Application for Federal Student Aid (FAFSA) and a grade point average certified by a school official.

The intent of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program is to guarantee a Cal Grant to every California high school student graduating in 2001 or after, who meets the minimum grade point average and eligibility requirements, has financial need, and applies for the Cal Grant by March 2 of the academic year of high school graduation, or by March 2 of the year following graduation. The guarantee also extends to California community college students transferring to a four-year college, who graduated from a California high school after June 2000, were California residents when they graduated, and who meet the Cal Grant requirements when they transfer to a four-year college.

Other students who are eligible for a Cal Grant, but are not high school seniors or recent graduates may compete for Cal Grant A or B Competitive awards. These awards are the same as the Cal Grant Entitlement awards except that they are not guaranteed. A limited number of Competitive awards are available (22,500 awards). Half of the Competitive awards are set aside for students who apply by the March 2 deadline and meet the requirements, and half are for California community college students who meet the requirements and apply by September 2.

The claimant, Long Beach Community College District, contends that the test claim statutes and regulations adopted by the California Student Aid Commission result in a reimbursable state-mandated program for community college districts.

*Test Claim 02-TC-28*  
*Draft Staff Analysis*



The California Student Aid Commission disputes the test claim allegations and states that "participation by a postsecondary institution is voluntary."

### **Conclusion**

Staff concludes that the following activities required by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations, constitute a reimbursable state-mandated program within the meaning of article

XIII B, section 6 of the California Constitution and Government Code section 17514:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007, 30023, subd. (a), and 30026.)
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007 and 30026.)
- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct. (Cal. Code Regs., tit. 5, § 30023, subd. (d).)

Staff further concludes that all other statutes and regulations pled in this test claim do not mandate a new program or higher level of service and, thus, are not reimbursable.

### **Staff Recommendation**

Staff recommends the Commission adopt this staff analysis to partially approve this test claim.

---

## STAFF ANALYSIS

### Claimant

Long Beach Community College District

### Chronology

- 06/13/03 Claimant files the test claim with the Commission on State Mandates (Commission)
- 06/27/03 Commission staff issues the completeness review letter and requests comments from state agencies
- 07/25/03 Department of Finance (DOF) requests an extension of time for filing comments for at least 45 days
- 07/30/03 Commission staff grants an extension to September 11, 2003
- 08/21/03 California Community Colleges Chancellor's Office (Chancellor's Office) requests an extension of time for comments
- 08/28/03 Commission staff grants the extension of time to October 11, 2003
- 09/10/03 Commission staff issues a request for comments on the test claim from the California Student Aid Commission, due by October 10, 2003
- 09/11/03 DOF requests an additional extension of time to file comments
- 09/17/03 Commission staff grants the extension of time until October 14, 2003
- 10/10/03 Chancellor's Office requests an extension of time for comments
- 10/15/03 California Student Aid Commission files initial comments on the test claim
- 10/17/03 Commission staff grants an extension of time to the Chancellor's Office to December 15, 2003
- 10/31/03 DOF requests an extension of time to file initial comments
- 11/07/03 Commission staff grants an extension of time to DOF until February 7, 2004
- 02/18/04 DOF requests an extension of time to file initial comments
- 02/18/04 Commission staff grants the extension of time to May 18, 2004
- 06/10/04 DOF requests a 90-day extension of time to file initial comments
- 06/14/04 Commission staff grants the extension of time to August 9, 2004
- 09/09/04 DOF requests a 90-day extension of time to file initial comments
- 09/14/04 Commission staff grants the extension of time to December 9, 2004
- 12/24/04 DOF requests a 90-day extension of time to file initial comments
- 12/28/04 Commission staff grants the extension of time to March 9, 2005
- 03/15/05 DOF requests an extension of time to file initial comments
- 03/17/05 Commission staff grants the extension of time to June 9, 2005

- 09/21/05      DOF requests an extension of time to file initial comments
- 10/03/05      Commission staff grants the extension of time to December 1, 2005
- 02/03/06      DOF requests an extension of time to file initial comments
- 02/07/06      Commission staff grants the extension of time to April 3, 2006
- 11/26/07      Claimant submits a supplement to the test claim filing, with a history of the claimed regulations
- 02/06/08      Commission staff issues a request for initial comments on the test claim from the Chancellor's Office and DOF, due by February 27, 2008
- 03/07/08      Commission staff issues a request for additional information from the California Student Aid Commission, due by March 21, 2008
- 11/21/08      Commission staff issues the draft staff analysis on the test claim

**Background**

The June 13, 2003 test claim filed by Long Beach Community College District alleges that community college districts have incurred costs mandated by the state, due to the enactment of eighteen Education Code sections by Statutes 2000, chapter 403, and later amendment by Statutes 2001, chapters 8 and 159. The test claim filing also alleges six title 5 regulations, issued by the California Student Aid Commission or its predecessor agency, the State Scholarship Commission.

Existing Law

Since 1977, the Cal Grant program, implemented through Education Code sections 69530 et seq. and the California Code of Regulations, title 5, sections 30000 et seq. (regulations adopted by the California Student Aid Commission), has provided grants to financially needy students to attend college.<sup>1</sup> Education Code sections 69530 et seq., has a projected sunset date of January 1, 2010, and applies only to students receiving a Cal Grant award on or before December 31, 2000, before the period of reimbursement for this claim.

Under this existing law, four types of Cal Grant awards were available: Cal Grants A, B, C and T, with the maximum award in each category determined in the annual Budget Act. The Cal Grant A award was based on financial need and academic merit, and was available only for tuition and fees. Since community colleges do not charge tuition, the student awarded a Cal Grant A award who enrolled in a community college could elect to have the award held in trust by the Student Aid Commission for two academic years until the student transferred to a four-year college or university. (Ed. Code, § 69537.) The Cal Grant B award provided a living allowance, or "subsistence cost," and sometimes tuition and fees for very low income, disadvantaged students. (Ed. Code, § 69538.) Except for certain five-year educational programs, Cal Grant A and B awards could be renewed by the student for a total of four years of full-time attendance in an undergraduate program, provided that financial need of the student continued to exist. The total number of years of eligibility was based on the student's

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<sup>1</sup> Statutes 1976, chapter 1010, operative April 30, 1977, derived from former Education Code section 40400 (added by Stats. 1975, ch. 1270).

educational level, which was designated by the institution of attendance when the student initially received payment for a grant. (Ed. Code, § 69535.1, subd. (a).)

Cal Grant C provided tuition and fee grants, and funds for supplies to students training for vocational careers. (Ed. Code, § 69539.) As of the year 2000, the Cal Grant C program served approximately 3,700 students annually, primarily in community colleges.<sup>2</sup> Cal Grant T provided one year grants to students in teacher credential training programs at institutions approved by the Commission on Teacher Credentialing. (Ed. Code, § 69540.)

An eligible applicant for a Cal Grant award is defined in section 30002 of the Student Aid Commission's regulations as any person who has successfully met the requirements of the Education Code and submitted in proper form and prior to established deadlines the applications, supplements and transcripts of academic record, and financial and other information to the Student Aid Commission. (See also, Cal. Code Regs., tit. 5, § 30020.)<sup>3</sup> To ensure that funds are available to the recipient of a Cal Grant award at the time the student enrolls, the Student Aid Commission was authorized to make an advance payment per term to "authorized postsecondary educational institutions" for eligible students who have indicated they were attending those institutions. Each "authorized" institution was required to disburse the funds in accordance with the provisions set forth in the "Institutional Agreement" between the Student Aid Commission and the institution. (Ed. Code, § 69535.5.)<sup>4</sup> Refunds of unused award funds previously paid to a school or college were required to be based on the published regulations of the school or college concerned, as certified to the Student Aid Commission by the school or college. (Cal. Code Regs., tit. 5, § 30032.) In addition, the Student Aid Commission was authorized to provide for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use of the award. (Ed. Code, § 69535, subd. (j).)

#### Test Claim Statutes and Regulations

Statutes 2000, chapter 403<sup>5</sup> created the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, by adding chapter 1.7 to Part 42 of the Education Code, beginning with Education Code section 69430. This Cal Grant program is intended to replace the program established in Education Code sections 69530, et seq., and applies to students receiving Cal Grant awards beginning in the 2001-2002 academic year. The intent of the program is to guarantee a Cal Grant to every California high school student graduating in 2001 or after, who meets the minimum grade point average and eligibility requirements, has financial need, and applies for the Cal Grant by March 2 of the academic year of high school graduation, or by March 2 of the year following graduation.<sup>6</sup> The guarantee also extends to California community college students

<sup>2</sup> Senate Third Reading, Senate Bill 1644 as amended August 24, 2000, 1999-2000 Legislative session. (Ex. \_\_\_.)

<sup>3</sup> The regulations cited in this section of the Background were first adopted by the Student Aid Commission in 1977 (Register 77, No. 24).

<sup>4</sup> See, the Cal Grant Program Institutional Participation Agreement for 2008-09 and "Basics of the Institutional Participation Agreement Process for 2007-08 and 2008-09." (Ex. \_\_\_)

<sup>5</sup> Urgency legislation operative September 12, 2000.

<sup>6</sup> Statutes 2000, chapter 403 (SB 1644), section 2; see also, Student Aid Commission's publication entitled "Cal Grants." (Ex. \_\_\_)

transferring to a four-year college, who graduated from a California high school after June 2000, were California residents when they graduated, and who meet the Cal Grant requirements when they transfer to a four-year college. These grants are called "Entitlement" grants and consist of the following:

- Cal Grant A Entitlement awards cover tuition and fees at "qualifying" four-year colleges. Every high school senior graduating in 2001 or after who has at least a 3.0 high school grade point average, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year of graduation or the following year is guaranteed a Cal Grant award. (Ed. Code, § 69434.) A Cal Grant A recipient attending a California community college will not receive any payment, however, because community colleges do not charge tuition. Cal Grant eligible students attending a community college qualify for a Board of Governors fee waiver instead. The Cal Grant A award is held in reserve by the Student Aid Commission for two years (or three years upon request) for use when the student transfers to a tuition charging four-year qualifying institution. (Ed. Code, § 69434.5.)
- Cal Grant B Entitlement awards are for students from disadvantaged or low-income families and generally cover "access costs" such as living expenses, books, supplies, and transportation expenses in the amount of \$1,551 in the first academic year. In subsequent years, the award includes an additional amount to pay for tuition and fees. Every graduating high school senior who has at least a 2.0 high school grade point average, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year of graduation or the following year is guaranteed a Cal Grant B entitlement award. A limited number of first-year students who have exceptional financial need and a high grade point average may receive both the living allowance and the tuition and fee award. (Ed. Code, §§ 69435, 69435.3; Cal. Code Regs., tit. 5, § 30024.)
- Cal Grant Transfer Entitlement awards are for community college students transferring to a four-year college and did not receive a Cal Grant within one year of graduating from high school. To qualify, students must have graduated from a California high school after June 30, 2000, and be a California resident when they graduated. Students must also have a 2.4 community college grade point average (of at least 24 semester units or the equivalent), meet the Cal Grant eligibility requirements, be under 24 years old, and apply by the March 2 deadline before the fall term when they plan to transfer. (Ed. Code, §§ 69436, 69436.5.)

Other students who are eligible for a Cal Grant, but are not high school seniors or recent graduates may compete for Cal Grant A or B Competitive awards. These awards are the same as the Cal Grant Entitlement awards except that they are not guaranteed. A limited number of Competitive awards are available (22,500 awards). Half of the Competitive awards are set aside for students who apply by the March 2 deadline and meet the requirements, and half are for California community college students who meet the requirements and apply by September 2. The eligibility requirements for the Competitive awards are focused on the nontraditional students and take into account grade point average, time out of high school, family income, parent's educational levels, high school performance standards, whether the student comes from a single-parent household or was a foster youth. A student selected for a Cal Grant A Competitive award who enrolls in a California community college has the award for tuition held

in reserve until the student transfers to a four-year institution. (Ed. Code, §§ 69437 - 69437.7; Cal. Code Regs., tit. 5, § 30025.)

Except for certain five-year educational programs, Cal Grant A and B awards may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program provided that financial need continues to exist. The total number of years of eligibility is based on the student's educational level, which is designated by the institution of attendance when the student initially receives payment for a grant. (Ed. Code, § 69433.6.)

The Cal Grant C and T awards for students in vocational training and teacher credential training are also included in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program. Except for a supplemental application for Cal Grant C applicants, which is described below, the Cal Grant C and T awards remain unchanged.<sup>7</sup>

To be eligible for a Cal Grant, a student is required to complete and submit a Free Application for Federal Student Aid (FAFSA) and a certified grade point average on or before the statutory deadline. (Ed. Code, §§ 69432.9, 69433; Cal. Code Regs., tit. 5, §§ 30007, 30008.) The FAFSA is mailed or electronically submitted to the U.S. Department of Education's central processor. The central processor sends FAFSA records for California students to the Student Aid Commission. The grade point average is verified by the school (either high school or community college) and submitted by either the student or the school.<sup>8</sup> Each report of grade point average is required to include a certification, executed under penalty of perjury, by a school official, that the grade point average reported is accurately reported. (Ed. Code, § 69432.9, subd. (c).) The Student Aid Commission may accept the submission of a grade point average from an applicant or reporting school after the statutory deadlines if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average. Such circumstances must be shown by a certification from the reporting school and the student applicant. In addition, applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten days after the mailing of notice by the Student Aid Commission to file a corrected or completed grade point average. (Cal. Code Regs., tit. 5, § 30023.)

With respect to the Cal Grant C award for vocational training, the applicant receives a supplemental application to be completed that requires information about the student's "occupational talents."<sup>9</sup> Section 30027 of the Student Aid Commission's regulations allows an application to establish "occupational talents" by submitting the applicant's work history and/or recommendation from teachers or persons working in the applicant's occupational or technical field.

A Cal Grant Program award may be utilized only at a qualifying institution. (Ed. Code, § 69433.5, subd. (i).) "Qualifying institutions" include public postsecondary educational institutions that complete a Cal Grant "Institutional Participation Agreement" for each

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<sup>7</sup> See also, Senate Third Reading, Senate Bill 1644 as amended August 24, 2000, 1999-2000 Legislative session, where the analysis states the following: "This bill does not affect the current configuration of the Cal Grant C and T programs." (Ex. \_\_\_\_.)

<sup>8</sup> See also, Cal Grant Manual, chapter 4.1, "The Cal Grant Application Process." (Ex. \_\_\_\_.)

<sup>9</sup> Cal Grant Manual, chapter 4.7, "Cal Grant C Supplement."

participating campus in the district. (Ed. Code, § 69432.7, subd. (l)(3).)<sup>10</sup> To ensure that funds are available to the recipient of a Cal Grant award at the time the student enrolls, the Student Aid Commission is authorized to make an advance payment per term to "authorized postsecondary educational institutions" for eligible students who have indicated they are or will be attending those institutions. Each "authorized" institution is required to disburse the funds in accordance with the provisions set forth in the Institutional Participation Agreement between the Student Aid Commission and the institution. (Ed. Code, § 69432.8.) Before disbursing any Cal Grant funds, the qualifying institution "shall be obligated, under the terms of the Institutional Participation Agreement," to resolve any conflicts that may exist in the data the institution possesses relating to the recipient student. (Ed. Code, § 69432.7, subd. (k).) In addition, the Student Aid Commission is authorized to provide for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use of the award. (Ed. Code, § 69433.5, subd. (h).)

Finally, Statutes 2000, chapter 403 added section 69514.5 to the Education Code, establishing the Community College Student Financial Aid Outreach Program. This program, which is required to be developed and administered by the Student Aid Commission, is to provide workshops regarding "financial aid opportunities available to community college students, with a particular focus on students who plan to transfer to a four-year college or university."

The statutory and regulatory changes to the Cal Grant program, as alleged by the claimant, as well as the new Community College Student Financial Aid Outreach Program, will be analyzed below for the imposition of a reimbursable state-mandated program on community college districts.

### **Claimant's Position**

Long Beach Community College District's June 13, 2003<sup>11</sup> test claim filing alleges that the test claim statutes and regulations require community colleges to enact and implement policies and procedures related to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program. The claimant further alleges that community colleges are newly required to:<sup>12</sup>

- enact and implement, and periodically update, policies and procedures to implement the Cal Grant program;
- provide official financial aid and award renewal applications, as well as Cal Grant award forms for each of the entitlement and competitive Cal Grant programs, and assist students who have questions regarding completion of any of the forms, pursuant to Education Code sections 69432.9, subdivision (a), 69433, subdivision (a), 69434, subdivision (b)(1), 69434.5, 69435, 69435.3, 69436, 69437, 69437.3; 69437.6, subdivision (f), 69439, and 69440;

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<sup>10</sup> Cal Grant Manual, chapter 2.1, "Institutional Eligibility."

<sup>11</sup> The potential reimbursement period begins no earlier than July 1, 2001, based upon the filing date for this test claim. (Gov. Code, § 17557.)

<sup>12</sup> Test Claim Filing, pages 36-41.

- accept supplemental information and academic transcripts from applicants and submit them to the Student Aid Commission, pursuant to California Code of Regulations, title 5, sections 30002 and 30027;
- certify grade point averages upon student request and submit them to the Student Aid Commission, pursuant to Education Code section 69432.9, subdivision (c), and California Code of Regulations, title 5, sections 30007 and 30023;
- receive, account for, and disburse advance payments of Cal Grant funds from the Student Aid Commission, designate a student's educational level when the student first receives a grant payment, return unused awards, and produce accounting reports and other statements to the Student Aid Commission, as required by district agreement or regulation, pursuant to Education Code 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), 69436.5, and California Code of Regulations, title 5, section 30032;
- train community college counselors and student advisors who work with students planning to attend community college or transfer from a community college to a 4-year college or university on financial aid opportunities for such students, and subsequently conduct workshops for students and their families regarding financial aid, pursuant to Education Code section 69514.5.

The claimant acknowledges that “[f]unds may be available for financial aid and student outreach programs. To the extent these funds are appropriated and actually received specifically for the administration of the Cal Grant program, those funds would reduce the costs mandated.”<sup>13</sup>

#### **State Agency's Position**

The comments on the test claim filing from the California Student Aid Commission, received October 15, 2003, dispute the test claim allegations. The comments state that the test claim statutes impose requirements on the Student Aid Commission, but “participation by a postsecondary institution is voluntary.” The Student Aid Commission cites several parts of the Cal Grant program that “make it clear that participation by a postsecondary institution is voluntary; institutions electing to participate in the Cal Grant program do it to attract financially needy students to their institution while providing a financial benefit to students already in attendance and an incentive to remain at the institution.” The provisions in the Education Code cited by the Student Aid Commission in support of its contention are as follows:

- Education Code section 66021.2, subdivision (f), states that “An institution of higher education in this state that participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program shall not reduce its level of per capita need-based institutional financial aid to undergraduate students, excluding loans, below the total level awarded in the 2000-01 academic year.” The Student Aid Commission argues that this section “makes clear the policy that Cal Grant Awards supplement rather than replace existing institutional student aid. ‘Participates’ clearly connotes the voluntary nature of the program for institutions. Any institution which disagrees with the program parameters or requirements need not participate in the program, albeit to the detriment of its students.”

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<sup>13</sup> Test Claim Filing, page 43.



- Citing Education Code section 69432.8; the Student Aid Commission states that “[q]ualifying institutions do not automatically receive Cal Grant funds for students with awards attending their institution. They must enter into a contract (Institutional Participation Agreement or IPA) with the Commission before they receive any funds for their students. The IPA is an institutional agreement (entered into with the Commission) that they will comply with the statutory requirements of the program and maintain records for the Commission to audit for program compliance. Any institution not wishing to voluntarily participate in the Cal Grant program for its students will not sign an IPA. The Commission does not disburse funds to an institution that has not signed an IPA even though it is a ‘qualifying’ institution pursuant to statute and regulation. That institution has elected not to participate in the program even though it could participate.
- Education Code section 69432.7, subdivision (1), defines “qualifying institution.” The Student Aid Commission argues that “[t]he use of the word ‘qualifying’ is intentional and significant. It also demonstrates the voluntary nature of the Cal Grant program for institutions.”

In addition, the Student Aid Commission states that the community colleges receive funds for student aid administration, including a budget augmentation in 2003-04, with a minimum additional allocation of \$50,000 per campus (6870-101-0001) for outreach and support services for “potential and current financial aid applicants.”

To date, no substantive comments have been received from the Chancellor’s Office or the Department of Finance.

### Discussion

The courts have found that article XIII B, section 6, of the California Constitution<sup>14</sup> recognizes the state constitutional restrictions on the powers of local government to tax and spend.<sup>15</sup> “Its purpose is to preclude the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are ‘ill equipped’ to assume increased financial responsibilities because of the taxing and spending limitations that articles XIII A and XIII B impose.”<sup>16</sup> A test claim statute or executive order may impose a reimbursable state-mandated program if it orders or commands a local agency or school district to engage in an activity or

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<sup>14</sup> Article XIII B, section 6, subdivision (a), provides: (a) Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service, except that the Legislature may, but need not, provide a subvention of funds for the following mandates: (1) Legislative mandates requested by the local agency affected. (2) Legislation defining a new crime or changing an existing definition of a crime. (3) Legislative mandates enacted prior to January 1, 1975, or executive orders or regulations initially implementing legislation enacted prior to January 1, 1975.

<sup>15</sup> *Department of Finance v. Commission on State Mandates (Kern High School Dist.)* (2003) 30 Cal.4th 727, 735.

<sup>16</sup> *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81.

task.<sup>17</sup> In addition, the required activity or task must be new, constituting a "new program," or it must create a "higher level of service" over the previously required level of service.<sup>18</sup>

The courts have defined a "program" subject to article XIII B, section 6, of the California Constitution, as one that carries out the governmental function of providing public services, or a law that imposes unique requirements on local agencies or school districts to implement a state policy, but does not apply generally to all residents and entities in the state.<sup>19</sup> To determine if the program is new or imposes a higher level of service, the test claim statutes and executive orders must be compared with the legal requirements in effect immediately before the enactment.<sup>20</sup> A "higher level of service" occurs when the new "requirements were intended to provide an enhanced service to the public."<sup>21</sup>

Finally, the newly required activity or increased level of service must impose costs mandated by the state.<sup>22</sup>

The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6.<sup>23</sup> In making its decisions, the Commission must strictly construe article XIII B, section 6, and not apply it as an "equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities."<sup>24</sup>

**Issue 1: Do the test claim statutes and regulations implementing the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Ed. Code, § 69430 et seq.) mandate a new program or higher level of service on community college districts within the meaning of article XIII B, section 6 of the California Constitution?**

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<sup>17</sup> *Long Beach Unified School Dist. v. State of California* (1990) 225 Cal.App.3d 155, 174.

<sup>18</sup> *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 878, (*San Diego Unified School Dist.*); *Lucia Mar Unified School Dist. v. Honig* (1988) 44 Cal.3d 830, 835.

<sup>19</sup> *San Diego Unified School Dist.*, *supra*, 33 Cal.4th 859, 874-875 (reaffirming the test set out in *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56; see also *Lucia Mar*, *supra*, 44 Cal.3d 830, 835.)

<sup>20</sup> *San Diego Unified School Dist.*, *supra*, 33 Cal.4th 859, 878; *Lucia Mar*, *supra*, 44 Cal.3d 830, 835.

<sup>21</sup> *San Diego Unified School Dist.*, *supra*, 33 Cal.4th 859, 878.

<sup>22</sup> *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1265, 1284; Government Code sections 17514 and 17556.

<sup>23</sup> *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551 and 17552.

<sup>24</sup> *County of Sonoma*, *supra*, 84 Cal.App.4th 1265, 1280, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

**A. Several test claim statutes and a regulation address requirements imposed on students and the Student Aid Commission, but do not mandate community college districts to perform any activities.**

Article XIII B, section 6 of the California Constitution states that "whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds." This constitutional provision was specifically intended to prevent the state from forcing programs on local government that require expenditure by local governments of their tax revenues.<sup>25</sup> To implement article XIII B, section 6, the Legislature enacted Government Code section 17500 et seq. Government Code section 17514 defines "costs mandated by the state" as "any increased costs which a local agency or school district is *required* to incur . . . as a result of any statute. . . which *mandates* a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution." (Emphasis added.)

Thus, in order for a statute to be subject to article XIII B, section 6 of the California Constitution, the statutory language must require a community college district to perform an activity or task. If the statutory language does not mandate community college districts to perform a task, then compliance with the test claim statute is within the discretion of the local agency and a reimbursable state mandated program does not exist.

There are several statutes and a regulation pled in this test claim that are helpful in understanding the Cal Grant program, but they do not impose any requirements on community college districts or address any activities performed by community college districts. The statutes and regulation are Education Code sections 69433<sup>26</sup>, 69433.7<sup>27</sup>, 69434<sup>28</sup>, 69434.5<sup>29</sup>, 69435<sup>30</sup>, 69435.3<sup>31</sup>,

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<sup>25</sup> *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Los Angeles, supra*, 43 Cal.3d 46, 56; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1283-1284.

<sup>26</sup> Education Code section 69433 states that a Cal Grant award is based on the financial need of the applicant. The statute requires the Student Aid Commission to prescribe the use of a standardized student financial aid application for the Cal Grant program and allows the use of supplemental application information.

<sup>27</sup> Education Code section 69433.7 requires the Student Aid Commission to adopt regulations to implement the program.

<sup>28</sup> Education Code section 69434 describes the Cal Grant A Entitlement award and the eligibility requirements for the award.

<sup>29</sup> Education Code section 69434.5 authorizes a Cal Grant A recipient enrolled in a community college to reserve the award until the recipient transfers to a tuition charging institution. The grant is held in reserve by the Student Aid Commission.

<sup>30</sup> Education Code section 69435 describes the Cal Grant B Entitlement award.

<sup>31</sup> Education Code section 69435.3 describes the eligibility criteria for a Cal Grant B Entitlement award.

69436<sup>32</sup>, 69436.5<sup>33</sup>, 69437<sup>34</sup>, 69437.3<sup>35</sup>, 69439<sup>36</sup>, 69440<sup>37</sup>, and section 30002 of the Student Aid Commission's regulations.<sup>38</sup>

Although the claimant alleges that these statutes and regulation require community college districts to provide official financial aid and award renewal applications, as well as Cal Grant award forms for each of the entitlement and competitive Cal Grant programs, and assist students who have questions regarding completion of any of the forms, these activities are not required by the plain language of the statutes or regulations pled in the claim. The primary form used for the Cal Grant application process is the Free Application for Federal Student Aid, or FAFSA, which is available to students through the U.S. Department of Education, as well as through the Student Aid Commission. Both the Student Aid Commission and the U.S. Department of Education maintain detailed websites and toll-free phone numbers to assist students with completing financial aid applications.<sup>39</sup> Awards are then made by the California Student Aid Commission, not by the colleges.

Accordingly, staff finds that Education Code sections 69433, 69433.7, 69434, 69434.5, 69435, 69435.3, 69436, 69436.5, 69437, 69437.3, 69439, 69440, and section 30002 of the Student Aid Commission's regulations do not mandate a new program or higher level of service on community college districts.

**B. Calculation, certification, and submittal of grade point averages to the Student Aid Commission.**

In order to complete the Cal Grant application process, the Student Aid Commission must receive the Free Application for Federal Student Aid (FAFSA) and a certified grade point

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<sup>32</sup> Education Code section 69436 addresses the Cal Grant Transfer Entitlement award and the eligibility requirements for the award. The statute further requires to the Student Aid Commission to require the four-year institution where the student is transferring to verify that the recipient meets the requirements.

<sup>33</sup> Education Code section 69436.5 requires the four-year institution where students transfer and receive a Cal Grant Transfer Entitlement award to report to the Student Aid Commission the number of students determined to be independent.

<sup>34</sup> Education Code section 69437 describes the Cal Grant Competitive awards.

<sup>35</sup> Education Code section 69437.3 describes the application and enrollment requirements for the Cal Grant Competitive award.

<sup>36</sup> Education Code section 69439 describes the Cal Grant C award for occupational and technical training, and contains the same language as existing law in Education Code section 69539.

<sup>37</sup> Education Code section 69440 describes the Cal Grant T award for teacher credential training.

<sup>38</sup> Section 30002 of the Student Aid Commission's regulations describes an eligible applicant under the existing Cal Grant program in Education Code sections 69530 et seq. This regulation does not apply to the test claim statutes.

<sup>39</sup> See, Student Aid Commission's publication "Cal Grants", which refers to <<http://www.calgrants.org>> and <[www.fafsa.ed.gov](http://www.fafsa.ed.gov)>.

average.<sup>40</sup> With respect to the grade point average, the claimant contends that Education Code section 69432.9, and sections 30007, 30023, and 30026 of the Student Aid Commission's regulations require community college districts to:

- Certify, under penalty of perjury, grade point averages upon student request and submit them to the Student Aid Commission.
- Submit facts to the Student Aid Commission showing circumstances beyond the control of the applicant when requesting leave to file the grade point averages after the statutory deadline.
- Resubmit corrected or completed grade point averages within ten days after notice from the Student Aid Commission that the district has submitted a timely, but incomplete or incorrect grade point average.
- Provide a grade point average computed pursuant to section 30007, subdivision (c), of the Student Aid Commission's regulations for at least 16 academic units when requested by a student seeking to reestablish his or her grade point average.

Grade point averages from a community college are addressed in two situations: (1) when a community college student applies for a Cal Grant Transfer Entitlement award, and (2) when a community college student competes for a Competitive Cal Grant A or B award.<sup>41</sup> For a Cal Grant Transfer Entitlement award, the student must show that he or she has earned a community college grade point average of at least 2.4 on a 4.0 scale and is eligible to transfer to a qualifying institution that offers a baccalaureate degree.<sup>42</sup> To compete for a Competitive Cal Grant A award, the student may submit a community college or college grade point average of at least 2.4 on a 4.0 scale, in lieu of submitting a high school grade point average.<sup>43</sup> To compete for a Competitive Cal Grant B award, a student may submit a reestablished or improved grade point average, instead of submitting a high school grade point average, by completing at least 16 cumulative units of credit for academic coursework at an accredited California community college, with at least a 2.0 community college grade point average.<sup>44, 45</sup>

#### Calculating, certifying, and submitting the grade point average to the Student Aid Commission

Education Code section 69432.9, subdivision (b)(3)(C), requires the Student Aid Commission to "require that a grade point average be submitted for all Cal Grant A and B applicants ...."<sup>46</sup> Section 30023, subdivision (a), similarly states that "[a]ll Cal Grant A and B applicants shall submit a grade point average ...." Education Code section 69432.9, subdivision (b)(3)(C),

<sup>40</sup> Cal Grant Manual, chapter 4.1.

<sup>41</sup> Cal Grant Manual, chapter 4.1.

<sup>42</sup> Education Code section 69436, subdivision (b)(3).

<sup>43</sup> Education Code section 69437.6, subdivision (b).

<sup>44</sup> Education Code section 69437.6, subdivision (c).

<sup>45</sup> High school grade point averages are required for the Cal Grant A and B Entitlement awards. (Ed. Code, §§ 69434, 69435.3.)

<sup>46</sup> Statutes 2000, chapter 403.

further requires the Student Aid Commission to "require that each report of a grade point average include a certification, executed under penalty of perjury by a school official, that the grade point average reported is accurately reported. The certification shall include a statement that it is subject to review by the commission or its designee."

Section 30007 of the Student Aid Commission's regulations provides instructions on how to calculate a "college grade point average" and a "community college grade point average" when applying for a Cal Grant. Both the "college grade point average" and "community college grade point average" are defined in section 30007, subdivision (a)(1), as follows:

... a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. A college grade point average or a community college grade point average must be computed for a minimum of 24 semester units or its equivalent regardless of the grade received.

The phrase "for all college work completed" includes all coursework for which grades are known to the official reporting the grade point average and that are accepted for credit at the school reporting the grade point average.<sup>47</sup>

The definitions of "nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" differ, however, for a college grade point average and a community college grade point average. For purposes of computing a college grade point average by a postsecondary institution that grants associate degrees, section 30007, subdivision (b)(2), defines "nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" as "those courses which do not earn credit for an associate degree at the reporting institution."

For purposes of computing a community college grade point average, section 30007, subdivision (c), defines "nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" as "all courses except "Associate Degree Credit Courses" as defined by Title 5, Chapter 6, Article 1, Section 55002(a) of the California Code of Regulations." Section 55002, subdivision (a), defines "degree-applicable credit courses" as a "course which has been designated as appropriate to the associate degree in accordance with the requirements of section 55062, and which has been recommended by the college and/or district curriculum committee and approved by the district governing board as a collegiate course meeting the needs of the students."

Section 30007, subdivision (d), requires that the grade point average include a certification under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee.

Section 30026 of the Student Aid Commission's regulations governs reestablished grade point averages for students competing for a Competitive Cal Grant award. That section provides that

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<sup>47</sup> California Code of Regulations, title 5, section 30007, subdivision (a)(2).

an applicant seeking to reestablish his or her grade point average may do so by providing a community college grade point average computed pursuant to section 30007 for at least 16 academic semester units or its equivalent from an accredited California community college.”

Sections 30007, 30023, subdivision (a), and 30026 of the regulations all state the following: “It is the responsibility of the applicant to have a grade point average or test score reported.”

Although these regulations provide that “[i]t is the responsibility of the student applicant to have his or her college or community college report a grade point average,” staff finds that community college districts are required by Education Code section 69432.9 and sections 30007, 30023, subdivision (a), and 30026 of the Student Aid Commission’s regulations to calculate and certify the grade point average under penalty of perjury when requested by a student. When interpreting a statute, the courts will look at the objective to be achieved and the legislative history of the statute if the statutory language is ambiguous. The court will “select the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute, and avoid an interpretation that would lead to absurd consequences.”<sup>48</sup> In this case, a certified college or community college grade point average is required in order to be eligible for a Transfer or Competitive Cal Grant award. Only the community college has access to the records required to calculate the grade point average and the community college official must certify under penalty of perjury that the grade point average is accurately reported. Thus, staff finds that calculating and certifying grade point averages, pursuant to Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivision (a), and 30026 of the Student Aid Commission’s regulations, when requested by the student, is mandated by the state.

Staff further finds that these activities impose a new program or higher level of service on community colleges. Under existing law, California Code of Regulations, title 5, section 30020, which implemented Education Code section 69544 under the earlier Cal Grant program, provides that the Student Aid Commission “may require applicants to submit transcripts of high school and college academic records or other evidence of potential.” Academic merit under the test claim statutes and regulations is now evaluated by the Student Aid Commission through a certified grade point average, rather than through copies of academic transcripts. Although prior law requires community colleges to average grades on the basis of point equivalencies using a 4.0 scale to determine a student’s grade point average, and allows students to receive verified student records, such as a grade point average, from the community college,<sup>49</sup> prior law does not require or identify specific courses that may not be counted in the calculation of the grade point average and does not require a school official to certify under penalty of perjury that the calculation is accurate. The specific calculation and certification of the grade point average are activities newly required by the test claim statute and regulations.<sup>50</sup>

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<sup>48</sup> *Day v. City of Fontana* (2001) 25 Cal.4th 268, 272. (Ex. \_\_\_\_.)

<sup>49</sup> Education Code sections 76210, subdivision (c), 76220, and 76230; California Code of Regulations, title 5, sections 54610, 55023.

<sup>50</sup> See also, *Long Beach Unified School Dist. v. State of California* (1990) 225 Cal.App.3d 155, 173, where the court found a higher level of service within the meaning of article XIII B, section 6 in a statute that required specific action to alleviate segregation in schools. Existing

Therefore, staff finds that the following activities required by Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivision (a), and 30026 of the Student Aid Commission's regulations, constitute a state-mandated new program or higher level of service on community colleges:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007.
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee.

The activity of the community college submitting the grade point average to the Student Aid Commission is an activity not mandated by the state, however. Rather, the Cal Grant applicant can fill in the top of a one-page verification form from the Student Aid Commission and take it to a school officer (registrar's desk, counselor, etc.) who then fills in the bottom third of the form with a school code, the student's grade point average, contact information for the official, and a signature.<sup>51</sup> The applicant then returns the form to the Student Aid Commission by the financial aid application deadline. Colleges may choose to submit batched verified student grade point averages online through the Student Aid Commission's "WebGrants grade point average Collection System," but they are not required by the state to do so.<sup>52</sup> Moreover, the plain language of sections 30007, 30023, subdivision (a), and 30026 provides that "[i]t is the responsibility of the applicant to have a grade point average or test score reported." Thus, the activity of submitting the grade point average to the Student Aid Commission is not a state-mandated requirement.

#### Grade point averages submitted after the statutory deadline

Section 30023 of the regulations further addresses grade point averages that are submitted to the Student Aid Commission after the statutory deadlines. Section 30023, subdivision (c), states in relevant part the following:

(c) The Commission may, on a case-by-case basis, accept the submission of grade point average(s) from an applicant or reporting institution after the March 2 or September 2 deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average(s) by the applicant or reporting institution(s) by the March 2 or September 2 deadline.

(1) Such circumstances must be shown by a certification: (i) from the reporting institution of the circumstances beyond the control of the applicant that delayed or prevented the timely submission of the grade point average by the reporting institution by the March 2 or September 2 deadline; (ii) from the applicant or

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law required school districts to take steps to alleviate racial imbalance, but did not require specific action to be taken.

<sup>51</sup> See, "Operations Memo, Update of the California Student Aid Commission," GOM 2008-24, dated October 31, 2008, and the attached Cal Grant GPA Verification Form. (Ex. \_\_\_\_)

<sup>52</sup> Cal Grant Manual, chapter 4.4.



reporting institution with proof that the grade point average was originally mailed by the applicant or reporting institution before the deadline; or (iii) from the applicant with a written description, under penalty of perjury, of the facts showing that circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average.

The claimant argues that section 30023, subdivision (c), mandates community colleges to submit facts to the Student Aid Commission showing circumstances beyond the control of the applicant when requesting leave to file the grade point averages after the statutory deadline.

Staff finds that the state has not mandated community colleges to perform any activities when grade point averages are submitted late. Section 30023, subdivision (c), authorizes the Student Aid Commission to accept late submittals if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average by the applicant or reporting institution. However, a certification of the facts from the community college justifying the late submittal is not required by the plain language of section 30023. Rather, the applicant can show the circumstances for the late submittal by submitting proof that the grade point average was originally mailed by the applicant or reporting institution before the deadline; or with a written description, under penalty of perjury, of the facts showing that circumstances beyond the control of the applicant delayed or prevented the timely submission of the grade point average.

Grade point averages submitted incomplete or incorrect.

Section 30023 of the regulations also addresses grade point averages that are submitted incomplete or incorrect. Section 30023, subdivision (d), states the following:

Applicants or officials who submit a timely but incomplete or incorrect grade point average shall have a grace period of ten (10) days after the mailing of notice by the Commission to file a corrected or completed grade point average. A corrected or completed submission postmarked within the 10 day period shall be deemed to comply with this requirement.

The claimant contends that section 30023, subdivision (d), requires community colleges to resubmit corrected or completed grade point averages within ten days after notice from the Student Aid Commission that the district has submitted a timely, but incomplete or incorrect grade point average.

Staff finds that community colleges are required to complete or correct a grade point average upon notice that the original submitted grade point average was not complete or correct. As indicated above, only the community college has access to the records required to calculate the college or community college grade point average and the community college official must certify under penalty of perjury that the grade point average is accurately reported. Since grade point averages are newly required to complete the Cal Grant application process, staff finds that completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct, pursuant to section 30023, subdivision (d), constitutes a state-mandated new program or higher level of service.

**C. Activities performed pursuant to the Institutional Participation Agreement**

The claimant contends that Education Code section 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032 impose a new state-

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mandated duty on community college districts to receive, account for, and disburse advance payments of Cal Grant funds from the Student Aid Commission, designate a student's educational level when the student first receives a grant payment, return unused awards, and produce accounting reports and other statements to the Student Aid Commission, as required by district agreement or regulation.

The Student Aid Commission asserts that these statutes and regulation do not impose a state-mandated program because participation of a college in the Cal Grant program is voluntary, and not mandated by the state.

As described below, community college districts are not legally compelled to participate in the Cal Grant program and administer the award funds to recipient students. The plain language of the statutory scheme provides each community college a choice to participate.

Education Code section 69433.5, subdivision (i), states that a Cal Grant program award may only be utilized at a "qualifying institution." "Qualifying institutions" include public postsecondary educational institutions that complete a Cal Grant "Institutional Participation Agreement" for each participating campus in the district.<sup>53</sup> The Cal Grant Manual, in chapter 2.1, states the following: "To be eligible to release Cal Grant funds to participating students, a school location must be providing instruction in California, complete a Cal Grant *Institutional Participation Agreement*, and be a public postsecondary educational institution." The manual further states that "[t]he school must also demonstrate the ability to administer the Cal Grant funds and must meet such other standards as are adopted by regulation by the Commission in consultation with the State Department of Finance."<sup>54</sup> A school's eligibility to participate in the Cal Grant program is approved for the specific locations included in the agreement and does not automatically carry over to branch campuses or other off-site classroom locations. A qualifying institution "shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution."<sup>55</sup> Chapter 2.1 of the Cal Grant Manual details how an institution can participate in the program as follows:

To initiate institutional participation in the Cal Grant program, a school official must contact the Grant Operations Branch of the Commission, complete, then sign and submit a Cal Grant IPA. This document specifies the requirements for institutional participation in the Cal Grant programs. The IPA is periodically revised to encompass regulatory, policy and processing changes to the Cal Grant programs.

To document eligibility, the Commission reviews institution data from the Postsecondary Education Participants System (PEPS), along with information provided by the school. The following outlines the items that are reviewed. From PEPS data, a copy of:

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<sup>53</sup> Education Code 69432.7, subdivision (1)(3); Cal Grant Manual, chapter 2.1, "Institutional Eligibility."

<sup>54</sup> Cal Grant Manual, chapter 2.1, "Institutional Eligibility."

<sup>55</sup> *Ibid.*

- the Detailed School Report from the USED [U.S. Department of Education]
- the school's Eligibility & Certification Approval from USED
- the institution's state legal accreditation

Sent by the school:

- the school's existing disbursement and institutional refund policies, as outlined in Chapter 9 [of the Cal Grant Manual]
- audited financial statements (for at least the two most recently completed fiscal years)
- an audited balance sheet showing the financial condition of the institution at the time of application for participation
- the school's final authorization notice of funding for allocation of the federal campus-based student aid programs
- a statement of account from the USED or a general ledger showing that funds are being expended on federal campus-based student aid programs
- the institution's current catalog or resource document describing the course lengths of the institution's program(s)

If a community college participates in the program, the Cal Grant manual and the Institutional Participation Agreement lay out several requirements, including maintaining standards of administrative capacity and financial responsibility, providing a clear audit trail of fiscal records, maintaining grant funds in a designated account identified as the property of the state, retaining records to document the accuracy of the grant payments for three years, and adopting a refund policy.<sup>56</sup>

Pursuant to the statutes pled by the claimant, *if* a community college participates in the program,

- Each authorized institution is required to disburse the funds in accordance with the provisions set forth in the Institutional Participation Agreement between the Student Aid Commission and the institution. (Ed. Code, § 69432.8.)
- The Student Aid Commission may require, by the adoption of rules and regulations, the production of reports, accounting, documents, or other necessary statements from the college pertaining to the use or application of the award by a recipient student. (Ed. Code, § 69433.5, subd. (h).)
- When a student recipient initially receives payment for a grant, designate the total number of years of eligibility for grants based on the student's educational level in his or her course of study. (Ed. Code, § 69433.6, subd. (a).)

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<sup>56</sup> Cal Grant Manual, chapters 2, 8, 9.

- Refund unused award funds based on published regulations of the community college, as certified to the Student Aid Commission by the community college. (Cal Code Regs., tit. 5, § 30032.)

Community colleges are not legally compelled to perform these activities because the decision to participate in the Cal Grant program is made at the local level and is not compelled by the state.<sup>57</sup>

Absent such legal compulsion, the courts have ruled that at times, based on the particular circumstances, "practical" compulsion might be found. The Supreme Court in *Kern High School Dist.* addressed the issue of "practical" compulsion in the context of a school district that had participated in optional funded programs in which new requirements were imposed. In *Kern*, the court determined there was no "practical" compulsion to participate in the underlying programs, since a district that elects to discontinue participation in a program does not face "certain and severe ... penalties" such as "double ... taxation" or other "draconian" consequences.<sup>58</sup>

Here, there is no evidence in the law or in the record that community colleges that elect not to participate in the Cal Grant program and administer grant funds to their students face certain and severe penalties such as double taxation or other draconian consequences. As acknowledged by the Student Aid Commission, students that need financial aid may be affected by a community college's decision not to participate in the program. However, the Cal Grant program is intended to supplement and not replace the federal Pell Grant program and other existing institutional student aid. Education Code section 66021.2 specifically states the following:

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

[ ]

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

Thus, staff finds that Education Code section 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032 do not impose a state-mandated duty on community college districts to receive, account for, and disburse advance payments of Cal Grant funds from the Student Aid Commission, designate a student's educational level when the student first receives a grant payment, return unused awards, and produce accounting reports and other statements to the Student Aid Commission, as required by district agreement or regulation.

Moreover, the activities required of a community college that participates in the Cal Grant program were required before the enactment of the test claim statutes and regulations. Under the existing Cal Grant program in Education Code section 69530 et seq. for students receiving awards before December 31, 2000, the Student Aid Commission was authorized to make an advance payment per term to "authorized postsecondary educational institutions" for eligible

<sup>57</sup> *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 880.

<sup>58</sup> *Kern High School Dist.*, *supra*, 30 Cal.4th 727, 754.

students who indicated they were attending those institutions. Each "authorized" institution was required to disburse the funds in accordance with the provisions set forth in the "Institutional Agreement" between the Student Aid Commission and the institution. (Ed. Code, § 69535.5.) Refunds of unused award funds previously paid to a school or college were required to be based on the published regulations of the school or college concerned, as certified to the Student Aid Commission by the school or college. (Cal. Code Regs., tit. 5, § 30032, enacted in 1977 (Register 77, No. 24).) When a student recipient initially received payment for a grant, the institution of attendance was required to designate the total number of years of eligibility for grants based on the student's educational level in his or her course of study. (Ed. Code, § 69535.1, subd. (a).) In addition, the Student Aid Commission was authorized to provide for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use of the award. (Ed. Code, § 69535, subd. (j).)

Accordingly, Education Code section 69432.8, 69433.5, subdivision (h), 69433.6, subdivision (a), and California Code of Regulations, title 5, section 30032 do not mandate a new program or higher level of service on community colleges.

**Issue 2: Does the Community College Student Financial Aid Outreach Program in Education Code section 69514.5 mandate a new program or higher level of service on community colleges districts within the meaning of article XIII B, section 6 of the California Constitution?**

The claimant alleges Education Code section 69514.5 mandates a new program or higher level of service by requiring community colleges to train "community college counselors and advisors who work with students ... planning to transfer to a four-year college," and to conduct "workshops that provide general information about financial aid and technical assistance in completing financial aid forms."<sup>59</sup>

Education Code section 69514.5, as added by Statutes 2000, chapter 403, follows:

a) The Community College Student Financial Aid Outreach Program is hereby established. The commission shall, in consultation with the office of the Chancellor of the California Community Colleges, develop and administer this program for the purpose of providing financial aid training to high school and community college counselors and advisors who work with students planning to attend or attending a community college. This training shall also address the specific needs of all of the following:

- (1) Community college students intending to transfer to a four-year institution of higher education.
- (2) Foster youth.
- (3) Students with disabilities.

(b) The program shall provide specialized information on financial aid opportunities available to community college students, with a particular focus on students who plan to transfer to a four-year college or university. The commission shall work in collaboration with the Chancellor of the California Community

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<sup>59</sup> Test Claim Filing, page 40.

Colleges and other segments of higher education to develop and distribute this specialized information to assist community college students who are planning to transfer to a four-year college or university. Each year, the program shall offer financial aid workshops for high school and community college counselors, targeted for students planning to attend a community college or to transfer from a community college to a four-year institution of higher education. The program shall assist community college counselors in conducting student and family workshops that provide general information about financial aid and technical assistance in completing financial aid forms.

(c) The program shall concentrate its efforts on high schools and community colleges that are located in geographic areas that have a high percentage of low-income families.

Staff finds that Education Code section 69514.5 does not mandate the participation of community college counselors, but rather requires that the Student Aid Commission, in conjunction with the Chancellor's Office, "offer financial aid workshops" to such counselors, and "assist community college counselors in conducting ... workshops." The requirements of Education Code section 69514.5 are consistent with a Student Aid Commission program called "Cash for College." Through the Cash for College workshop program, the Student Aid Commission provides free training materials and resources for public and private organizations to offer financial aid workshops. Such workshops are then conducted on a voluntary basis as a public service by local high schools, colleges, or community organizations.<sup>60</sup>

There is no evidence in the law or the record that individual community college districts have been required to provide staff to receive financial aid training, or to offer financial aid workshops to students. Therefore, pursuant to the plain language of the test claim statute, staff finds that Education Code section 69514.5 does not mandate a new program or higher level of service on community college districts.

**Issue 3: Do Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations impose costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514?**

As indicated above, staff finds that the following activities required by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations, constitute a state-mandated new program or higher level of service on community colleges:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007, 30023, subd. (a), and 30026.)

<sup>60</sup> See, "Frequently Asked Questions" regarding Cash for College workshop registration, issued by the Student Aid Commission. (Ex. \_\_\_\_)

- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007 and 30026.)
- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct. (Cal. Code Regs., tit. 5, § 30023, subd. (d).)

The claimant has submitted a declaration from Toni Du Bois, Dean of Financial Aid and Veteran Affairs for Long Beach Community College District, which estimates increased costs of \$1,000 in staffing and other costs in excess of any funding provided for fiscal year 2001-2002.

The Student Aid Commission states that the community colleges have received funds for student aid administration, including a budget augmentation in 2003-04, with a minimum additional allocation of \$50,000 per campus (6870-101-0001) for outreach and support services for "potential and current financial aid applicants."

Thus, the issue is whether the activities listed above impose costs mandated by the state. Government Code section 17514 defines "costs mandated by the state" as any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute or executive order enacted on or after January 1, 1975, that mandates a new program or higher level of service of an existing program.

Government Code section 17556, subdivision (e), states that there are no costs mandated by the state if the statute, executive order, or an appropriation in a Budget Bill "includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate."

Although community colleges may have received funds appropriated for the "administration of student financial aid," staff finds that the exception to reimbursement in Government Code section 17556, subdivision (e), does not apply here. The line item identified by the Student Aid Commission (item 6870-101-0001, schedule (5)), is for local assistance to the Board of Governors of the California Community Colleges (Proposition 98) for "Student Financial Aid Administration."<sup>61</sup> The funds appropriated are for transfer by the State Controller to Section B of the State School Fund, and can be used on the administration of other student financial aid programs that are not included in this test claim. For example, the funds can be used for expenses incurred under title 5 of the California Code of Regulations, sections 58600 et seq., which have not been pled in this claim, that govern Student Financial Aid grants allocated by the Board of Governors to community college districts for students with financial need. The appropriations made in the Budget Acts do not require community colleges to use the funds specifically for the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program. Thus, the funds appropriated in line item 6870-101-0001 were not specifically intended to fund the costs of the test claim statutes and regulations.

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<sup>61</sup> See Statutes 2001, chapter 106; Statutes 2002, chapter 379; Statutes 2003, chapter 157; Statutes 2004, chapter 208; Statutes 2005, chapter 38; Statutes 2006, chapter 47; Statutes 2007, chapter 171; and Statutes 2008, chapter 269.

Moreover, while the statute that enacted the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Stats. 2000, ch. 403, § 10 (SB 1644)) appropriated funds to the Student Aid Commission for the administration of the program, the test claim statutes did not appropriate any funds to community college districts.

Accordingly, staff finds that there are costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 for the following activities mandated by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007, 30023, subd. (a), and 30026.)
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007 and 30026.)
- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct. (Cal. Code Regs., tit. 5, § 30023, subd. (d).)

## CONCLUSION

Staff concludes that the following activities required by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program in Education Code section 69432.9, subdivision (b)(3)(C), and sections 30007, 30023, subdivisions (a) and (d), and 30026 of the Student Aid Commission's regulations, constitute a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514:

- Calculating a college or community college grade point average pursuant to the instructions in California Code of Regulations, title 5, section 30007. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007, 30023, subd. (a), and 30026.)
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee. (Ed. Code, § 69432.9, subd. (b)(3)(C), as added by Stats. 2000, ch. 403; Cal. Code Regs, tit. 5, §§ 30007 and 30026.)
- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct. (Cal. Code Regs., tit. 5, § 30023, subd. (d).)

Staff further concludes that all other statutes and regulations pled in this test claim do not mandate a new program or higher level of service and, thus, are not reimbursable.



**Staff Recommendation**

Staff recommends the Commission adopt this staff analysis to partially approve this test claim.

# SixTen and Associates Mandate Reimbursement Services

Exhibit E

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Fax: (916) 564-6103

December 10, 2008

RECEIVED

DEC 11 2008

COMMISSION ON  
STATE MANDATES

Paula Higashi, Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

RE: 02-TC-28  
Long Beach Community College District  
Cal Grants

Dear Ms. Higashi:

I have received the Commission Draft Staff Analysis (DSA) dated November 21, 2008, to which I respond on behalf of the test claimant.

The threshold issue, and our assertion, is that since community college districts are statutorily (Education Code Section 76000) compelled to admit any California resident, and that community college students are statutorily (Education Code Section 66021.2) entitled to access to the Cal Grant program, and that community college districts are statutorily (Education Code Section 69433.5, subdivision (a)) required to participate in the administration of the Cal Grant as a condition for the disbursements of the funds to the students, the statutory and regulatory administrative duties required of the colleges to implement the Cal Grant programs are costs mandated by the state.

The DSA (21) concludes otherwise:

"Here, there is no evidence in the law or in the record that community colleges that elect not to participate in the Cal Grant Program and administer grant funds to their students face certain and severe penalties such as double taxation or other draconian consequences. As acknowledged by the Student Aid Commission, students that need financial aid may be affected by a community college's decision not to participate."

The detriment mentioned, of course, is that the students cannot received the grant. The issue is not whether the community colleges would be subject to severe penalties (*Sacramento II* and *Kern*) but whether the colleges have the authority to frustrate the purposes of the law and Legislature and deny their students access to this financial aid entitlement program.

### **Community Colleges are Required to Participate in the Cal Grant Program**

The May 21, 2008 response from the Student Aid Commission states that all community colleges participate in the Cal Grant program. The DSA (9) quotes the Student Aid Commission which believes (without citation) that community colleges "elect" to participate in the program to "attract financially needy students." Why a community college district would want to "attract" more students in times when enrollment growth exceeds enrollment growth funding is an unanswered question.

Education Code Sections 69432.8, 69433.5, 69433.6, and California Code of Regulations (CCR), Title 5, Section 30032 require community colleges to receive, account for, and disburse advance payments of Cal Grant funds, to designate a student's educational level upon receipt of the first grant payment, to return unused awards, and to provide reports to the Student Aid Commission. The DSA (19) concludes that these sections do not impose mandated activities because community college participation in the Cal Grant program is voluntary. However, community colleges are both legally required and practically compelled to participate in the Cal Grant program.

### **Community Colleges are Legally Required to Participate in the Cal Grant Program**

The DSA (19, 20) relies on the Cal Grant Program Manual published by the Student Aid Commission for the proposition that a community college must complete an Institutional Participation Agreement (IPA) to be considered a "qualifying institution" under the test claim statutes, and therefore a community college can choose whether or not to enter this agreement and participate in the Cal Grant program. However, the Cal Grant Program Manual has not been adopted as a regulation, nor does it even cite the source for much of its guidance, and therefore it cannot be relied on as a source of law.

Contrary to the representations of the DSA (19), Education Code Section 69432.7 (l) defines a "qualifying institution" as a private or non-profit institution operating in California and meeting various requirements or "(3) *Any California public postsecondary educational institution*" (Emphasis supplied). A California community college is a California public postsecondary educational institution pursuant to Education Code Section 66700. California Code of Regulations, Title 5, Section 30009 (a) reaffirms that a "qualifying institution" is defined by Education Code Section 69432.7 (l).

There are no statutes or regulations that require any additional acts on the part of the

community college in order to be considered a participant in the Cal Grant program. There is also no evidence that a community college has the ability to opt out of participation in the Cal Grant program or, in other words, to cease being a qualifying institution.

The fact that the Student Aid Commission may impose additional requirements on qualifying institutions does not make participation in the Cal Grant program by public community colleges discretionary. If anything, this imposes additional mandates on the community colleges. Further, there is no indication that the IPA is truly voluntary. In its response to the Commission dated March 21, 2008, the Student Aid Commission states that the IPA "is a form document" that is not tailored to each school. It also states that it believes all California community colleges have entered into an IPA, and there is no additional funding or other incentive provided in exchange for the agreement.

The DSA (20) goes on to list a variety of documents reviewed by the Student Aid Commission in conjunction with the IPA. These items only "document" eligibility. There is no evidence that the Student Aid Commission has the discretion to prohibit a California community college from participating in the Cal Grant program. Therefore, since the community colleges are identified as qualifying institutions by the test claim statutes, and neither the community colleges nor the Student Aid Commission have any discretion to decide otherwise, the community colleges are legally required to participate in the Cal Grant program.

#### Community Colleges are Practically Compelled to Participate in the Cal Grant Program

Students who demonstrate financial need and comply with the requirements of the Cal Grant program have a statutory right to the award. A community college cannot enroll a student who has received a Cal Grant award and then deny that student the ability to use it by declining to participate in the Cal Grant program, because the student has a right to use that award at any public postsecondary educational institution in California.

The DSA (21) concludes that community colleges are not practically compelled to participate in the Cal Grant program because "... the Cal Grant program is intended to supplement and not replace the federal Pell Grant program and other existing institutional student aid." It appears that this statement is offered to counter the fact that students who have demonstrated financial need will be affected by a community college's choice not to participate in the Cal Grant program. The Cal Grant program is indeed intended to supplement other sources of student aid. However, this does not mean that it is superfluous or that students who benefit from it could afford to attend college without the aid it provides. According to the California Community Colleges Chancellor's Office, over \$74 million was provided to community college students during the 2006-2007 year via Cal Grant B & C awards. This amounts to substantial assistance and places the Cal Grant program as the second largest source of aid for community college students.

If a community college were to opt out of the Cal Grant program, this action would be in direct opposition to the stated intent of the Legislature for students to have both economic and academic freedom when selecting a college<sup>1</sup>. The very purpose of the Cal Grant program - to provide access to higher education for those who could not otherwise afford it<sup>2</sup> - would be thwarted if a publicly funded community college could simply opt out because it did not want the burden of complying with related reporting and administration requirements.

The Legislature has acknowledged that the community colleges are integral to achieving this goal.<sup>3</sup> However, if it were possible for a community college to decline participation in the Cal Grant program, this would effectively be the same as if the college were declining to accept those who qualify for Cal Grants as students, because the student would no longer be able to afford to attend that college. This would eliminate the freedom of choice intended by the Legislature and could result in public community colleges discriminating based on the source of a student's financial aid. Therefore, community colleges are practically compelled to participate in the Cal Grant program in order to give effect to the stated intent of the Legislature.

Thus, community colleges are both legally required and practically compelled to participate in the Cal Grant program. Therefore, Education Code Sections 69432.8, 69433.5, 69433.6, and CCR, title 5, Section 30032 impose mandated duties on community colleges to receive, account for, and disburse advance payments of Cal

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<sup>1</sup> Education Code Section 66014.5 (b) provides:

The Legislature hereby finds and declares that there is a need of providing students with *economic* and academic freedom of choice in selecting a college or university they wish to attend. The Legislature further finds that an important means of meeting this need is through offering financial assistance to students who wish to attend public or independent colleges and universities and who have demonstrated financial need. (Emphasis supplied)

<sup>2</sup> Education Code Section 66021.2 states:

Consistent with the state's historic commitment to provide educational opportunity by ensuring both student access to and selection of an institution of higher education for students with financial need, the long-term policy of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program . . .

<sup>3</sup> Education Code Section 69538 (b) states:

The Legislature recognizes that the role of the community colleges, as the least expensive level of California higher education, is a crucial role in increasing the higher education opportunities for disadvantaged students . . .

Grant funds, to designate a student's educational level upon receipt of the first grant payment, to return unused awards, and to provide reports to the Student Aid Commission.

**The Activities Required by Education Code Sections 69432.8, 69433.5, and 69433.6 and CCR, Title 5, Section 30032 Constitute a New Program or Higher Level of Service**

The DSA (5) asserts, without citation, that the Cal Grant program "is intended" to replace a previous program. The DSA (20, 21) concludes that the activities required by the new sections do not constitute a new program or higher level of service because they were required under the previous Cal Grant program established by Education Code Section 69530 et seq. However, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant program is a separate and new program. The act that established it did not repeal the previous Cal Grant program and re-enact identical provisions. In fact, the sections governing the prior Cal Grant program are still in effect and applicable to students who received awards prior to December 31, 2000.

The statute that enacted the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant program provides further evidence that it was intended to establish a new and substantially different program, rather than extend or modify the previous Cal Grant program. Statutes of 2000, Chapter 403, Section (2)(b) states:

It is the intent of the Legislature, in enacting this act, to sunset the Cal Grant Program established pursuant to Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of the Education Code and to establish the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act, commencing with the 2001-02 academic year.

Community colleges participate in a variety of student financial aid programs. The requirements of the new Cal Grant program do not fail to qualify as a higher level of service simply because the colleges are already disbursing funds and remitting reports for their other financial aid programs. Community colleges could not possibly have been performing the activities required by the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant program prior to its enactment because the program did not exist. There were no awards to disburse or report on in connection with this program.

The test claimant requests that the Commission make findings of fact and law that community colleges are compelled to participate in the administration of the new Cal Grant program in order not to frustrate the purposes of the law and ensure that students have access to the program as intended by the Legislature.

**CERTIFICATION**

I certify by my signature below, under penalty of perjury under the laws of the State of California, that the statements made in this document are true and complete to the best of my own personal knowledge or information and belief.

Sincerely,



Keith B. Petersen

C: Per Mailing List Attached

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**DECLARATION OF SERVICE**

Re: Test Claim 02-TC-28  
Cal Grants  
Long Beach Community College

I declare:

I am employed in the office of SixTen and Associates, which is the appointed representative of the above named claimant. I am 18 years of age or older and not a party to the entitled matter. My business address is 3841 North Freeway Blvd, Suite 170, Sacramento, CA 95834.

On the date indicated below, I served the attached letter dated December 10, 2008, with attachments, to Paula Higashi, Executive Director, Commission on State Mandates, to the Commission mailing list dated 11/21/08 for this test claim, and to:

Paula Higashi, Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

**U.S. MAIL:** I am familiar with the business practice at SixTen and Associates for the collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at SixTen and Associates is deposited with the United States Postal Service that same day in the ordinary course of business.

**OTHER SERVICE:** I caused such envelope(s) to be delivered to the office of the addressee(s) listed above by:


\_\_\_\_\_  
(Describe)

**FACSIMILE TRANSMISSION:** On the date below from facsimile machine number (858) 514-8645, I personally transmitted to the above-named person(s) to the facsimile number(s) shown above, pursuant to California Rules of Court 2003-2008. A true copy of the above-described document(s) was(were) transmitted by facsimile transmission and the transmission was reported as complete and without error.

A copy of the transmission report issued by the transmitting machine is attached to this proof of service.

**PERSONAL SERVICE:** By causing a true copy of the above-described document(s) to be hand delivered to the office(s) of the addressee(s).

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on December 10, 2008, at Sacramento, California.

  
Barbara A. Rinkle



**Commission on State Mandates**

Original List Date: 6/26/2003  
Last Updated: 4/26/2007  
List Print Date: 11/21/2008  
Claim Number: 02-TC-28  
Issue: Cal Grants

Mailing Information: Draft Staff Analysis

**Mailing List**

**TO ALL PARTIES AND INTERESTED PARTIES:**

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or Interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.2.)

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**Claimant Representative**  
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## Student Financial Aid Awards

**Statewide  
 Financial Aid Count and Amount By type  
 For 2006-2007**

Note: The Statewide figures represent 113 reported colleges out of total of 117 reporting entities statewide  
 Data Current As Of December 02, 2008 02:00:46

[Download The Result In Comma Delimited Format](#)

Financial Aid Type	Headcount	Total Amount
Academic Competitiveness Grant	1,915	1,364,927
Cal Grant B	60,575	72,036,882
Cal Grant C	5,523	2,201,526
EOPS Grant	39,002	14,520,800
CARE Grant	6,021	4,983,541
Chafee Grant	988	4,036,957
Pell Grant	247,297	574,222,396
SEOG (Supplemental Educational Opportunity Grant)	59,204	26,995,579
Other grant: Institutional source	3,458	1,454,033
Other grant: non-Institutional source	4,106	7,710,279
Bureau of Indian Affairs (BIA) Grant	144	316,135

Total Amount = \$ 709,843,065

[Back to Top of Page](#)

# EDUCATION CODE

## SECTION 66011-66025.8

66011. (a) It is hereby declared to be the policy of the Legislature that all resident applicants to California institutions of public higher education, who are determined to be qualified by law or by admission standards established by the respective governing boards, should be admitted to either (1) a district of the California Community Colleges, in accordance with Section 76000, (2) the California State University, or (3) the University of California:

(b) As used in this part, "governing boards" means the local boards of trustees and the Board of Governors of the California Community Colleges, the Trustees of the California State University, and the Regents of the University of California.

66012. It is hereby declared to be the intent of the Legislature that the fixed master plan approach in the development of public postsecondary education be replaced by a continuous planning process which includes:

(a) A legislative study of California postsecondary education at 10-year intervals to reevaluate the planning process and provide guidelines regarding goals, societal needs and general missions of public higher education and its components.

(b) Continuous planning by a state commission including a five-year plan which is to be updated annually.

66013. Each segment of public higher education shall strive for excellence in its sphere, as assigned in this part.

66014. The provisions of this part shall supersede the provisions of any other law which conflict with the provisions of this part.

66014.5. (a) It is the intent of the Legislature to recognize the role of independent, regionally accredited postsecondary education in California postsecondary education. Statewide planning, policy coordination, and review of postsecondary education shall include attention to the contributions of the independent institutions in meeting the state's goals of access, quality, educational equity, economic development, and student aid.

(b) The Legislature hereby finds and declares that there is a need of providing students with economic and academic freedom of choice in selecting a college or university they wish to attend. The Legislature further finds that an important means of meeting this need is through offering financial assistance to students who wish to attend public or independent colleges and universities and who have demonstrated financial need.

66015. It is the intent of the Governor and the Legislature, in cooperation with the Trustees of the California State University, to

do both of the following:

- (a) Place a major priority on resolving the serious problem of impacted and overcrowded classes, not only with respect to the California State University, but throughout public postsecondary education.
- (b) Ensure that needy students receive financial aid sufficient to cover the cost of fee increases for each academic year.

66015.1. The Legislature finds and declares all of the following:

(a) The 1986 Report on Lower Division Education at the University of California stated that "lower division (education) is something of a neglected child..." and suggested steps for improving the quality of teaching and academic support services.

(b) In 1991, the "Universitywide Task Force on Faculty Rewards Report" resulted in the adoption of policies to provide a greater emphasis on teaching. Policy revisions included broadening the range of evidence used in evaluation of teaching, peer review of teaching, and promotion policies that recognize great distinction in teaching as well as scholarship.

(c) In 1992, the University of California issued a number of "Presidential Initiatives to Protect and Improve Undergraduate Education."

(d) The Legislature, in the Supplemental Report of the 1992 Budget Act, declared its intent that University of California faculty alter the distribution of their workload by:

- (1) Increasing the number of courses and sections offered that are required for normal progress toward a baccalaureate degree.
- (2) Increasing the number of freshman and sophomore seminars.
- (3) Increasing opportunities for undergraduate research.
- (4) Reducing the size of classes when desirable.

These measures were expected to result in an increase in the average teaching load of one additional course every one to three years.

(e) The report entitled "Initiatives to Improve Undergraduate Education," prepared by the University of California in response to the 1992 Budget Act, is a commendable effort.

66015.5. (a) It is the intent of the Legislature that quality classroom instruction be continually improved and that courses required for normal progress to a baccalaureate degree be provided in sufficient numbers.

(b) It is the further intent of the Legislature that where necessary the average teaching responsibilities of tenured and tenure track faculty be sufficiently increased to meet the goals described in this section.

66015.7. (a) In order to maintain and strengthen the high quality of international education in California, the Legislature encourages all public and private institutions of higher education to further develop, as their resources permit, programs that support learning about other cultures, global issues, and the exchange of Californians and international students and scholars.

(b) For California students and scholars, institutions are encouraged, as resources permit, to accomplish all of the following:

- (1) Develop courses of study in as many fields as possible to

increase students' understanding of global issues and cultural differences.

(2) Offer courses in languages other than English to train students to communicate effectively in other cultures and to enhance their understanding of other nations' values.

(3) Provide opportunities for students in all majors to participate in study abroad programs to enrich their academic training, perspectives, and personal development.

(4) Provide opportunities for domestic and international students to interact effectively and routinely share their views, perceptions, and experiences in educational settings.

(5) Develop innovative public educational forums and venues to explore global issues and showcase world cultures.

(c) For international students and scholars, institutions are encouraged, as resources permit, to accomplish all of the following:

(1) Encourage the presence of qualified students from other countries with sufficient geographic diversity to inspire an appreciation for differences among cultures and a deeper understanding of the values and perspectives of other people.

(2) Facilitate faculty exchange and collaborative partnership programs with institutions in other countries.

(3) Initiate collaborative research undertakings to address issues of global significance.

(4) Recruit and retain the world's best and brightest faculty to educate California's students as globally competent citizens.

66016. It is the intent of the Legislature that opportunities for participation in intercollegiate athletic programs in the community colleges, in the campuses of the California State University, and in the campuses of the University of California be provided on an equal basis as is practicable to male and female students.

The costs of providing these equal opportunities may vary according to the type of sports contained within the respective men's and women's athletic programs. Therefore it is also the intent of the Legislature that additional sources of revenue should be determined to provide additional funds for these equal opportunity programs.

66017. The respective governing boards of the California Community Colleges, the California State University, or the University of California shall adopt appropriate procedures and designate appropriate persons to take disciplinary action against any student, member of the faculty, member of the support staff, or member of the administration of the community college, state college, or state university who, after a prompt hearing by a campus body, has been found to have willfully disrupted the orderly operation of the campus. Nothing in this section shall be construed to prohibit, where an immediate suspension is required in order to protect lives or property and to ensure the maintenance of order, interim suspension pending a hearing; provided that a reasonable opportunity be afforded the suspended person for a hearing within 10 days. The disciplinary action may include, but need not be limited to, suspension, dismissal, or expulsion. Sections 89538 to 89540, inclusive, shall be applicable to any state university or college employee dismissed pursuant to this section.

66018. Each institution of public higher education shall require that all applications for any type of financial aid for students shall disclose all taxable income and all nontaxable income.

66018.55. (a) As used in this section "college and university" shall include all institutions of public higher education and all independent institutions of higher education.

(b) The Office of Privacy Protection in the Department of Consumer Affairs shall establish a task force to conduct a review of the use by all colleges and universities of social security numbers in order to recommend practices to minimize the collection, use, storage, and retention of social security numbers in relation to academic and operational needs and applicable legal requirements.

(c) The task force shall be known as the "College and University Social Security Number Task Force." The Office of Privacy Protection shall determine the composition of the task force, which shall include, but not be limited to, all of the following:

(1) Two representatives from each of the three institutions of public higher education.

(2) Two representatives of the California Association of Independent Colleges and Universities.

(3) Two representatives each from two organizations devoted to the protection of personal privacy.

(4) One representative from a national organization devoted to the management of informational technology in higher education.

(5) One representative from the business community with expertise in technological solutions to privacy concerns.

(6) One representative each from the Assembly Committee on Judiciary and the Senate Committee on Judiciary.

(d) The task force shall seek input, as deemed necessary and appropriate, from all of the following:

(1) Representatives of organizations with expertise in technical policy and practices of Internet disclosure, private policy relevant to Internet disclosure, and fostering public integrity and accountability.

(2) The constituencies of the college and university communities, including students, staff, and faculty.

(e) The task force shall review and make recommendations to minimize the collection, use, storage, and retention of social security numbers by California colleges and universities and shall include, but not be limited to, all of the following:

(1) A survey of best practices at colleges and universities and the costs of implementing those best practices.

(2) The necessary use and protection of social security numbers for all of the following:

(A) Research purposes.

(B) Academic purposes, including, but not limited to, academic research, admission, financial aid, and other related operational uses.

(C) Operational uses by academic medical centers, including, but not limited to, patient identification, tracking, and care.

(D) Business purposes, including, but not limited to, the provision of employee benefits, tax purposes, loan programs, and other requirements imposed by current state and federal statutes and regulations.

(E) Any other operational need of the college or university.

(3) Current personal privacy protections provided to students, applicants, staff, and faculty of colleges and universities.

(4) Existing state and federal legal requirements, including regulatory requirements, mandating the use of social security numbers at colleges and universities.

(5) The possible use of personal identifiers or other substitutes for social security numbers that protect personal information and meet the operational needs of colleges and universities.

(6) The cost of funding any recommendations presented by the task force, including those that are of minimal cost and can be implemented immediately and those that require additional funding or time to implement.

(f) The task force shall commence meetings no later than May 1, 2008.

(g) (1) On or before July 1, 2010, the task force shall submit a final report of its findings and recommendations to the Office of Privacy Protection, and to the Assembly Committee on Judiciary and the Senate Committee on Judiciary.

(2) The final report shall also include a list of the existing uses of social security numbers common among colleges and universities for routine operations and compliance with state and federal laws.

(3) The findings and recommendations of the task force shall be informational only and shall not be binding on any college or university.

66019. (a) Each state university and college, when determining eligibility for any state university or college educational opportunity program, and each governing board of a community college district, when determining eligibility for any community college educational opportunity program, shall consider nontaxable income.

(b) The Regents of the University of California are requested to provide that nontaxable income be considered in all determinations of eligibility for any educational opportunity programs at the University of California.

019.3. (a) It is the intent of the Legislature to encourage the California Community Colleges, the California State University, and the University of California to disseminate information to foster care agencies regarding admissions requirements and financial aid.

(b) The Legislature requests the Regents of the University of California and the Trustees of the California State University to explore methods of using the admissions-by-exemption category to assist the transition of students in foster care into four-year public institutions of higher education.

66021. It is the intent of the Legislature that the Budget Act for each fiscal year provide sufficient funding for financial aid for students with demonstrated financial need at the University of California, the California State University, and the California Community Colleges to offset increases in student charges at those institutions. The Legislature intends that funds for increased student financial aid be provided from sources other than student fees.

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

66021.4. It is the intent of the Legislature to support student

financial aid programs for eligible students enrolled in teacher credential and graduate degree programs, including an emphasis on increasing the number of graduate students from currently and historically underrepresented groups who are preparing to become future elementary and secondary teachers or postsecondary faculty members.

6022. (a) The governing board of every community college district, the Trustees of the California State University, the Regents of the University of California, and the Board of Directors of the Hastings College of the Law shall adopt regulations providing for the withholding of institutional services from students or former students who have been notified in writing at the student's or former student's last known address that he or she is in default on a loan or loans under the Federal Family Education Loan Program.

"Default," for purposes of this section, means the failure of a borrower to make an installment payment when due, or to meet other terms of the promissory note under circumstances where the guarantee agency finds it reasonable to conclude that the borrower no longer intends to honor the obligation to repay, provided that this failure persists for 180 days for a loan repayable in monthly installments, or 240 days for a loan repayable in less frequent installments.

(b) The regulations adopted pursuant to subdivision (a) shall provide that the services withheld may be provided during a period when the facts are in dispute or when the student or former student demonstrates to either the governing board of the community college district, the Trustees of the California State University, the Regents of the University of California, or the Board of Directors of the Hastings College of the Law, as appropriate, or to the Student Aid Commission, or both the Student Aid Commission and the appropriate entity or its designee, that reasonable progress has been made to repay the loan or that there exists a reasonable justification for the delay as determined by the institution. The regulations shall specify the services to be withheld from the student and may include, but are not limited to, the following:

- (1) The provision of grades.
- (2) The provision of transcripts.
- (3) The provision of diplomas.

The adopted regulations shall not include the withholding of registration privileges.

(c) When it has been determined that an individual is in default on a loan or loans specified in subdivision (a), the Student Aid Commission shall give notice of the default to all institutions through which that individual acquired the loan or loans.

(d) This section shall not impose any requirement upon the University of California or the Hastings College of the Law unless the Regents of the University of California or the Board of Directors of the Hastings College of the Law, respectively, by resolution, make this section applicable.

(e) Guarantors, or those who act as their agents or act under their control, who provide information to postsecondary educational institutions pursuant to this section, shall defend, indemnify, and hold harmless the governing board of every community college district, the Trustees of the California State University, the Regents of the University of California, and the Board of Directors of the Hastings College of the Law from action resulting from compliance with this section when the action arises as a result of incorrect, misleading, or untimely information provided to the postsecondary educational institution by the guarantors, their agents, or those acting under the control of the guarantors.

66023. Each segment of public higher education shall establish, and update as necessary, a written policy concerning students who are called to active military service. The policy shall do all of the following:

- (a) Ensure that those students do not lose academic credits or degree status.
- (b) Provide for a refund of fees paid by the student for the term in which he or she was called to active military service.

66024. The Legislature hereby affirms its commitment to the continuing quality and development of graduate and professional programs of the University of California, the California State University, and the independent institutions of higher education in this state.

It is the intent of the Legislature that each governing board of an institution of higher education periodically review the quality of the graduate and professional programs operated by the institution, and the need to add, discontinue, or enhance graduate and professional programs, including programs leading to the joint doctorate degree.

It is further the intent of the Legislature that the development of joint doctoral programs operated by the California State University and the University of California or one or more accredited independent institutions of higher education be established and expedited.

All graduate and professional programs, including joint doctoral programs, are expected to undergo careful evaluation and be approved only when it has been demonstrated that these programs meet the needs of students and the state.

66025. (a) Systemwide fees charged to resident undergraduate students at the University of California and the California State University shall be reduced for the 1998-99 fiscal year by 5 percent below the level charged during the 1997-98 fiscal year, and the systemwide fees charged to those students for the 1999-2000 fiscal year shall be reduced by 5 percent below the level charged during the 1998-99 fiscal year. Systemwide education and registration fees charged to resident graduate students at the University of California and the California State University for the 1999-2000 fiscal year shall be reduced by 5 percent below the level charged those resident students for the 1997-98 fiscal year. This subdivision does not apply to resident students pursuing a course of study leading to a professional degree who are subject to a supplemental fee pursuant to the policy of the University of California.

(b) No provision of this section shall apply to the University of California except to the extent that the Regents of the University of California, by appropriate resolution, make that provision applicable.

66025.3. (a) No campus of the University of California, the California State University, or the California Community Colleges shall charge any mandatory systemwide tuition or fees, including enrollment fees, registration fees, differential fees, or incidental fees, to any of the following:

- (1) Any dependent eligible to receive assistance under Article 2 (commencing with Section 890) of Chapter 4 of Division 4 of the

Military and Veterans Code.

(2) (A) Any child of any veteran of the United States military who has a service-connected disability, has been killed in service, or has died of a service-connected disability, where the annual income of the child, including the value of any support received from a parent, does not exceed the national poverty level as defined in subdivision (c).

(B) Notwithstanding Section 893 of the Military and Veterans Code, the Department of Veterans Affairs may determine the eligibility for fee waivers for a child described in subparagraph (A).

(3) Any dependent, or surviving spouse who has not remarried, of any member of the California National Guard who, in the line of duty, and while in the active service of the state, was killed, died of a disability resulting from an event that occurred while in the active service of the state, or is permanently disabled as a result of an event that occurred while in the active service of the state. For the purposes of this paragraph, "active service of the state" refers to a member of the California National Guard activated pursuant to Section 146 of the Military and Veterans Code.

(4) (A) Any undergraduate student who is a recipient of a Medal of Honor, commonly known as a Congressional Medal of Honor, or any undergraduate student who is a child of a recipient of a Medal of Honor and who is no more than 27 years old, if both of the following requirements are met:

(i) His or her annual income, including the value of any support received from a parent, does not exceed the national poverty level as defined in subdivision (c).

(ii) The recipient of the Medal of Honor who is or was the parent of the undergraduate student is, or at the time of his or her death was, a California resident as determined pursuant to Chapter 1 (commencing with Section 68000) of Part 41.

(B) The Department of Veterans Affairs shall determine the eligibility of any applicant for a fee waiver under this paragraph.

(b) A person who is eligible for a waiver of tuition or fees under this section may receive a waiver for each academic year during which he or she applies for that waiver, but an eligible person may not receive a waiver of tuition or fees for a prior academic year.

(c) As used in this section, the "national poverty level" is the poverty threshold for one person, as most recently calculated by the Bureau of the Census of the United States Department of Commerce.

(d) The waiver of tuition or fees under this section shall apply only to a person who is determined to be a resident of California pursuant to Chapter 1 (commencing with Section 68000) of Part 41.

(e) This section shall not apply to a dependent of a veteran within the meaning of paragraph (4) of subdivision (a) of Section 890 of the Military and Veterans Code.

(f) No provision of this section shall apply to the University of California except to the extent that the Regents of the University of California, by appropriate resolution, make that provision applicable.

66025.6. (a) As used in this section, the following terms have the following meanings:

(1) "Active duty" means either of the following:

(A) Active federal service or full-time national guard duty on behalf of the United States of America either voluntarily, or when involuntarily ordered to duty by appropriate authorities under Title 10 or Title 32 of the United States Code during a period of armed conflict, mobilization, contingency operations, or other crisis.

(B) (i) Active military duty in the service of the state when the governor has issued a proclamation of a state of insurrection pursuant to Section 143 of the Military and Veterans Code or a

proclamation of a state of emergency; or

(ii) When the National Guard is on active duty pursuant to Section 146 of the Military and Veterans Code, or is called to active service or duty under Chapter 7.5 (commencing with Section 400) of Part 1 of Division 2 of the Military and Veterans Code, and a certificate of satisfactory service, or an equivalent thereof, is issued by the Military Department.

(2) "Qualifying member" means a person who:

(A) Is a resident, as defined in Section 68017.

(B) Is currently an active member of, and has satisfactorily served for at least one year in, the California National Guard, the State Military Reserve, or the Naval Militia, and maintains satisfactory service throughout the period that he or she receives consideration pursuant to this section, or throughout the period that his or her student loan payments are assumed under Article 12.5 (commencing with Section 69750) of Chapter 2 of Part 42, whichever is longer.

(C) Has completed a baccalaureate degree, or is currently enrolled, and in good standing, in an undergraduate program of instruction, or has been admitted to a program in which he or she will be enrolled, on at least a half-time basis, at an institution of higher education in this state, or is enrolled in or has completed a program of instruction in a vocational diploma program as defined in Section 94746 where enrollment qualifies a student for participation in the Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et seq.) or any loan program approved by the Student Aid Commission.

(b) (1) (A) Any qualifying member, and any member of the California National Guard, the State Military Reserve, or the Naval Militia who meets the qualifications of subparagraphs (A) and (B) of paragraph (2) of subdivision (a) and who is enrolled, and in good standing in a graduate program of instruction, who undertakes active duty is entitled to an academic leave of absence for any academic session that the person is unable to attend or complete because he or she is on active duty.

(B) It is the intent of the Legislature that a graduate or undergraduate student who is called to active military duty as a member of the California National Guard, the State Military Reserve, or the Naval Militia not be academically penalized as a result of any academic leave of absence that he or she takes in accordance with this paragraph.

(2) To the extent that it is feasible, graduation requirements for a qualifying member who, within one year of returning from active duty, resumes his or her studies at the same postsecondary educational institution shall be the same as the graduation requirements at the time the qualifying member initially enrolled.

(c) The Military Department shall determine whether an individual meets the requirements of "active duty" and "qualifying member," as they are set forth in subdivision (a). The department shall issue a certificate to individuals who meet those requirements.

(d) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2012, deletes or extends that date.

66025.8. The California State University and each community college district shall, and the University of California is requested to, with respect to each campus in their respective jurisdictions that administers a priority enrollment system, grant priority in that system for registration for enrollment to any member or former member of the Armed Forces of the United States for any academic term attended at one of these institutions within two years of leaving active duty. As used in this section, "member or former member of the

Armed Forces of the United States" includes, but is not necessarily limited to, any student who is called to active military duty compelling that student to take an academic leave of absence.

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**EDUCATION CODE**  
**SECTION 66700**

66700. The California Community Colleges are postsecondary schools and shall continue to be a part of the public school system of this state. The Board of Governors of the California Community Colleges shall prescribe minimum standards for the formation and operation of the California Community Colleges and exercise general supervision over the California Community Colleges.

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## EDUCATION CODE

### SECTION 69430-69433.9

69430. This chapter shall be known, and may be cited, as the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program.

69431. There is hereby established the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, which may also be referred to as the Cal Grant Program.

69432. (a) Cal Grant Program awards shall be known as "Cal Grant A Entitlement Awards," "Cal Grant B Entitlement Awards," "California Community College Transfer Entitlement Awards," "Competitive Cal Grant A and B Awards," "Cal Grant C Awards," and "Cal Grant T Awards."

(b) Maximum award amounts for students at independent institutions and for Cal Grant C and T awards shall be identified in the annual Budget Act. Maximum award amounts for Cal Grant A and B awards for students attending public institutions shall be referenced in the annual Budget Act.

69432.5. The Budget required by the California Constitution to be submitted by the Governor at each Regular Session of the Legislature shall take into consideration the amount of federal grant funds for student financial aid.

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

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

(b) "Access costs" means living expenses and expenses for transportation, supplies, and books.

(c) "Award year" means one academic year, or the equivalent, of attendance at a qualifying institution.

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

(e) "Commission" means the Student Aid Commission.

(f) "Enrollment status" means part-time status or full-time status.

(1) Part time, for purposes of Cal Grant eligibility, is defined as 6 to 11 semester units, inclusive, or the equivalent.

(2) Full time, for purposes of Cal Grant eligibility, is defined as 12 or more semester units or the equivalent.

(g) "Expected family contribution," with respect to an applicant, shall be determined using the federal methodology pursuant to subdivision (a) of Section 69506 (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070



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

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

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

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

(k) "Maximum household income and asset levels" means the applicable household income and household asset levels for participants in the Cal Grant Program, as defined and adopted in regulations by the commission for the 2001-02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

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

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

CAL GRANT PROGRAM ASSET CEILINGS

	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 XIIIIB of the California Constitution. Any applicant 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 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.

(1) "Qualifying institution" means any of the following:

(1) Any 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:

(A) Federal Work-Study.

(B) Perkins Loan Program.

(C) Supplemental Educational Opportunity Grant Program.

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

(3) Any California public postsecondary educational institution.

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

69432.8. The commission may determine that an advance payment is essential to ensure that funds provided pursuant to this chapter to assist students to enroll in postsecondary education are available at the time students enroll. Upon making that determination, the commission may, on the basis of institutional academic calendars, advance, per term to authorized postsecondary educational institutions, the funds for eligible students who have indicated they will attend those institutions, less an amount based on historical claim enrollment attrition information. Each institution shall disburse the funds in accordance with the provisions set forth in the institutional agreement between the commission and the institution.

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

(b) Financial need shall be determined using the federal financial need methodology pursuant to subdivision (a) of Section 69506 and applicable regulations adopted by the commission, and as established

by Title IV of the Federal Higher Education Act of 1965 (20 U.S.C. Secs. 1070 et seq., as amended). The calculation of financial need shall be consistent with the commission's methodology for financial need for the 2000-01 academic year.

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

(2) Financial need is defined as the difference between the student's cost of attendance as determined by the commission and the expected family contribution. The calculation of financial need shall be consistent with the commission's methodology for determining financial need for the 2000-01 academic year as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Secs. 1070 et seq.).

(3) (A) The minimum financial need required for receipt of an initial Cal Grant A or Cal Grant C award shall be not less than the maximum annual award value for the applicable institution, plus an additional one thousand five hundred dollars (\$1,500) of financial need.

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

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

69433. (a) (1) A Cal Grant Program award shall be based upon the financial need of the applicant, and shall not exceed the calculated financial need for any individual applicant. The minimum level of financial need of each applicant shall be determined by the commission pursuant to Section 69432.9. The commission may provide renewal awards.

(2) A student attending a nonpublic institution shall receive a renewal award for tuition or fees, or both, in an amount not to exceed the maximum allowable award amount that was in effect in the year in which the student first received a new award.

(b) A Cal Grant award authorized pursuant to this chapter shall be defined as a full-time equivalent grant. An award to a part-time student shall be a fraction of a full-time grant, as determined by the commission.

(c) (1) The commission shall prescribe the use of standardized student financial aid applications for California. These applications shall be simple in nature, and collect common data elements required by the federal government and those elements needed

to meet the objectives of state-funded and institutional financial aid programs.

(2) The applications prescribed in paragraph (1) shall be utilized for the Cal Grant Program, all other programs funded by the state or public institution of postsecondary education (except for the Financial Assistance Program of the Board of Governors of the California Community Colleges authorized by Chapter 1118 of the Statutes of 1987, for which a simplified application designed for that sole purpose may be used), and all federal programs administered by a public postsecondary education institution.

(3) Supplemental application information may be utilized if the information is essential to accomplishing the objectives of individual programs. All supplemental application information used for the purposes of commission-administered programs shall be subject to approval by the commission, and applications shall be identical for programs with similar objectives, as determined by the commission.

(4) Public postsecondary institutions are encouraged to use, but may decide whether to use, the standard applications for funds provided by private donors.

(5) The Legislature finds and declares that it is in the best interest of students that all postsecondary education institutions in California participating in federal and state-funded financial aid programs accept the standard applications prescribed by the commission.

(d) Nothing in this chapter shall prevent an individual public postsecondary institution from processing, with its own staff and fiscal resources, the standard financial aid applications specified in subdivision (c) for student aid programs for which it has legal responsibility.

(e) The commission may enter into contracts with a public agency or a private entity to improve the processing and distribution of grants, fellowships, and loans through the use of electronic networks and unified data bases.

69433.4. (a) Notwithstanding any other provision of law, a recipient of a Cal Grant award who is a member of the National Guard, the State Military Reserve, or the Naval Militia on active duty within the meaning of Section 66025.6, who is obliged to withdraw from his or her studies because of that active duty, and who later resumes those studies no later than one year after completing that active duty, does not forfeit either any of the monetary value of the Cal Grant award or any of his or her period of eligibility for that award.

(b) This section shall remain in effect only until January 1, 2012, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2012, deletes or extends that date.

69433.5. (a) Only a resident of California, as determined by the commission pursuant to Part 41 (commencing with Section 68000), is eligible for an initial Cal Grant award. The recipient shall remain eligible for award renewal only if he or she is a California resident, in attendance, and making satisfactory academic progress at a qualifying institution, as determined by the commission.

(b) A part-time student shall not be discriminated against in the selection of Cal Grant Program award recipients, and an award to a part-time student shall be approximately proportional to the time the student spends in the instructional program, as determined by the commission. A first-time Cal Grant Program award recipient who is a

part-time student shall be eligible for a full-time renewal award if he or she becomes a full-time student.

(c) Cal Grant Program awards shall be awarded without regard to race, religion, creed, sex, or age.

(d) No applicant shall receive more than one type of Cal Grant Program award concurrently. Except as provided in Section 69440, no applicant shall:

(1) Receive one or a combination of Cal Grant Program awards in excess of the amount equivalent to the award level for a total of four years of full-time attendance in an undergraduate program, except as provided in Section 69433.6.

(2) Have obtained a baccalaureate degree prior to receiving a Cal Grant Program award, except as provided in Section 69440.

(e) A Cal Grant Program award, except as provided in Section 69440, may only be used for educational expenses of a program of study leading directly to an undergraduate degree or certificate, or for expenses of undergraduate coursework in a program of study leading directly to a first professional degree, but for which no baccalaureate degree is awarded.

(f) Commencing in 1999, the commission shall, for students who accelerate college attendance, increase the amount of award proportional to the period of additional attendance resulting from attendance in classes that fulfill requirements or electives for graduation during summer terms, sessions, or quarters. In the aggregate, the total amount a student may receive in a four-year period may not be increased as a result of accelerating his or her progress to a degree by attending summer terms, sessions, or quarters.

(g) The commission shall notify Cal Grant award recipients of the availability of funding for the summer term, session, or quarter through prominent notice in financial aid award letters, materials, guides, electronic information, and other means that may include, but not necessarily be limited to, surveys, newspaper articles, or attachments to communications from the commission and any other published documents.

(h) The commission may require, by the adoption of rules and regulations, the production of reports, accounting, documents, or other necessary statements from the award recipient and the college or university of attendance pertaining to the use or application of the award.

(i) A Cal Grant Program award may be utilized only at a qualifying institution.

69433.6. (a) Cal Grant A awards and Cal Grant B awards may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program provided that financial need continues to exist. Commencing with the 2001-02 academic year, the total number of years of eligibility for grants pursuant to this section shall be based on the student's educational level in his or her course of study as designated by the institution of attendance when the recipient initially receives payment for a grant.

(b) For a student enrolled in an institutionally prescribed five-year undergraduate program, Cal Grant A awards and Cal Grant B awards may be renewed for a total of five years of full-time attendance, provided that financial need continues to exist.

(c) (1) A Cal Grant Program award recipient who has completed a baccalaureate degree, and who has been admitted to and is enrolled in a program of professional teacher preparation at an institution approved by the California Commission on Teacher Credentialing is eligible for, but not entitled to, renewal of a Cal Grant Program award for an additional year of full-time attendance, if financial

need continues to exist.

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

(d) A student's Cal Grant renewal eligibility shall not have lapsed more than 15 months prior to the payment of an award for purposes of this section.

69433.7. The commission shall adopt regulations necessary to implement this chapter. Notwithstanding any other provision of law, the commission may adopt emergency regulations pursuant to Section 11346.1 of the Government Code in order to ensure that the program enacted by this chapter may function in its first academic year.

69433.8. An award under this chapter does not guarantee admission to an institution of higher education or admission to a specific campus or program.

69433.9. To be eligible to receive a Cal Grant award under this chapter, a student shall be all of the following:

(a) A citizen of the United States, or an eligible noncitizen, as defined for purposes of financial aid programs under Title IV of the federal Higher Education Act of 1965 (20 U.S.C. Secs. 1070 et seq., as from time to time amended).

(b) In compliance with all applicable Selective Service registration requirements.

(c) Not incarcerated.

(d) Not in default on any student loan within the meaning of Section 69507.5.

(e) (1) For purposes of Article 2 (commencing with Section 69434), Article 3 (commencing with Section 69435), and Article 4 (commencing with Section 69436), except as provided in subdivision (d) of Section 69436, at the time of high school graduation or its equivalent, be a resident of California.

(2) A student who does not meet the requirements for a high school diploma or its equivalent in the academic year immediately preceding the award year, but who meets the requirements for a high school diploma or its equivalent by December 31 of the academic year immediately following the date of application, satisfies any requirement for obtaining high school graduation or its equivalent for the purposes of this chapter as of the first day of the academic term immediately following the term in which the requirements for the high school diploma or its equivalent are met.

(3) No student shall receive an award for a term that begins prior to satisfying any requirement for obtaining high school graduation or its equivalent.

## EDUCATION CODE

### SECTION 69530-69547.9

69530. The Legislature finds and declares all of the following:

(a) The enactment of the Pell Grant Program requires substantial changes in current state student aid programs if state programs are to effectively supplement federal student assistance.

(b) The entire student aid system, due to a proliferation of programs, has resulted in substantial confusion and inefficiencies.

(c) One statewide student assistance program supplementary to the Pell Grant Program would increase simplicity and effectiveness. The most appropriate program for this purpose is the Cal Grant Program.

69531. There is hereby established a state educational opportunity grant program, which shall be known as the Cal Grant Program.

69532. Cal Grant Program awards shall be known as "Cal Grant A awards," "Cal Grant B awards," "Cal Grant C awards," and "Cal Grant T awards." The maximum award in each category shall be determined in the annual Budget Act.

(a) Cal Grant A awards shall be used only for tuition and student fees in an instructional program of no less than two academic years. Commencing as soon as feasible, but no later than the award cycle that provides awards for the 1999-2000 academic year, the eligibility criteria for first-time Cal Grant award recipients who are community college students and transfer to a four-year college or university shall be no more stringent than the eligibility criteria for other first-time Cal Grant award recipients attending a four-year college or university.

(b) Cal Grant B awards shall be used only for tuition, student fees, and subsistence costs in an instructional program of no less than one academic year. Subsistence costs are living expenses, transportation, supplies, and books. Commencing as soon as feasible, but no later than the award cycle that provides awards for the 1999-2000 academic year, the eligibility criteria for first-time Cal Grant award recipients who are community college students and transfer to a four-year college or university shall be no more stringent than the eligibility criteria for other first-time Cal Grant award recipients attending a four-year college or university.

(c) Cal Grant C awards shall be used only for occupational or technical training in a course of no less than four months. There shall be a minimum of 1,570 new Cal Grant C awards each year.

(d) Cal Grant T awards shall be used only for tuition and student fees for a maximum of one academic year of full-time attendance in a program of professional preparation that has been approved by the Commission on Teacher Credentialing. There shall be a minimum of 3,000 new Cal Grant T awards each year. As a condition of receiving a Cal Grant T award, a recipient shall teach for one year in a high-priority school as defined in subdivision (c) of Section 44765 for each two thousand dollar (\$2,000) incentive provided pursuant to Section 69532 through the Cal Grant T Program, for a period not to exceed four years. Any recipient who fails to meet his or her teaching obligation shall repay the Cal Grant T award.

(e) The California Student Aid Commission shall evaluate the Cal Grant T Award program from its inception to determine, of the total

number of recipients, the number of recipients who become employed as public school teachers. This evaluation shall be reported on an annual basis to the Governor and the Legislature beginning July 1, 2001.

69532.5. The Budget required by the State Constitution to be submitted by the Governor at each regular session of the Legislature shall take into consideration the amount of federal funds available through State Student Incentive Grants for the Cal Grant awards.

69533. Cal Grant awards authorized pursuant to Section 69532 shall be defined as full-time equivalent grants. Awards to part-time students shall be a fraction of a full-time grant, as determined by the commission.

69534.1. (a) The Student Aid Commission shall authorize the use of standardized student financial aid application forms for California. These forms shall be simple in nature and collect common data elements required by the federal government and those elements needed to meet the objectives of state-funded and institutional financial aid programs.

(b) These forms shall be utilized for the Cal Grant Program, all other programs funded by the state or a public institution of postsecondary education (except for the Board of Governors' Financial Assistance Program authorized by Chapter 1118 of the Statutes of 1987, for which a simplified form designed for that sole purpose may be used), and all federal programs administered by a public postsecondary education institution.

(c) Supplemental forms may be utilized if the forms are essential to accomplishing the objectives of individual programs. All supplemental forms utilized by public postsecondary educational institutions shall be subject to approval by the commission, and forms shall be identical for programs with similar objectives, as determined by the commission.

(d) Public postsecondary institutions are encouraged to, but may decide whether to, use the standard application forms for funds provided by private donors.

(e) The Legislature finds and declares that it is in the best interest of students that all postsecondary education institutions in California participating in federal and state-funded financial aid programs accept the standard application forms authorized by the Student Aid Commission.

69534.3. Nothing in this article shall prevent an individual public postsecondary institution from processing, with its own staff and fiscal resources, the standard financial aid application forms specified in Section 69534.1 for student aid programs for which it has legal responsibility.

69534.4. The Student Aid Commission may enter into contracts with a public agency or a private entity to improve the processing and distribution of grants, fellowships, and loans through the use of electronic networks and unified data bases.



69535. (a) Cal Grant Program awards shall be based upon the financial need of the applicant. The level of financial need of each applicant shall be determined by the commission pursuant to Article 1.5 (commencing with Section 69503).

(b) For the applicants so qualifying, academic criteria or criteria related to past performances shall be utilized as the criteria in determining eligibility for grants.

(c) All Cal Grant Program award recipients shall be residents of California, as determined by the commission pursuant to Part 41 (commencing with Section 68000), and shall remain eligible only if they are in attendance and making satisfactory progress through the instructional programs, as determined by the commission.

(d) Part-time students shall not be discriminated against in the selection of Cal Grant Program award recipients, and awards to part-time students shall be roughly proportional to the time spent in the instructional program, as determined by the commission. First-time Cal Grant Program award recipients who are part-time students shall be eligible for a full-time renewal award.

(e) Cal Grant Program awards shall be awarded without regard to age or the characteristics listed in Section 66270.

(f) No applicant shall receive more than one type of Cal Grant Program award concurrently. Except as provided in subdivisions (b) and (c) of Section 69535.1, no applicant shall:

(1) Receive one or a combination of Cal Grant Program awards in excess of a total of four years of full-time attendance in an undergraduate program.

(2) Have obtained a baccalaureate degree prior to receiving a Cal Grant Program award, except as provided in Section 69540.

(g) Cal Grant Program awards, except as provided in subdivision (c) of Section 69535.1, may only be used for educational expenses of a program of study leading directly to an undergraduate degree or certificate, or for expenses of undergraduate coursework in a program of study leading directly to a first professional degree, but for which no baccalaureate degree is awarded.

(h) Commencing in 1999, the commission shall, for students who accelerate college attendance, increase the amount of award proportional to the period of additional attendance resulting from attendance in classes that fulfill requirements or electives for graduation during summer terms, sessions, or quarters. In the aggregate, the total amount a student may receive in a four-year period may not be increased as a result of accelerating his or her progress to a degree by attending summer terms, sessions, or quarters.

(i) The commission shall notify Cal Grant award recipients of the availability of funding for the summer term, session, or quarter through prominent notice in financial aid award letters, materials, guides, electronic information, and other means that may include, but not be limited to, surveys, newspaper articles, or attachments to communications from the commission and any other published documents.

(j) The commission may provide by appropriate rules and regulations for reports, accounting, and statements from the award winner and college or university of attendance pertaining to the use or application of the award as the commission may deem proper.

(k) The commission may establish Cal Grant Program awards in one hundred dollar (\$100) increments.

(l) A Cal Grant Program award may be utilized only at the following institutions or programs:

(1) Any California private or independent postsecondary educational institution or program that participates in two of the three federal campus-based student aid programs and whose students

participate in the Pell Grant program.

(2) Any nonprofit regionally accredited institution headquartered and operating in California that certifies to the commission that 10 percent of the institution's operating budget, as demonstrated in an audited financial statement, is expended for the purposes of institutionally funded student financial aid in the form of grants and that demonstrates to the commission that it has the administrative capacity to administer the funds.

(3) Any California public postsecondary educational institution or program.

69535.1. (a) Cal Grant A awards and Cal Grant B awards may be renewed for a total of four years of full-time attendance in an undergraduate program provided that financial need continues to exist. Commencing with the 1989 -90 academic year, the total number of years of eligibility for grants pursuant to this section shall be based on the student's educational level in his or her course of study as designated by the institution of attendance when the recipient initially receives payment for a grant.

(b) For a student enrolled in an institutionally prescribed five-year undergraduate program, Cal Grant A awards and Cal Grant B awards may be renewed for a total of five years of full-time attendance, provided that financial need continues to exist.

(c) Cal Grant Program award recipients who have completed a baccalaureate degree and who have been admitted to and are enrolled in a program of professional teacher preparation at an institution approved by the California Commission on Teacher Credentialing are eligible for renewal of a Cal Grant Program award for an additional year of full-time attendance, if financial need continues to exist.

Payment for this additional year is limited to only those courses required for an initial teaching authorization. Awards under this section may not be used for other courses.

This section applies to those students who complete a baccalaureate degree in or after 1989. A student's Cal Grant renewal eligibility shall not have lapsed more than 15 months prior to the payment of an award for purposes of this section.

69535.5. The Student Aid Commission may determine that an advanced payment is essential to assure that funds provided pursuant to this chapter to assist students to enroll in postsecondary education are available at the time students enroll. Upon making that determination, the Student Aid Commission may, based on institutional academic calendars, advance per term to authorized postsecondary educational institutions the funds for eligible students who have indicated they will attend those institutions less an amount based on historical claim enrollment attrition information. Each institution shall disburse the funds in accordance with the provisions set forth in the Institutional Agreement between the Student Aid Commission and the institution.

69537. An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in trust for him or her for a period not to exceed two academic years, except that the commission may extend the period in which his or her award may be held in trust for up to three academic years if, in the commission's judgment, the student's rate of academic progress has been as rapid as could be expected in light of the personal and

financial conditions that the student has encountered. The commission shall, in that case, hold the award in trust, to be granted to the award winner upon receipt of his or her request therefor within that period, provided that at the time of making the request he or she meets all of the requirements of this chapter. Upon receipt of the request the commission shall assess or reassess the financial needs of the award winner. The commission may prescribe the forms and procedures to be utilized for the purposes of this section. The commission may award to another eligible individual any award being so held in trust, subject to this section and any other conditions and restrictions that may be imposed by the commission, to the end that all authorized awards are being continually utilized. Following the first year for which any Cal Grant award is made, the awards shall be included in the number of the continuing awards available for any year and not the authorized new awards for the year.

69538. (a) To be eligible for a Cal Grant B award, the applicant shall be a disadvantaged student under criteria to be established by the commission, which shall take into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper access to and persistence in postsecondary programs.

(b) The Legislature recognizes that the role of the community colleges, as the least expensive level of California higher education, is a crucial role in increasing the higher education opportunities for disadvantaged students, and it is the intent of the Legislature that the additional opportunities for higher education provided pursuant to this section shall be initiated primarily on the public community college level.

(c) Regarding the intent that the additional opportunities for higher education provided under this section be initiated primarily on the public community college level, the commission shall continue to allocate Cal Grant B awards as they were allocated up to and including the 1997-98 academic year.

(d) Awards under this section shall be for subsistence costs. The commission may also award these grants and an additional amount to pay tuition and fees to attend college at a public or private four-year college or university or other eligible postsecondary educational institution. No more than 2 percent of new recipients enrolling for the first time in an institution of postsecondary education shall be eligible for tuition payments and fees in their first academic year of attendance.

(e) An individual selected for a Cal Grant B award who enrolls in a public community college in his or her first year of attendance, and who is determined to be financially ineligible for renewal of the award in the second year of attendance at a public community college but would be financially eligible for renewal, if he or she had elected to attend a four-year college, may elect to have the award held in trust for a period not to exceed two academic years, except that the commission may extend the period in which the award is held in trust for up to three academic years, if, in the commission's judgment, the individual's rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the individual has encountered. The commission shall, in this case, hold the award in trust, to be granted to the individual upon receipt of his or her request therefor within that period, provided that at the time of making the request the individual meets all the requirements of this chapter. Upon receipt of the request, the commission shall assess or reassess the financial needs of the individual. The commission may prescribe the forms and procedures to

be utilized for the purposes of this section. The commission may award to another eligible individual any award being so held in trust, subject to the provisions of this section and any other conditions and restrictions that may be imposed by the commission, to the end that all authorized awards are continually being utilized. Following the first year for which any award is made, the awards shall be included in the number of the continuing awards available for any year and not the authorized new awards for the year.

69539. (a) A Cal Grant C award shall be utilized for occupational or technical training.

(b) "Occupational or technical training" means that phase of education coming after the completion of a secondary school program and leading toward recognized occupational goals approved by the commission.

(c) The commission may use criteria it deems appropriate in selecting students with occupational talents to receive grants for occupational or technical training.

(d) The Cal Grant C recipients shall be eligible for renewal of their grants until they have completed their occupational or technical training in conformance with terms prescribed by the commission. In no case shall the grants exceed two calendar years.

(e) Cal Grant C awards shall be for institutional fees, charges, and other costs, including tuition, plus training-related costs, such as special clothing, local transportation, required tools, equipment, supplies, and books. In determining the amount of grants and training-related costs, the commission shall take into account other state and federal programs available to the applicant.

(f) Cal Grant C awards shall be awarded in areas of occupational technical training as determined by the commission after consultation with appropriate state and federal agencies.

69540. (a) Students who have completed a baccalaureate degree and who have been admitted to a program of professional teacher preparation at an institution approved by the California Commission on Teacher Credentialing are eligible to receive a Cal Grant T award for the equivalent of one year of full-time attendance. Payment for this additional year is limited to only those courses required for an initial teaching authorization. An award under this section may not be used for other courses.

(b) The commission shall allocate Cal Grant T awards using academic criteria or criteria related to past performance similar to that used in awarding Cal Grant A awards.

69541. (a) The Student Aid Commission, to the extent funds are appropriated for the purposes of this section in the annual Budget Act, shall provide a supplemental grant equal to two thousand eight hundred dollars (\$2,800) to recipients of Cal Grant awards who fulfill the following requirements:

(1) The person has been declared a dependent or ward of the court pursuant to Section 300 or Section 602 of the Welfare and Institutions Code.

(2) The person, within the 60-day period immediately prior to his or her 18th birthday, had a permanent plan of long-term foster care or guardianship.

(3) The person received aid pursuant to Part 3 (commencing with Section 11000) of Division 9 of the Welfare and Institutions Code.

(b) The State Department of Social Services shall enter into an interagency agreement with the Student Aid Commission to allocate funds to the commission appropriated in the Budget Act for the purposes of this section.

69544. The commission from time to time shall adopt such rules and regulations as it may determine, not in conflict with this chapter, as may be necessary or appropriate for effectuating the provisions of this chapter.

69545. If any section, subdivision, sentence, clause or phrase of this chapter is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this chapter. The Legislature hereby declares that it would have passed this chapter, and each section, subdivision, sentence, clause or phrase thereof, irrespective of the fact that any one or more of the sections, subdivisions, sentences, clauses or phrases be declared unconstitutional.

69546. The Student Aid Commission shall each year recommend to the Legislature concerning the allocation of funds from the federal state student incentive grant program and the programs authorized in subdivisions (a), (b), and (c) of Section 69532.

69546.5. The Student Aid Commission shall allocate federal and state student incentive grant funds among the Cal Grant A, B, and C programs.

69547. As used in this division, "part-time student" means a student who is enrolled in not less than one-half of the course load of a full-time student as determined by the commission.

69547.5. Commencing on January 1, 2001, this article shall be applicable only to students who have received an award pursuant to this article on or before December 31, 2000.

69547.9. This article shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.




## Welcome to the online source for the California Code of Regulations

5 CA ADC § 30009

5 CCR § 30009

Cal. Admin. Code tit. 5, § 30009

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS  
TITLE 5. EDUCATION  
DIVISION 4. CALIFORNIA STUDENT AID COMMISSION  
CHAPTER 1. CALIFORNIA STUDENT AID COMMISSION  
ARTICLE 1. DEFINITION OF CERTAIN TERMS

This database is current through 11/24/08, Register 2008, No. 47

§ 30009. Qualifying Institution.

- (a) A "Qualifying Institution" means an institution as defined by Education Code section 69432.7(1).
- (b) An institution qualifying pursuant to section 69432.7(1)(1) must be participating in the Federal Pell Grant program and in at least two of the three federal campus-based programs specifically listed in subdivisions (A), (B) and (C) of that section. "Participating in federal campus-based programs" means the school has been allocated funds and is spending those funds at each California site which Cal Grant recipients attend.
- (c)(1) An institution qualifying pursuant to section 69432.7(1)(2) means a postsecondary nonprofit institution headquartered and operating in California which:
- (A) certifies to the Commission that 10 percent of the institution's operating budget is expended for institutionally funded student financial aid in the form of grants; and
  - (B) demonstrates to the Commission that it has the administrative capacity to administer the funds; and
  - (C) is accredited by the Western Association of Schools and Colleges; and
  - (D) meets such other standards adopted by regulation by the Commission in consultation with the Department of Finance.
- (2) A regionally accredited institution that was deemed qualified by the Commission to participate in the Cal Grant Program for the 2000-01 academic year shall retain its eligibility as long as it maintains its existing accreditation status.
- (d) A qualifying institution or a specific site of an otherwise qualifying institution shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution.
- (e) An institution that becomes disqualified pursuant to Part 600 of Title 34 Code of Federal Regulations shall not be a "qualified institution" pursuant to this section.
- (f) An institution disqualified pursuant to this section may become a "qualifying institution" by complying with Education Code section 69432.7(1) and this section.

Note: Authority cited: Section 69433.7, Education Code. Reference: Section 69432.7(1), Education Code.

## HISTORY

1. New section filed 1-16-2001 as an emergency; operative 1-16-2001 (Register 2001, No. 3). A Certificate of Compliance must be transmitted to OAL by 5-16-2001 or emergency language will be repealed by operation of law on the following day.
2. Editorial correction of History1 (Register 2001, No. 20)..
3. New section refiled 5-15-2001 as an emergency; operative 5-16-2001 (Register 2001, No. 20). A Certificate of Compliance must be transmitted to OAL by 9-13-2001 or emergency language will be repealed by operation of law on the following day.
4. Certificate of Compliance as to 5-15-2001 order, including amendment of subsection (d), transmitted to OAL 7-25-2001 and filed 8-13-2001 (Register 2001, No. 33).

5 CCR § 30009, 5 CA ADC § 30009  
1CAC

5 CA ADC § 30009

END OF DOCUMENT

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## COMMISSION ON STATE MANDATES

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CALIF. STUDENT  
AID COMMISSION

'03 SEP 11 AIO:14

September 10, 2003

Ms. Diana Fuentes-Michel  
Executive Director  
California Student Aid Commission  
P.O. Box 419026  
Rancho Cordova, CA 95741-9026

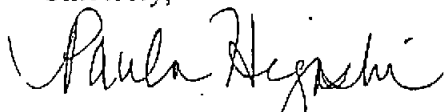
*And Interested Parties (See Enclosed Mailing List)*

Re: Notice of Complete Test Claim Filing and Schedule for Comments – *Cal Grants*;  
02-TC-28

On June 13, 2003, a test claim was filed on the above named program by SixTen and Associates, representing Long Beach Community College District, Claimant. Following initial review, the Commission staff found the test claim to be complete. The Commission sent the test claim to the Department of Finance, the State Controller's Office, the California Community Colleges, and interested parties for comment. It was brought to our attention that your organization may wish to comment on this claim. Therefore, the Commission is now requesting the Student Aid Commission to comment on the test claim as specified in the enclosed notice.

Please contact Nancy Patton at (916) 323-8217 if you have any questions.

Sincerely,

  
PAULA HIGASHI  
Executive Director

## Enclosures:

Notice of Complete Test Claim Filing and Schedule for Comments  
Copy of Test Claim  
Mailing List





BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE TEST CLAIM ON:

Education Code Sections 69432.8, 69432.9, 69433, 69433.5, 69433.6, 69433.7, 69434, 69434.5, 69435, 69435.3, 69436, 69436.5, 69437, 69437.3, 69437.6, 69439, 69440, and 69514.6; as added and amended by Statutes 2001, Chapter 159, Statutes 2001, Chapter 8, and Statutes 2000, Chapter 403; and, California Code of Regulations, Title 5, Sections 30002, 30007, 30023, 30026, 30027, and 30032

Filed on June 13, 2003

By the Long Beach Community College District,  
Claimant

No. 02-TC-28

*Cal Grants*

NOTICE OF COMPLETE TEST CLAIM  
FILING AND SCHEDULE FOR  
COMMENTS (Gov. Code § 17500 et  
seq.; Cal. Code Regs., Tit. 2, §§ 1183,  
subd.(g) & 1183.02)

**TO: Student Aid Commission**

On June 13, 2003, the Long Beach Community College District filed a test claim on the above-described statutes and executive orders alleging a reimbursable state-mandated program pursuant to article XIII B, section 6 of the California Constitution and Government Code section 17514. The test claim is complete. The test claim will be heard and determined by the Commission on State Mandates pursuant to article XIII B, section 6, Government Code section 17500 et seq., and case law. The procedures for hearing and determining this claim are prescribed in the Commission's regulations, California Code of Regulations, title 2, chapter 2.5, section 1181, et seq.

**COMMENT PERIOD**

The key issues before the Commission are:

- Do the provisions listed above impose a new program or higher level of service within an existing program upon local entities within the meaning of section 6, article XIII B of the California Constitution and costs mandated by the state pursuant to section 17514 of the Government Code?
- Does Government Code section 17556 preclude the Commission from finding that any of the test claim provisions impose costs mandated by the state?
- Have funds been appropriated for this program (e.g., state budget) or are there any other sources of funding available? If so, what is the source?

State Agency Review of Test Claim - State agencies are requested to analyze the test claim merits and to file written comments within 30 days, or no later than **October 10, 2003**. Requests for extensions of time may be filed in accordance with sections 1183.01, subdivision (c) and 1181.1, subdivision (g) of the regulations.

Claimant Rebuttal - The claimant and interested parties may file rebuttals to state agencies' comments under section 1183.03 of the regulations. The rebuttal is due 30 days from the actual service date of written comments from any state agencies.

Mailing Lists - Under section 1181.2 of the regulations, the Commission will promulgate a mailing list of parties, interested parties, and interested persons for each test claim and provide the list to those included on the list, and to anyone who requests a copy. Any written material filed with the Commission on this claim shall be simultaneously served on the other parties listed on the mailing list provided by the Commission.

Consolidating Test Claims - Pursuant to Commission regulations, the executive director may consolidate part or all of any test claim with another test claim. See sections 1183.05 and 1183.06 of the regulations.

#### **ADDITIONAL FILINGS ON THE SAME STATUTE OR EXECUTIVE ORDER**

Under section 1183, subdivision (i) of the regulations, more than one test claim on the same statute or executive order may be filed with the Commission. The test claim must be filed within 60 days of the date the first test claim was filed. Claimants may designate a single claimant within 90 days from the date the first test claim was filed. If the Commission does not receive notice from the claimants designating a lead claimant, the executive director will designate the claimant who filed the first test claim as the lead claimant.

#### **INFORMAL/PREHEARING CONFERENCE**

An informal conference or prehearing conference may be scheduled if requested by any party. See sections 1183.04 and 1187.4 of the regulations.

#### **HEARING AND STAFF ANALYSIS**

A tentative hearing date for the test claim will be set when the draft staff analysis of the claim is being prepared. At least eight weeks before a hearing is conducted, the draft staff analysis will be issued to parties, interested parties, and interested persons for comment. Comments are due at least five weeks prior to the hearing or on the date set by the Executive Director, pursuant to section 1183.07 of the regulations. Before the hearing, a final staff analysis will be issued.

Dismissal of Test Claims - Under section 1183.09 of the regulations, test claims may be dismissed when postponed or placed on inactive status by the claimant for more than one year. Before dismissing a test claim, the Commission will provide 60 days notice and opportunity for other parties to take over the claim.

Parameters and Guidelines - If the Commission determines that a reimbursable state mandate exists, the claimant is responsible for submitting proposed parameters and guidelines for reimbursing all eligible local entities. See section 1183.1 of the regulations. All interested parties and affected state agencies will be given an opportunity to comment on the claimant's proposal before consideration and adoption by the Commission.

# CALIFORNIA STUDENT AID COMMISSION

Office of the Executive Director

Exhibit F

December 11, 2008

RECEIVED

DEC 15 2008

COMMISSION ON  
STATE MANDATES



Ms. Paula Higashi  
Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

Re: *California Student Aid Commission Response to Draft Staff Analysis  
Cal Grants; 02-TC-28*  
Long Beach Community College District, Claimant  
Statutes 2000, Chapter 403, et al.

Dear Ms. Higashi:

On November 24, 2008, the California Student Aid Commission ("CSAC") received the "Draft Staff Analysis and Hearing Date" (hereinafter *Draft Staff Analysis*) on the above-referenced Test Claim. CSAC is providing the following in response to the *Draft Staff Analysis*.

### CSAC Response to Issue 1.A.

CSAC concurs with the findings in the *Draft Staff Analysis* set forth in Issue 1.A. (Pages 11-13) and agrees with the *Draft Staff Analysis* that Education Code Sections 69433, 69433.7, 69434, 69434.5, 69435, 69435.5, 69436, 69436.5, 69437, 69437.3, 69439, 69440, and Title 5, California Code of Regulations Section 30002, as pled in the Test Claim referenced above, do not impose a program, or new program or higher level of service subject to article XIII B, section 6 of the California Constitution or impose costs mandated by the state as established by Government Code Sections 17514 and 17556.

### CSAC Response to Issue 1.B.

CSAC incorporates by reference its original response dated October 14, 2003 and its response to the Request for Additional Information dated March 21, 2008 with respect to the finding in the *Draft Staff Analysis* that partially approved this issue in *Cal Grants* Test Claim 02-TC-28.

Specifically, CSAC does not agree with the *Draft Staff Analysis* with respect to the finding that Education Code Section 69432.9 and Sections 30007, 30023(a) and 30026 of CSAC's regulations<sup>1</sup>, which require community colleges to calculate a college or community college grade point average and certify under penalty of perjury that to the best knowledge of the official filing the report that the grade point average is accurately reported (Pages 13-16), constitutes a state-mandated new program or higher level of services on community colleges. In addition, CSAC does not agree with the *Draft Staff Analysis* in regards to the finding that Section 30023(d) of CSAC's regulations, which allows an applicant or school official to

<sup>1</sup> Title 5, California Code of Regulations Section 30000 et seq.

resubmit a grade point average within 10 days after notice by the Student Aid Commission that the original, timely filed grade point average was incomplete or incorrect, constitutes a state-mandated new program or higher level of services on community colleges.

As noted in the original response, and as thoroughly discussed by staff in the *Draft Staff Analysis* on pages 18-22, the Cal Grant program is an entirely voluntary program and community colleges are not legally compelled to participate. Those community college districts that chose to participate in the program execute the "Cal Grant Program Institutional Participation Agreement (IPA)." This agreement establishes the roles and responsibilities of the institution electing to participate and the Commission. Among the provisions relevant to the determination of whether the act of calculating a college or community college grade point average is a new state mandate is Article III, Paragraph J. Article III, Paragraph J provides:

J. The Institution agrees that it is subject to and must comply with all current and applicable federal and state law and regulations in its implementation of the terms of this Agreement. The Institution agrees that noncompliance with any of the provisions may result in the termination of this Agreement and the privileges that are afforded under it.

As a result of this language, an institution participating in the Cal Grant Program is required to comply with all state laws and regulations in its implementation of the Cal Grant program. Failure to comply can result in the termination of the Institutional Participation Agreement. If CSAC were to terminate the IPA for Long Beach Community College District, Long Beach Community College District would not be required to undertake the activities relating to calculating a college or community college grade point average and would not be required to certify under penalty of perjury that it has done so correctly. Of course, termination of the IPA would make all students at that particular institution unable to attend that institution and receive Cal Grant awards.

In addition, each of the community college districts participating in the Cal Grant program electronically submit grade point averages through the Commission's Webgrants program, and therefore do not fill out the paper form and certification outlined in Education Code section 69432.9(d) and also do not have to complete or correct the form as set forth in section 30023(d) of the Commission's regulation. Although specific numbers were not available, the number of college or community college grade point averages being submitted in a paper-format instead of electronically is *de minimis*, constituting less than 1% of all grade point averages being received by CSAC from the community college districts.

#### CSAC Response to Issue 1.C.

CSAC concurs with the findings in the *Draft Staff Analysis* set forth in Issue 1.C. (Pages 18-22) and agrees with the *Draft Staff Analysis* that Education Code Sections 69432.8, 69433.5(h), 69433.6(a), and Section 30032 of the CSAC's regulations, as pled in the Test Claim referenced above, do not impose a program, or new program or higher level of service subject to article XIII B, section 6 of the California Constitution or impose costs mandated by the state as established by Government Code Sections 17514 and 17556.

**CSAC Response to Issue 2**

CSAC concurs with the findings in the *Draft Staff Analysis* set forth in Issue 2 (Pages 22-23) and agrees with the *Draft Staff Analysis* that Education Code Section 69514.5, as pled in the Test Claim referenced above, does not impose a program, or new program or higher level of service subject to article XIII B, section 6 of the California Constitution or impose costs mandated by the state as established by Government Code Sections 17514 and 17556.

**CSAC Response to Issue 3**

CSAC does not agree with the *Draft Staff Analysis* with respect to the finding on Issue 3 that there are costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 for the activities outlined in Education Code Section 69432.9 and sections 30007, 30023(a) and 30026 of CSAC's regulations. CSAC incorporates by reference its response to Issue 1.B., above, its original response dated October 14, 2003 and its response to the Request for Additional Information dated March 21, 2008.

The *Draft Staff Analysis* does not take into account the largely electronic method by which the activities outlined in Education Code Section 69432.9 and sections 30007, 30023(a) and 30026 of CSAC's regulations are accomplished. As noted above, CSAC receives a *de minimis* number of paper grade point average forms from the community college districts. The overwhelming manner for transmission of grade point averages from the community college districts to CSAC is electronic. Thus, for example, the certification under penalty of perjury of the accurate report of the grade point average is not occurring in the manner outlined in Education Code Section 69432.9(b)(3)(C) and Section 30007 and 30026 of CSAC's regulations since the grade point average information is being transmitted electronically and subject to the Information Security requirements of the IPA and not being sent on a form requiring a certification.

**CONCLUSION**


For the reasons stated above, CSAC maintains that the requirements set forth in Education Code Sections 69432.8, 69432.9, 69433, 69433.5, 69433.6, 69433.7, 69434, 69434.5, 69435.3, 69436, 69436.5, 69437, 69437.3, 69437.6, 69439, 69440, and 69514.5 and California Code of Regulations, Title 5, Sections 30002, 30007, 30023, 30026, 30027, and 30032 do not create a "new program" or "higher levels of service" as those terms have been applied and interpreted. In addition, any costs associated with these sections can only be considered *de minimis* or incidental as has been outlined above and therefore not subject to reimbursement.

CSAC requests that the Commission reject the *Draft Staff Analysis* pertaining to Issues 1.B. and 3 and do not approve Test Claim 02-TC-28 in its entirety.

**DECLARATION**

I am currently employed by, and authorized to make this declaration on behalf of, the California Student Aid Commission. I declare under penalty of perjury under the laws of the State of California that the facts set forth in the foregoing are true and correct of my own knowledge except to the matters therein stated as information or belief and, as to those matters, I believe them to be true.

Dated: December 11, 2008

  
Ken Faserer Tippins  
General Counsel  
California Student Aid Commission

DECLARATION OF SERVICE

Teri Tippins, I declare that I am employed in the County of Sacramento, State of California, that I am over the age of 18 years and am not a party to the within action, that my business address is 10811 International Drive, Rancho Cordova, California 95741, that on December 11, 2008, I served the item(s) described in number 1, below, by the method described in number 2, below, to the person(s) and at the address(es) indicated in number 3, below.

1. ITEM(S) SERVED:

LETTER TO PAULA HIGASHI (dated December 11, 2008)

2. METHOD OF SERVICE:

**First Class Mail.** I declare that I placed a true copy of the item(s) in a sealed envelope, that I am readily familiar with this agency's practice for the collection and processing of correspondence for mailing with the United States Postal Service, that, pursuant to this agency's ordinary course of business, correspondence will be deposited with the United States Postal Service the same day that mail is placed for collection and mailing, and that, following ordinary business practices, I deposited the envelope(s) in the place 10811 International Drive, Rancho Cordova, California for collection and mailing.

**Certified Mail, Return Receipt Requested.** I declare that I placed a true copy of the item(s) in a sealed envelope with the designation "Certified Mail, Return Receipt Requested," that I am readily familiar with this agency's practice for the collection and processing of correspondence for mailing with the United States Postal Service, that, pursuant to this agency's ordinary course of business, correspondence will be deposited with the United States Postal Service the same day that mail is placed for collection and mailing, and that, following ordinary business practices, I deposited the envelope(s) in the place at 10811 International Drive, Rancho Cordova, California for collection and mailing.

**Facsimile Transmittal.** I declare that on the date shown above at \_\_\_\_\_ am/pm, I sent by facsimile machine a true copy of the item(s) to the person(s) and at the facsimile machine number(s) indicated in number 3, below, that the telephone number of the sending machine is (916) \_\_\_\_\_, that the transmission was reported as complete and without error, and that the transmission report was properly issued by the sending machine. A true copy of the transmission report is attached to this declaration.

**Personal Service.** I declare that I handed a true copy of the item(s) to each person indicated in number 3, below.

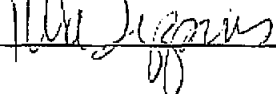
**Overnight Mail.** I declare that I caused a true copy of the items, enclosed in a sealed envelope, with delivery charges pre-paid, addressed as indicated in number 3, below, to be delivered to UPS for delivery by next day air.

3. PERSON(S) SERVED:

See Attached Mailing List

I declare under penalty of perjury under the laws of the State of California, that the foregoing is true and correct and that this declaration was executed at Rancho Cordova, California.

DATED: 12-11-2008

SIGNED: 



Reference: Commission on State Mandates  
Cal Grants; 02-TC-28  
Long Beach Community College District, Claimant  
Statutes 2000, Chapter 403, et al.

### MAILING LIST

---

Keith B. Petersen  
Sixten & Associates  
3841 North Freeway Blvd., Suite 170  
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Mr. Douglas R. Brinkley  
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Reynolds Consulting Group  
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Mr. Eric Skinner  
California Community Colleges  
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Mr. Steve Smith  
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Mr. Robert Miyashiro  
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Ms. Beth Hunter  
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8570 Utica Avenue, Suite 100  
Rancho Cucamonga, CA 91730

Ms. Jeannie Oropeza  
Department of Finance (A-15)  
Education Systems Unit  
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Ms. Ginny Brummels  
State Controller's Office (B-08)  
Division of Accounting & Reporting  
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Sacramento, CA 95816

Ms. Carol Bingham  
California Department of Education (E-08)  
Fiscal Policy Division  
1430 N Street, Suite 5602  
Sacramento, CA 95814

Ms. Susan Geanacou  
Department of Finance (A-15)  
915 L Street, Suite 1190  
Sacramento, CA 95814

Mr. J. Bradley Burgess  
Public Resource Management Group  
895 La Sierra Drive  
Sacramento, CA 95864





DEPARTMENT OF  
**FINANCE**  
OFFICE OF THE DIRECTOR

ARNOLD SCHWARZENEGGER, GOVERNOR  
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4999 ■ WWW.DOF.CA.GOV

EXHIBIT G

February 3, 2009

Ms. Paula Higashi  
Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

**RECEIVED**

FEB 03 2009

**COMMISSION ON  
STATE MANDATES**

Dear Ms. Higashi:

**Commission on State Mandates Draft Staff Analysis—Cal Grants (02-TC-28)**

We reviewed the Commission on State Mandates (Commission) November 21, 2008 draft staff analysis of the *Cal Grants* test claim (02-TC-28) and agree that Education Code Sections 69432.8, 69433, 69433.5, 69433.6, 69433.7, 69434, 69434.5, 69435, 69435.3, 69436, 69436.5, 69437, 69437.3, 69437.6, 69439, 69440, 69514.5, and California Code of Regulations Title 5 Sections 30002, 30027, and 30032 do not constitute a reimbursable state mandate. However, we disagree with the staff analysis that the following activities are a reimbursable state mandate:

- Calculating a college or community college grade point average (Education Code Section 69432.9(b)(3)(C) and California Code of Regulations, Title 5, Section 30007, 30023(a), and 30026).
- Certifying under penalty of perjury to the best of his or her knowledge from the school official filing the report that the grade point average is accurately reported and that it is subject to review by the Student Aid Commission or its designee (Education Code Section 69432.9(b)(3)(C) and California Code of Regulations, Title 5, Section 30007 and 30026).
- Completing or correcting a grade point average upon notice that the original submitted grade point average was not complete or correct (California Code of Regulations, Title 5, Section 30023(d)).

We disagree that these activities constitute a reimbursable state mandate because the existing statutes and regulations do not require a community college to perform these activities. California Code of Regulation, Title 5 section 30007 clearly states that it is the student's responsibility that his or her college reports a grade point average (GPA) when requested by the student. It is the student compelling the action by the college, not the state. Community colleges are not required to participate in the Cal Grant Program; as a result, there is no compulsion for them to comply with any reporting requirements. When considering the Commission's assessment that community colleges are compelled to comply because in some instances the college is the only viable avenue for a student to have a GPA submitted when applying for a Cal Grant, we question whether this would create a higher level of service since the college would be meeting a basic student need. Community college general apportionment

Ms. Paula Higashi  
February 3, 2009  
Page 2

funding has increased from approximately \$1.6 billion in 2000-01 to approximately \$3 billion in 2008-09. Community colleges use the apportionment funding to provide instruction and to serve their students. We believe that calculating a GPA that allows students to further their education is a basic activity that should not be considered a higher level of service since helping students achieve their academic goals strikes at the core mission of community colleges. Furthermore, community colleges receive approximately \$50 million annually for student financial aid administration per Budget Act Item 6870-101-0001. Since 2003-04, approximately \$34 million has been dedicated annually to assist students with obtaining financial aid as noted in subdivision (b) of Provision 30 of Item 6870-101-0001 of the Budget Act of 2003:

Of the amount appropriated in Schedule (5) for financial aid administration and outreach, \$34,200,000 shall be for direct contact with potential and current financial aid applicants. Each CCC campus shall receive a minimum allocation of \$50,000. The remainder of the funding shall be allocated to campuses based upon a formula reflecting full-time equivalent students (FTES) weighted by a measure of low-income populations as demonstrated by Board of Governor's fee waiver program participation within a district. It is the intent of the Legislature with the funds provided in this section that all California Community Colleges campuses provide additional staff resources to increase both financial aid participation and student access to low-income and disadvantaged students who must overcome barriers in accessing postsecondary education. Funds may be used for screening current students for possible financial aid eligibility and offering these students personal assistance in accessing financial aid, providing individual help in multiple languages for families and students in filling out the necessary paperwork to apply for financial aid and increasing financial aid staff to process additional financial aid forms.

The Commission notes that this funding is not specifically dedicated to the activities related to the Cal Grant Program, and therefore, the funding cannot be considered as offsetting any cost that may be incurred by community colleges. This funding was added to the annual budget act shortly after the implementation of the Ortiz-Pacheco-Poochigian-Vaconcellos Cal Grant Program. The legislative intent of this funding is to provide community colleges with additional resources to help students obtain financial aid. Although the Cal Grant Program is not specifically mentioned as part of the intent of this augmentation, it does not mean its related activities are not funded. The lack of specificity with regard to financial aid programs was intentional to allow flexibility at the local level since there are multiple financial aid programs available to community college students.

Additionally, we disagree that correcting an incomplete or incorrect GPA is a reimbursable state mandated activity. Frankly, we fail to see how expecting accuracy is a higher level of service in any professional environment. We believe that it is reasonable to expect that by certifying under penalty of perjury that errors and missing calculations should be minimal, if not nonexistent. Furthermore, Title 5 Section 30023(d) simply affords colleges the opportunity to correct an incomplete or incorrect GPA. The regulation does not require a college to correct its own error.

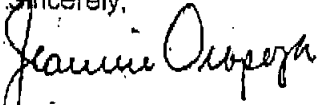
Ms. Paula Higashi  
February 3, 2009  
Page 3

Notwithstanding, our assessment that we do not believe the identified activities constitute a reimbursable state mandate, we concur with the California Student Aid Commission's comments from December 11, 2008 that the costs of the identified activities are *de minimis* given the current electronic processes utilized by community colleges. In fact, we believe the implementation of the Ortiz-Pacheco-Poochigian-Vaconcellos Cal Grant Program is cost neutral considering that community colleges no longer perform activities such as submitting transcripts to the Student Aid Commission as performed under the previous Cal Grant Program. Such activities should be considered a cost reduction against any *de minimis* costs related to the staff's findings.

As required by the Commission's regulations, a "Proof of Service" has been enclosed indicating that the parties included on the mailing list which accompanied your November 21, 2008 letter have been provided with copies of this letter via either United States Mail or, in the case of other state agencies, Interagency Mail Service.

If you have any questions regarding this letter, please contact Ed Hanson, Principal Program Budget Analyst at (916) 445-0328.

Sincerely,



JEANNIE OROPEZA  
Program Budget Manager

Attachment

Attachment A

DECLARATION OF ED HANSON  
DEPARTMENT OF FINANCE  
CLAIM NO. CSM-02-TC-28

1. I am currently employed by the State of California, Department of Finance (Finance), am familiar with the duties of Finance, and am authorized to make this declaration on behalf of Finance.
2. We concur that the Cal Grants sections relevant to this claim are accurately quoted in the test claim submitted by claimants and, therefore, we do not restate them in this declaration.

I certify under penalty of perjury that the facts set forth in the foregoing are true and correct of my own knowledge except as to the matters therein stated as information or belief and, as to those matters, I believe them to be true.

2/3/09

at Sacramento, CA

Edmund A. Hanson

Ed Hanson

## PROOF OF SERVICE

Test Claim Name: Cal Grants  
 Test Claim Number: CSM-02-TC-28

I, the undersigned, declare as follows:

I am employed in the County of Sacramento, State of California, I am 18 years of age or older and not a party to the within titled cause; my business address is 915 L Street, 7 Floor, Sacramento, CA 95814.

On February 3, 2009, I served the attached recommendation of the Department of Finance in said cause, by facsimile to the Commission on State Mandates and by placing a true copy thereof: (1) to claimants and nonstate agencies enclosed in a sealed envelope with postage thereon fully prepaid in the United States Mail at Sacramento, California; and (2) to state agencies in the normal pickup location at 915 L Street, 7 Floor, for Interagency Mail Service, addressed as follows:

A-18

Ms. Paula Higashi, Executive Director  
 Commission on State Mandates  
 980 Ninth Street, Suite 300  
 Sacramento, CA 95814  
 Facsimile No. 445-0278

Education Mandated Cost Network  
 C/O School Services of California  
 Attention: Dr. Carol Berg, PhD  
 1121 L Street, Suite 1060  
 Sacramento, CA 95814

Sixten & Associates

Attention: Keith Petersen  
 5252 Balboa Avenue, Suite 807  
 San Diego, CA 92117

E-8

Department of Education  
 Fiscal Policy Division  
 Attention: Amy Tang-Paterno  
 1430 N Street  
 Sacramento, CA 95814

Mandated Cost Systems, Inc.  
 Attention: Steve Smith  
 2275 Watt Avenue, Suite C  
 Sacramento, CA 95825

San Diego Unified School District  
 Attention: Arthur Palkowitz  
 4100 Normal Street, Room 3159  
 San Diego, CA 92103-2682

E-8

State Board of Education  
 Attention: Debora Merle, Executive Director  
 1430 N Street  
 Sacramento, CA 95814

California Teachers Association  
 Attention: Steve DePue  
 2921 Greenwood Road  
 Greenwood, CA 95635

Girard & Vinson  
 1676 N. California Blvd., Suite 450  
 Walnut Creek, CA 95496

Long Beach Community College District  
 4901 E. Carson Street  
 Long Beach, CA 90808



I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on February 3, 2009 at Sacramento, California.



Annette Waite  
Annette Waite

FEB. 3. 2009 10:54AM

NO. 113 P.

PLACE  
STAMP  
HERE

Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, Ca 95814

Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, Ca 95814

Education Systems Unit  
915 L Street, Capitol Place, 7<sup>th</sup> Floor  
Sacramento, CA 95814-4998  
Phone: (916) 445-0328  
FAX: (916) 323-9530

**Department of Finance**



**Fax**

To: *Ms. Paula Higashi*

From: *ESU*

Fax: *445-0278*

# Pages: (including cover) *7*

Phone:

Date: *2/3/09*

Re:

cc:

- Urgent
- For Review
- Please Comment
- Please Reply
- Please Recycle

● **Comments:**

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A

Supreme Court of California  
 Russell Glen DAY, Plaintiff and Appellant,  
 v.  
 CITY OF FONTANA et al., Defendants and  
 Respondents.  
 No. S084616.

April 5, 2001.

Uninsured motorcyclist who was injured in collision brought suit against other driver, owner of property adjacent to intersection where collision occurred, and city and county, alleging dangerous condition of public property and nuisance against these two public entities. The Superior Court, San Bernardino County, No. SCV 273682, John P. Wade, J., excluded any evidence of noneconomic damages, and entered judgment on jury verdict finding motorcyclist was not at fault and awarding economic damages of \$454,574.21, allocated 52% to driver, 43% to city, and 5% to county. Motorcyclist appealed. The Court of Appeal affirmed. The Supreme Court, Baxter, J., granted review, superseding the opinion of the Court of Appeal, and held that motorcyclist sought to recover damages "arising out of the operation or use" of the motorcycle, and thus, statute limiting recovery for injured owners of uninsured vehicles operated to preclude him from recovering noneconomic damages against city and county.

Affirmed.

Mosk, J., filed dissenting opinion.

Opinion, 90 Cal.Rptr.2d 308, superseded.

West Headnotes

[1] Statutes 361 181(1)

361 Statutes

361VI Construction and Operation

361VI(A) General Rules of Construction

361k180 Intention of Legislature

361k181 In General

361k181(1) k. In General. Most

Cited Cases

Statutes 361 184

361 Statutes

361VI Construction and Operation

361VI(A) General Rules of Construction

361k180 Intention of Legislature

361k184 k. Policy and Purpose of Act.

Most Cited Cases

The Supreme Court's fundamental task in construing a statute is to ascertain the intent of the lawmakers so as to effectuate the purpose of the statute.

[2] Statutes 361 188

361 Statutes

361VI Construction and Operation

361VI(A) General Rules of Construction

361k187 Meaning of Language

361k188 k. In General. Most Cited

Cases

In construing a statute, the Supreme Court begins by examining the statutory language, giving the words their usual and ordinary meaning.

[3] Statutes 361 184

361 Statutes

361VI Construction and Operation

361VI(A) General Rules of Construction

361k180 Intention of Legislature

361k184 k. Policy and Purpose of Act.

Most Cited Cases

Statutes 361 190

361 Statutes

361VI Construction and Operation

361VI(A) General Rules of Construction

361k187 Meaning of Language

361k190 k. Existence of Ambiguity.

Most Cited Cases

Statutes 361 217.4

361 Statutes361VI Construction and Operation361VI(A) General Rules of Construction361k213 Extrinsic Aids to Construction361k217.4 k. Legislative History inGeneral. Most Cited Cases

If there is no ambiguity in statutory language, then the Supreme Court presumes the lawmakers meant what they said, and the plain meaning of the language governs; if, however, the statutory terms are ambiguous, then it may resort to extrinsic sources, including the ostensible objects to be achieved and the legislative history, in construing the statute.

[4] Statutes 361 ↪ 181(2)361 Statutes361VI Construction and Operation361VI(A) General Rules of Construction361k180 Intention of Legislature361k181 In General361k181(2) k. Effect andConsequences. Most Cited CasesStatutes 361 ↪ 184361 Statutes361VI Construction and Operation361VI(A) General Rules of Construction361k180 Intention of Legislature361k184 k. Policy and Purpose of Act.Most Cited Cases

When statutory terms are ambiguous, the Supreme Court selects the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute, and avoids an interpretation that would lead to absurd consequences.

[5] Statutes 361 ↪ 325361 Statutes361IX Initiative361k325 k. Constructions, Operation and Effect of Initiated Acts. Most Cited Cases

The rules of statutory construction apply equally in construing statutes enacted through the initiative process.

[6] Automobiles 48A ↪ 31348A Automobiles48AVI Injuries from Defects or Obstructions in Highways and Other Public Places48AVI(B) Actions48Ak313 k. Damages. Most Cited Cases

Injured motorcyclist's action against city and county, alleging overgrown vegetation near intersection where collision occurred was a nuisance and a dangerous condition of public property, sought to recover damages "arising out of the operation or use" of the motorcycle, and thus, statute limiting recovery for injured owners of uninsured vehicles precluded motorcyclist, whose motorcycle was uninsured, from recovering noneconomic damages against city and county. West's Ann. Cal. Civ. Code § 3333.4.

[7] Automobiles 48A ↪ 144.1(4)48A Automobiles48AIV License and Regulation of Chauffeurs or Operators48Ak144 Suspension or Revocation of License48Ak144.1 In General; Grounds48Ak144.1(4) k. FinancialResponsibility Requirements. Most Cited Cases

Primary purpose of statute, requiring owners and operators of motor vehicles to be "financially responsible" for any bodily injury or property damage that they may cause, is to assure compensation for persons who have suffered injury or damage of this sort; the financial responsibility law is intended to ensure that the victims of negligent drivers are compensated not only for bodily injury and property damage occasioned by accidents occurring on public streets and highways, but also for vehicular accidents resulting in damage to vehicles, buildings, or other property located on public and private property off the streets and highways.

[8] Automobiles 48A ↪ 31348A Automobiles48AVI Injuries from Defects or Obstructions in Highways and Other Public Places48AVI(B) Actions48Ak313 k. Damages. Most Cited Cases

Statute limiting recovery for injured owners of uninsured vehicles involved in vehicular accidents

restricts an uninsured motorist's ability to recover noneconomic damages in actions against local public entities alleging nuisance and dangerous condition of property. West's Ann.Cal.Civ.Code § 3333.4.

[9] Statutes 361 → 320

361 Statutes

361IX Initiative

361k320 k. Ballot Title, Description of Proposed Act, Arguments Pro and Con. Most Cited Cases

Ballot arguments on initiative propositions are not legal briefs and are not expected to cite every case the proposition may affect.

[10] Automobiles 48A. → 249.4

48A Automobiles

48AV Injuries from Operation, or Use of Highway

48AV(B) Actions

48Ak249 Damages

48Ak249.4 k. Restrictions on Uninsured or Underinsured Motorists. Most Cited Cases

(Formerly 48Ak249)

Insurance costs, whether automobile-related or otherwise, do not necessarily have to be affected for statute, limiting recovery for injured owners of uninsured vehicles involved in vehicular accidents, to apply. West's Ann.Cal.Civ.Code § 3333.4.

\*\*\*458 \*270 \*\*1197 Law Offices of Wayne McClean, Wayne McClean; Evan D. Marshall; Law Offices of J. Russell Brown, Jr., and Kevin Campbell, Los Angeles, for Plaintiff and Appellant.

Miles, Sears & Eanni, Richard C. Watters, Fairfield, William J. Seiler, Fresno, and Douglas L. Gordon for Michael G. Waski and Eileen Waski as Amici Curiae on behalf of Plaintiff and Appellant.

Law Offices of Michael J. Piuze, Michael J. Piuze and John Keiser, Los Angeles, for Consumer Attorneys as Amicus Curiae on behalf of Plaintiff and Appellant.

Greines, Martin, Stein & Richland, Kent L. Richland, Dana Gardner Adelstein, Beverly Hills; Rinos, Shephard & Martin and Dimitrios C. Rinos for Defendant and Respondent City of Fontana.

Alan K. Marks, County Counsel, and Dennis E. Wagner, Deputy County Counsel, for Defendant and

Respondent County of San Bernardino.

\*271 Law Offices of Carpenter & Rothans, Louis R. Dumont, Marc P. Miles; Ronald R. Ball, City Attorney (Carlsbad); John L. Cook, City Attorney (Indian Wells); Dave \*\*1198 Larsen, Town Attorney (Loomis); William B. Conners, City Attorney (Monterey); Daniel J. McHugh, City Attorney (Redlands); Gregory P. Priamos, Deputy City Attorney (Riverside); Samuel L. Jackson, City Attorney (Sacramento); Jeffrey G. Jorgensen, City Attorney (San Luis Obispo); Phillip H. Romney, City Attorney (Santa Paula); Debra E. Corbett, City Attorney (Tracy); and Paul M. Valle-Riestra, Assistant City Attorney (Walnut \*\*\*459 Creek) for California State Association of Counties and 13 California Cities as Amici Curiae on behalf of Defendants and Respondents.

BAXTER, J.

Section 3333.4 of the Civil Code (all further statutory references are to this code unless otherwise indicated) limits the ability of uninsured motorists and convicted drunk drivers to recover losses suffered in certain accidents. The question presented is whether the statute precludes an uninsured motorcyclist injured in a vehicular accident from recovering an award of noneconomic damages against a county and a municipality in an action for nuisance and dangerous condition of public property. Application of settled statutory construction principles leads us to conclude the answer is yes.

FACTUAL AND PROCEDURAL  
BACKGROUND

Russell Glen Day was driving his motorcycle when a car driven by William Honda struck him in an intersection. Day then filed this action against Honda, Irving Schwartz (the owner of the property adjacent to the intersection), the County of San Bernardino (the County), and the City of Fontana (the City). As against the public entity defendants, plaintiff alleged two theories of recovery. In his cause of action for dangerous condition of public property, plaintiff alleged that the County and the City created or had actual or constructive notice of overgrown vegetation on public and private property surrounding the intersection, and that such vegetation created a vision obstruction for motorists traveling through the intersection. In his nuisance cause of action, plaintiff alleged that the public entities maintained a nuisance

on their property by failing to correct, remove, reduce, or warn of the vision obstruction caused by the overgrown vegetation.

At the time of the accident, plaintiff did not have liability insurance on his motorcycle as required by state law. Discovery of that fact prompted the \*272 County and the City to file a motion to exclude from trial any evidence of damages for pain and suffering. The trial court granted the motion, finding plaintiff's action subject to the restrictions of section 3333.4.

Plaintiff dismissed his action against Schwartz prior to trial. At trial, a jury determined that plaintiff was not at fault in the accident. The jury awarded him \$454,574.21 in economic damages and allocated responsibility for those damages between Honda (52 percent), the County (5 percent), and the City (43 percent). The trial court entered judgment accordingly.

The Court of Appeal affirmed, rejecting plaintiff's arguments that section 3333.4 is inapplicable to actions for nuisance and dangerous condition of public property, that the statute is unconstitutional, and that retroactive application of the statute to his case violated due process. We granted plaintiff's petition for review, limiting our review to the first issue noted:

### DISCUSSION

Does section 3333.4 restrict an uninsured driver's recovery of noneconomic damages against local public entities in an action for nuisance and dangerous condition of property? The issue is one of statutory construction.

[1][2][3][4][5] Our fundamental task in construing a statute is to ascertain the intent of the lawmakers so as to effectuate the purpose of the statute. (Torres v. Automobile Club of So. California (1997) 15 Cal.4th 771, 777, 63 Cal.Rptr.2d 859, 937 P.2d 290.) We begin by \*\*1199 examining the statutory language, giving the words their usual and ordinary meaning. (People v. Lawrence (2000) 24 Cal.4th 219, 230, 99 Cal.Rptr.2d 570, 6 P.3d 228.) If there is no ambiguity, then we presume the lawmakers meant what they said, and the plain meaning of the language governs. (Id. at pp. 230-231, 99 Cal.Rptr.2d 570, 6 P.3d 228; \*\*\*460 People v. Coronado (1995) 12

Cal.4th 145, 151, 48 Cal.Rptr.2d 77, 906 P.2d 1232.)

If, however, the statutory terms are ambiguous, then we may resort to extrinsic sources, including the ostensible objects to be achieved and the legislative history. (People v. Coronado, supra, 12 Cal.4th at p. 151, 48 Cal.Rptr.2d 77, 906 P.2d 1232.) In such circumstances, we "select the construction that comports most closely with the apparent intent of the Legislature, with a view to promoting rather than defeating the general purpose of the statute, and avoid an interpretation that would lead to absurd consequences." [Citation.]" (Ibid.; see Escobedo v. Estate of Snider (1997) 14 Cal.4th 1214, 1223, 60 Cal.Rptr.2d 722, 930 P.2d 979.) These rules apply equally in construing statutes enacted through the initiative process. (Horwich v. Superior Court (1999) 21 Cal.4th 272, 276, 87 Cal.Rptr.2d 222, 980 P.2d 927.)

\*273 As relevant here, section 3333.4 provides: "(a) Except as provided in subdivision (c) [dealing with convicted drunk drivers], in any action to recover damages arising out of the operation or use of a motor vehicle, a person shall not recover noneconomic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damages if any of the following applies: [¶] ... [¶] (2) The injured person was the owner of a vehicle involved in the accident and the vehicle was not insured as required by the financial responsibility laws of this state." <sup>FN1</sup>

<sup>FN1</sup> Section 3333.4 also bars recovery of noneconomic losses if the injured person was driving under the influence of drugs or alcohol at the time of the accident and was convicted of that offense (*id.*, subd. (a)(1)) or if the injured person was the operator of a vehicle involved in the accident and cannot establish his or her financial responsibility as required by state law (*id.*, subd. (a)(3)). The statute provides an exception whereby the owner of an uninsured vehicle may recover noneconomic losses if he or she was injured by a motorist who was driving under the influence of drugs or alcohol and was convicted of that offense. (*id.*, subd. (c).)

We have construed section 3333.4 twice in the recent past. In Horwich v. Superior Court, supra, 21 Cal.4th 272, 87 Cal.Rptr.2d 222, 980 P.2d 927, we held the

statute did not preclude recovery of damages for loss of care, comfort, and society by a wrongful death plaintiff whose decedent was the uninsured operator of a motor vehicle involved in an accident. In Hodges v. Superior Court, (1999) 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433 (Hodges), we found it did not limit recovery by an uninsured motorist in a products liability action against a car manufacturer. In both instances, we found the relevant statutory language was "not pellucid" with respect to the particular factual circumstances. (Horwich v. Superior Court, *supra*, 21 Cal.4th at p. 277, 87 Cal.Rptr.2d 222, 980 P.2d 927; Hodges, *supra*, 21 Cal.4th at p. 113, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

That is, in Horwich v. Superior Court, *supra*, 21 Cal.4th 272, 87 Cal.Rptr.2d 222, 980 P.2d 927, recovery of noneconomic damages was sought by "a person" who was not the uninsured owner or operator of the vehicle involved in an accident. And in Hodges, *supra*, 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433, there was no necessary connection between the plaintiff's injury and "the operation or use" of the vehicle. We therefore considered the Legislative Analyst's analysis and other legislative history materials for clues as to the statute's intended goals and then construed the language to give effect to the apparent intent of the lawmakers.

[6] In contrast to the factual scenarios presented in those previous decisions, the instant action against the public entity defendants appears to fall squarely within the terms of section 3333.4. First, plaintiff was the owner of an uninsured motorcycle. (§ 3333.4, subd. (a)(2).) Second, plaintiff's action for nuisance and dangerous condition of public property seeks "to recover damages arising out of the operation or use of [that] motor vehicle." (*Id.*, subd. (a).) On this last \*\*1200 point, we note the facts \*\*\*461 here are neither \*274 parallel nor analogous to those giving rise to the perceived ambiguity in Hodges, *supra*, 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433, for here there was a necessary and causal relationship between the plaintiff's operation of his motorcycle and the accident for which he claimed the public entities were responsible. Since section 3333.4 contains no exception for suits against public entities,<sup>FN2</sup> plaintiff appears statutorily barred from recovering noneconomic damages against the County and the City.

FN2. Although section 3333.4 does not

specifically state that it applies in actions against public entities, it explicitly restricts the right of uninsured motorists and convicted drunk drivers to recover noneconomic damages "in any action to recover damages arising out of the operation or use of a motor vehicle" (§ 3333.4, subd. (a), italics added), subject to only one exception that is not implicated here (*id.*, subd. (c) [owners of uninsured vehicles who are injured by drunk drivers]). The ballot materials accompanying Proposition 213 also discussed the point. Notably, the Legislative Analyst informed voters in its analysis that "[u]nder existing law, someone who has suffered an injury in a car accident may sue the person, business, or government at fault for the injury in order to recover related losses." (Ballot Pamp., Gen. Elec. (Nov. 5, 1996) analysis of Prop. 213 by Legis. Analyst, p. 49.) After explaining to voters that the proposition would restrict the ability of uninsured motorists and convicted drunk drivers to sue for noneconomic losses such as pain and suffering that resulted from car accidents, the Legislative Analyst opined that such restrictions would "result in fewer lawsuits filed against state and local governments." (*Ibid.*) The analysis also projected "there would be an unknown savings to state and local governments as a result of avoiding these lawsuits." (*Ibid.*)

Although we might well stop here since the facts do not appear to raise any ambiguity or uncertainty as to the statute's application, we shall, "in an abundance of caution, ... test our construction against those extrinsic aids that bear on the enactors' intent." (Powers v. City of Richmond (1995) 10 Cal.4th 85, 93, 40 Cal.Rptr.2d 839, 893 P.2d 1160.) As we shall demonstrate, the legislative history materials reinforce our conclusion that the statute applies to plaintiff's action.

Section 3333.4 was enacted through passage of Proposition 213 in the November 5, 1996 General Election. Denominated and publicized as The Personal Responsibility Act of 1996, Proposition 213 sought to restrict the ability of uninsured motorists, convicted drunk drivers and convicted felons to sue for losses suffered in accidents. Because it bears



directly on the issue of legislative intent, we review the proposition's "Findings and Declaration of Purpose." That declaration states in full:

"(a) Insurance costs have skyrocketed for those Californians who have taken responsibility for their actions. Uninsured motorists, drunk drivers, and criminal felons are law breakers, and should not be rewarded for their irresponsibility and law breaking. However, under current laws, uninsured motorists and drunk drivers are able to recover unreasonable damages from law-abiding citizens as a result of drunk driving and other accidents, and \*275 criminals have been able to recover damages from law-abiding citizens for injuries suffered during the commission of their crimes.

"(b) Californians must change the system that rewards individuals who fail to take essential personal responsibility to prevent them from seeking unreasonable damages or from suing law-abiding citizens.

"(c) Therefore, the People of the State of California do hereby enact this measure to restore balance to our justice system by limiting the right to sue of criminals, drunk drivers, and uninsured motorists." (Ballot Pamp., Gen. Elec., *supra*, text of Prop. 213, § 2, p. 102 (Ballot Pamphlet).)

In proposing to deny recovery of noneconomic losses to injured motor vehicle owners or drivers who operate or use vehicles that are "not insured as required by the financial responsibility laws of this state" (§ 3333.4, subd. (a)(2) & (3)), Proposition 213 sought to "restore balance to our \*\*\*462 justice system" by ensuring that those "who fail to take essential personal responsibility" would "not be rewarded for their irresponsibility and law breaking" (Ballot Pamp., *supra*, text of Prop. 213, § 2, p. 102). Mindful of the express terms of section 3333.4, we now examine \*\*1201 whether the statute's application in actions such as the instant one would undermine the initiative's declared purpose or otherwise lead to absurd results.

[7] It is beyond dispute that the financial responsibility law requires owners and operators of motor vehicles "to be "financially responsible" (usually by means of insurance) for any' bodily injury or property damage that they may cause.

[Citation.] Its purpose—at least its *primary* purpose—is to assure compensation for persons who have suffered injury or damage of this sort. [Citations.]" (*Mercury Ins. Group v. Superior Court* (1998) 19 Cal.4th 332, 341, 79 Cal.Rptr.2d 308, 965 P.2d 1178.) Stated another way, the financial responsibility law is intended to ensure that the victims of negligent drivers are compensated not only for bodily injury and property damage occasioned by accidents occurring on public streets and highways, but also for vehicular accidents resulting in "damage to 'vehicles, buildings, or other property located on public and private property off the streets and highways.'" (*Campbell v. Zolin* (1995) 33 Cal.App.4th 489, 496, 39 Cal.Rptr.2d 348, quoting Stats.1989, ch. 808, § 1, p. 2675, italics omitted.)

Public entities, many of which provide the transportation infrastructure for the motoring public, are among those directly affected by motorists who violate the financial responsibility law. For example, when an uninsured driver causes damage to roadways or to other public property on or adjacent to the roadways, including traffic signs, directional signs, traffic signals, \*276 street lights, median strips, and landscaping, the public entity suffers a direct harm and public safety may sometimes be placed at risk until repairs to the property are made. In such situations, the public entity generally is left to bear the entire cost of the repairs necessitated by the uninsured tortfeasor's acts and financial irresponsibility.

Violators of the financial responsibility law also detrimentally affect the interests of public entities in a more indirect way. When the negligence of an uninsured driver and the dangerous condition of public property combine to jointly cause injury to an insured driver, both tortfeasors are jointly and severally liable for all economic damages awarded to the insured driver. (See *Bultram v. Owens-Corning Fiberglas Corp.* (1997) 16 Cal.4th 520, 527, 66 Cal.Rptr.2d 438, 941 P.2d 71.) Typically, however, the public entity's right of contribution (*Code Civ. Proc.* § 875) from the uninsured tortfeasor is meaningless because the tortfeasor is judgment proof. In such circumstances, the public entity ends up paying all of the insured driver's economic damages while the uninsured driver pays nothing.

In light of the foregoing, we are confident that our

construction of section 3333.4 promotes, rather than defeats, its general purpose. (*People v. Coronado*, *supra*, 12 Cal.4th at p. 151, 48 Cal.Rptr.2d 77, 906 P.2d 1232.) By reading section 3333.4 as including within its scope actions such as the instant one, public entities are relieved of any liability for an uninsured driver's noneconomic losses but would remain legally responsible to pay for any economic losses. This construction advances Proposition 213's declared purpose to "change the system that rewards individuals who fail to take essential personal responsibility" and to "restore balance to our justice system." (Ballot Pamp., *supra*, text of Prop. 213, § 2, subds. (b), (c), p. 102.) Moreover, in no way does it lead to absurd results.

Conversely, were we to construe the statute as being inapplicable in an action against a public entity based upon property-related theories of liability such as nuisance and dangerous condition of property, such an entity would remain legally responsible\*\*\*463 to compensate an uninsured driver for both economic and noneconomic losses arising out of vehicular accidents involving its property, while the uninsured driver could continue avoiding any responsibility for his or her fault in damaging such property and injuring third parties. Such a construction would appear to perpetuate a system of one-sided recovery favoring the uninsured driver at the expense of the law-abiding entity, thus undermining \*\*1202 the initiative's goal to prevent such drivers from being "rewarded for their irresponsibility and law breaking." (Ballot Pamp., *supra*, text of Prop. 213, § 2, subd. (a), p. 102.)

[8] Accordingly, section 3333.4 is properly construed as restricting an uninsured motorist's ability to recover noneconomic damages in actions against \*277 public entities alleging nuisance and dangerous condition of property. Not only does the language of section 3333.4, subdivision (a), encompass such actions within its literal scope ("any action to recover damages arising out of the operation or use of a motor vehicle"), but construing the statute to have such application comports most closely with the initiative's declared intent to "restore balance to our justice system" by barring people who "fail to take essential personal responsibility" from "seeking unreasonable damages or from suing law-abiding citizens." (Ballot Pamp., *supra*, text of Prop. 213, § 2, subds. (b), (c), p. 102.) Neither the language nor

the purpose of the statute provides a basis for implying a statutory exemption that would preserve a system whereby uninsured drivers may recover *fully* for losses caused by public road and roadside conditions while at the same time evading financial responsibility for their own negligence in damaging public roadways and improvements <sup>FN3</sup> and injuring third persons.

FN3. Amicus curiae Consumer Attorneys of California suggests that section 3333.4 is not needed to achieve balance or fairness where a negligent uninsured motorist causes damage to property belonging to a public entity because the entity is allowed a setoff therefor against any judgment obtained by the uninsured motorist. As defendants point out, however, setoffs generally offer no protection to a public entity unless both sides share liability for an accident that results in losses to them both. Furthermore, setoffs appear to fall short of the "balance" contemplated by Proposition 213 because they are also available in actions clearly subject to section 3333.4, e.g., actions by negligent uninsured motorists against negligent insured motorists.

Although plaintiff generally agrees that section 3333.4 may apply in actions against public entities, he maintains the statute is intended to inure solely to the benefit of individuals and entities whose automobile insurance policies are implicated in the lawsuit. Under this view, recovery against a public entity is not statutorily restricted unless its liability stems from a public employee's or agent's operation of a motor vehicle. To support this narrower construction of the statute, plaintiff relies upon subdivision (b) of section 3333.4, the ballot arguments accompanying Proposition 213, and *Hodges*, *supra*, 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433. We are not convinced.

As relevant here, subdivision (b) of section 3333.4 states that "an insurer shall not be liable, directly or indirectly, under a policy of liability or uninsured motorist insurance to indemnify for non-economic losses" of an injured uninsured motorist. According to plaintiff, one may reasonably infer that section 3333.4 applies solely to actions involving accidents between motorists because subdivision (b) purports

to curtail only the liability of a defendant's automobile insurer, not any other type of insurer. Plaintiff is wrong.

On its face, the statutory subdivision expressly refers to an insurer that might otherwise be liable for indemnification of noneconomic losses under \*278 "a policy of liability or uninsured motorist insurance." (§ 3333.4, subd. (b), italics added.) Although a policy of liability insurance may be embraced within an automobile insurance policy (see Black's Law Dict. (4th \*\*\*464 ed.1951) p. 943 [definition of "Insurance," "Automobile insurance" classification]), liability insurance policies are often issued to cover the liability of nonmotorists and are not associated exclusively with automobile insurance.<sup>FN4</sup> If anything, the fact that section 3333.4, subdivision (b), employs the \*\*1203 term "liability" insurance, instead of a more qualified term such as "automobile" insurance or "automobile liability" insurance, undercuts the notion that the statute pertains solely to accidents between insured and uninsured motorists.

FN4. The fourth edition of Black's Law Dictionary lists liability insurance and automobile insurance as two distinct classifications of insurance. (See Black's Law Dict., *supra*, at pp. 943, 944.) With regard to the former, the law dictionary states: "Liability insurance is that form of insurance which indemnifies against liability on account of injuries to the person or property of another. It is distinguished from 'indemnity insurance' (see that title, *supra*), and may be issued to cover the liability of, for example, carriers, contractors, employers, landlords, manufacturers, owners, and railroads. Liability insurance may extend to automobiles, elevators, fly wheels, libel, theaters, and vessels. [Citation.]" (*Id.* at p. 944 ["Liability insurance"]; see also Black's Law Dict. (7th ed.1999) pp. 803 ["automobile insurance"], 806 ["liability insurance"]; Webster's New Internat. Dict. (3d ed.1981) p. 1302 [defining "liability insurance" as "insurance against loss resulting from liability for injury or damage to the persons or property of others"]; *id.* at p. 148 [defining "automobile liability insurance" more specifically as

"insurance against loss from or legal liability for damages arising out of ownership, maintenance, or operation of a motor vehicle" and "automobile insurance" as "insurance against loss arising from destruction of or damage to an insured motor vehicle"]; Ins.Code, § 108 [defining "[l]iability insurance" generally and without limiting the term to insurance against losses caused by motor vehicles].)

Plaintiff next relies on the fact that the ballot arguments accompanying Proposition 213 make reference to stopping uninsured motorists from going after "big" noneconomic damages awards "when these lawbreakers are in an accident with an insured driver." (Ballot Pamp., *supra*, rebuttal to argument against Prop. 213, p. 51, original italics; see also *id.*, Brief Summary of the Measures, p. 7 ["A yes vote on this measure means: ... uninsured motorists involved in collisions ... would be prohibited from recovering 'pain and suffering' awards from insured drivers"].)

[9] The ballot arguments do not compel plaintiff's construction of the statute. Such arguments, of course, "are not legal briefs and are not expected to cite every case the proposition may affect." (*Santa Clara County Local Transportation Authority v. Guardino* (1995) 11 Cal.4th 220, 237, 45 Cal.Rptr.2d 207, 902 P.2d 225; see also *Delaney v. Superior Court* (1990) 50 Cal.3d 785, 802-803, 268 Cal.Rptr. 753, 789 P.2d 934 ["The most reasonable inference is that the proponents chose to emphasize (in the limited space available for ballot arguments) what they perceived as the greatest need"].) Here we may reasonably infer from the ballot arguments that a primary aim of Proposition \*279 213 was to protect insured motorists and to reduce automobile insurance rates. (See *Hodges, supra*, 21 Cal.4th at p. 116, 86 Cal.Rptr.2d 884, 980 P.2d 433.) Such arguments, however, did not imply that protection of insured motorists was the initiative's sole aim; nor did they suggest that reductions in automobile insurance premiums would be the initiative's only effect. Rather, the express language and declared purpose of the enactment, as well as the ballot arguments' broader focus upon the perceived need to reform a system that had rewarded lawbreakers at the expense of responsible, law-abiding citizens,<sup>FN5</sup> persuade us that \*\*\*465 actions such as the instant \*\*1204 one fall within a fair and objective reading of section

3333.4. (See People ex rel. Lungren v. Superior Court (1996) 14 Cal.4th 294, 308, 58 Cal.Rptr.2d 855, 926 P.2d 1042 [refusing to limit the scope of an initiative measure based upon the Legislative Analyst's analysis]; Amwest Surety Ins. Co. v. Wilson (1995) 11 Cal.4th 1243, 48 Cal.Rptr.2d 12, 906 P.2d 1112 [Proposition 103 applied to surety insurance even though the ballot materials had not specifically told voters of that application]; cf. Cabillo-Silva v. Home Grocery (1998) 19 Cal.4th 714, 732-733, 80 Cal.Rptr.2d 506, 968 P.2d 65 [rejecting argument that Legislature's focus on negligence principles supported a limitation of section 847's immunity provisions to negligent acts].)

FNS. In calling upon voters to "fix a system that rewards people who break the law," supporters of Proposition 213 emphasized that "people who break the law should not be rewarded, while law abiding citizens pick up the tab." (Ballot Pamp., *supra*, argument in favor of Prop. 213, p. 50; original punctuation, capitalization omitted.) Noting that "[l]aw-abiding citizens already pay higher insurance premiums to cover uninsured motorists," they argued that "[i]llegal behavior [such as driving without insurance] shouldn't be rewarded" and that "[p]eople who break the law must be held accountable for their actions." (*Ibid.*, italics omitted.) According to its supporters, the proposition would restore fairness by preventing uninsured motorists from recovering "huge monetary awards" for pain and suffering, while still allowing them "medical and out-of-pocket expenses." (*Ibid.*, italics omitted.) They also claimed the initiative would make "insurance more affordable for everyone." (*Id.*, rebuttal to argument against Prop. 213, p. 51, capitalization omitted.)

Conversely, in urging defeat of the proposition, opponents told voters that the measure was sponsored by then Insurance Commissioner Charles Quackenbush and that Quackenbush had received over \$1 million from insurance companies. (Ballot Pamp., *supra*, rebuttal to argument in favor of Prop. 213, p. 50.) They emphasized it would legalize no-fault

automobile insurance in California, despite the fact that two-thirds of California's voters had rejected a previous no-fault initiative measure earlier that year, and that insurance companies would simply boost their profits to excessive levels without corresponding insurance premium rate reductions or savings for consumers. (*Id.*, argument against Prop. 213, p. 51.) Opponents also argued that the proposition would allow "reckless drivers to avoid responsibility for their actions," that "[t]he high cost of insurance makes it impossible for many poor and working people to buy insurance," and that "it is completely unfair to deny people full compensation for a car accident that is not even their fault." (*Ibid.*)

With respect to Hodges, our analysis in that case specifically focused on whether section 3333.4 restricted the ability of an uninsured driver to recover against a car manufacturer in a products liability action. Although \*280 we recognized the statute could perhaps be read as extending to products liability actions (see Hodges, *supra*, 21 Cal.4th at p. 118, 86 Cal.Rptr.2d 884, 980 P.2d 433), our review of the initiative measure and the accompanying ballot materials convinced us it was not intended to have such a broad reach. As we observed, "[t]he electorate wanted to ensure that uninsured motorists, who contribute nothing to the insurance pool, would be restricted in what they receive from it. This principle of fairness fueled the initiative. The right to recover fully for an injury caused by a design defect, even by an uninsured motorist, has no bearing on any principle of fairness having to do with the financial responsibility laws. It is not clear that *anyone*—either the sponsors of the measure or the voters—intended to protect from products liability claims manufacturers who do not contribute to that pool and whose other insurance rates are not affected by the existence of uninsured motorists." (*Id.* at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) Neither the statutory language nor the ballot materials, we concluded, reflected any intent "to reform a system 'unfair' to law-abiding insured motorists by providing a windfall to manufacturers of defective vehicles." (*Id.* at p. 118, 86 Cal.Rptr.2d 884, 980 P.2d 433, fn. omitted.)

Contrary to the assertions of both plaintiff and the dissent, our observations in *Hodges* do not support a similar conclusion here. To begin with, *Hodges* merely posited that a *primary* aim of Proposition 213 was to limit automobile insurance claims by uninsured motorists. (*Hodges, supra*, 21 Cal.4th at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) Like the ballot arguments, our decision did not suggest it was the initiative's *exclusive* aim. More to the point, section 3333.4's applicability in this case flows directly from the terms of the statute, which precludes recovery of noneconomic damages "in any action ... arising\*\*\*466 out of the operation or use of a motor vehicle" (*id.*, subd. (a)) if "[t]he injured person was the owner of a vehicle involved in the accident and the vehicle was not insured ...." (*id.*, subd. (a)(2)).

Additionally, in contrast to the situation involving automobile manufacturers, the question of whether an uninsured motorist should be allowed to recover fully for a vehicular accident caused in part by a condition of public property bears directly on a "principle of fairness having to do with the financial responsibility laws." <sup>FN6</sup> (*Hodges, supra*, 21 Cal.4th at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) As noted, the financial responsibility law was enacted to ensure that victims of negligent drivers receive compensation for damage both to their persons and to their property. (*Mercury Ins. Group v. Superior Court, supra*, 19 Cal.4th at p. 341, 79 Cal.Rptr.2d 308, 965 P.2d 1178; \*\*1205 *Campbell v. Zolin, supra*, 33 Cal.App.4th at pp. 495-496, 39 Cal.Rptr.2d 348.) Motorists \*281 who drive in violation of that law and negligently cause damage to roadways and other public property, however, typically fail to compensate for the damage; in such circumstances, public entities wind up paying for repairs to their property while the uninsured tortfeasors escape responsibility for their actions. To pose Proposition 213's declaration of purpose as a question, should such motorists be "rewarded for their irresponsibility and law breaking" (Ballot Pamp., *supra*, text of Prop. 213, § 2, subd. (a), p. 102) when they, in turn, seek to recover for injuries caused by conditions of public property? The answer we discern is no. Nothing in the language of the initiative or in the ballot materials indicates that the electorate intended to forgo "balance" (*ibid.*) for public entities whose interests are placed directly at risk by motorists who fail to comply with the financial responsibility law.

<sup>FN6.</sup> *Hodges* specifically refrained from addressing section 3333.4's application in actions "against state and local governments, e.g., for defective road design," for the reason that "such matters may implicate concerns distinct from products liability actions against automobile manufacturers." (*Hodges, supra*, 21 Cal.4th at p. 116, fn. 5, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

[10] As plaintiff correctly notes, *Hodges* observed that neither Proposition 213's sponsors nor the voters intended to protect from products liability claims manufacturers whose insurance rates are "not affected by the existence of uninsured motorists." (*Hodges, supra*, 21 Cal.4th at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) Contrary to plaintiff's suggestion, however, that observation should not be read to suggest that insurance costs, whether automobile-related or otherwise, must necessarily be affected for section 3333.4 to apply.

Section 3333.4, of course, makes no mention of insurance costs as a consideration in its application in an action. It does, however, clearly limit recovery to injured persons whose vehicles are "not insured as required by the financial responsibility laws of this state." (§ 3333.4, subd. (a)(2).) While *Hodges* placed emphasis on the absence of any effect on the particular defendant's insurance costs, it must be remembered that the defendant there, in its capacity as a car manufacturer, faced no potential of direct harm to itself or its property from uninsured drivers who failed to comply with the state financial responsibility law. In that case, the consideration that car manufacturers also had no insurance rates affected by the existence of uninsured motorists was significant to our conclusion that manufacturers of defective cars were not among those whom the initiative was intended to protect.<sup>FN7</sup> Here, however, the situation is otherwise\*\*\*467 and the public entity defendants are being sued in a capacity that directly implicates a "principle \*282 of fairness having to do with the financial responsibility laws." (*Hodges, supra*, 21 Cal.4th at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) In circumstances such as these, insurance cost considerations provide no basis for negating section 3333.4's application.

<sup>FN7.</sup> As discussed, a portion of the ballot

arguments told voters that "[l]aw-abiding citizens already pay higher insurance premiums to cover uninsured motorists" (Ballot Pamp., *supra*, argument in favor of Prop. 213, p. 50) and that Proposition 213 would benefit consumers "by making insurance more affordable for everyone" (Ballot Pamp., *supra*, rebuttal to argument against Prop. 213, p. 51, capitalization omitted).

Although the initiative's declaration of purpose included a finding that "[i]nsurance costs have skyrocketed for those Californians who have taken responsibility for their actions" (Ballot Pamp., *supra*, text of Prop. 213, § 2, subd. (a), p. 102), it makes little sense to read that finding as limiting the protective scope of the initiative. Were we to view that finding as restricting the initiative's application, we would be compelled to conclude that both section 3333.4 and section 3333.3 (another statute enacted through passage of Proposition 213) would apply only in actions against "Californians" (and perhaps "citizens") and in actions where insurance costs previously had "skyrocketed" due to the conduct at issue.

Finally, plaintiff argues the legislative materials "reflect no intent to overturn well-established legal policies governing liability for dangerous real property or for nuisances interfering with safe use of public roads." He also claims there is no indication that Proposition 213 was intended to alter the special statutory scheme governing liability for dangerous condition of public property (Gov. Code, §§ 830, 835), or other public liability not based on a defendant's negligent operation of a vehicle. We disagree.

By approving The Personal Responsibility Act of 1996, the voters expressed their collective intent to legislatively overturn existing \*\*1206 law and policy determinations regarding the right of motorists to recover noneconomic damages arising out of their operation or use of uninsured motor vehicles. (§ 3333.4, subd. (a).) As discussed, it is of no consequence here that the ballot materials did not

specifically refer to the act's application in actions against local public entities for nuisance and dangerous condition of property. Such actions fall squarely within the terms of section 3333.4, and the statute's operation in such cases promotes rather than defeats the declared purpose of Proposition 213 to restore balance to the justice system with respect to violators of the financial responsibility law. No more was required.<sup>FN8</sup>

FN8. Plaintiff additionally argues that section 3333.4 is inapplicable in premises liability actions against private property owners and that application of section 3333.4 in actions such as this would impermissibly exempt public entities from liability for noneconomic damages in circumstances where a private property owner would be liable. Because the instant action does not involve the liability of a private property owner, we need not and do not address such arguments or the possibility that other concerns may justify a different result in the case of such owners.

#### DISPOSITION

Both the language and the intended purpose of section 3333.4 support a construction that precludes uninsured drivers from recovering noneconomic damages in actions against local public entities for nuisance and dangerous condition of property. We therefore affirm the judgment of the Court of Appeal.

GEORGE, C.J.; WERDEGAR, J., CHIN, J., and BROWN, J.; concur.

\*283 Dissenting Opinion by MOSK, J.

I dissent.

The majority broadly extend the scope of Civil Code section 3333.4, which limits automobile insurance claims by uninsured motorists, to this claim *not against an insured driver* but against public entities responsible for failing to safely maintain a public roadway. I disagree. The voters who passed Proposition 213, thereby enacting Civil Code section 3333.4, did not intend to limit damages for injuries to motorists based on a dangerous condition of property or nuisance.

As we emphasized in Hodges v. Superior Court

(1999) 21 Cal.4th 109, 114, 86 Cal.Rptr.2d 884, 980 P.2d 433: "In the case of \*\*\*468 a voters' initiative statute ... we may not properly interpret the measure in a way that the electorate did not contemplate: the voters should get what they enacted, not more and not less." Consistent with the purpose of Proposition 213, Russell Glen Day, whose motorcycle was hit by a car because the City of Fontana and County of San Bernardino (hereafter the city and county) failed to correct or warn of an obstruction blocking the motorists' view in a public intersection, should be permitted to seek recovery of damages against the city and county for noneconomic as well as economic damages.

## I

In September 1991, Day, then 19 years old, suffered devastating injuries when his motorcycle was struck by a car in an intersection; the accident was the result of the configuration of the intersection and obstructions seriously limiting visibility. The motorcycle was not insured. Day commenced this action in August 1992, including a claim against the city and county for a dangerous condition of public property and nuisance.

Although the case was classified as a fast track action, it was not called for trial until May 1997; by then, Civil Code section 3333.4, enacted as part of The Personal Responsibility Act of 1996, had gone into effect. The city and county successfully moved to exclude all evidence or recovery of noneconomic damages under the provision. The jury found no fault on the part of Day, allocating responsibility for the accident about equally between the driver of the car and the city and county. The court entered a judgment for economic damages only, which the Court of Appeal affirmed.

## II

Civil Code section 3333.4 provides, in relevant part: "[I]n any action to recover damages \*\*1207 arising out of the operation or use of a motor vehicle, a \*284 person shall not recover non-economic losses to compensate for pain, suffering, inconvenience, physical impairment, disfigurement, and other nonpecuniary damages if ... [¶] ... [¶] ... [t]he injured person was the operator of a vehicle involved in the accident and the operator can not establish his or her

financial responsibility, as required by the financial responsibility laws of this state." (*Id.*, subd. (a)(3).)

In *Hodges v. Superior Court*, supra, 21 Cal.4th 109, 86 Cal.Rptr.2d 884, 980 P.2d 433, we looked beyond the literal words of the provision, which we concluded were "not pellucid" (*id.* at p. 113, 86 Cal.Rptr.2d 884, 980 P.2d 433; see also *id.* at p. 119, 86 Cal.Rptr.2d 884, 980 P.2d 433 (conc. opn. of Werdegar, J.) [referring to "this poorly drafted, ambiguous statute"]), to discern the voters' purpose, as indicated in the ballot arguments and elsewhere. We explained: "It seems clear that a primary aim of Proposition 213 ... was to limit *automobile insurance claims* by uninsured motorists. The electorate wanted to ensure that uninsured motorists, who contribute nothing to the insurance pool, would be restricted in what they receive from it. This principle of fairness fueled the initiative.... [¶] Proposition 213's statement of legislative purpose supports this view, identifying the principal intended beneficiaries of the measure as Californians who obey the financial responsibility laws." (*Id.* at p. 115, 86 Cal.Rptr.2d 884, 980 P.2d 433.) The ballot materials for the measure specify the purpose of "restor[ing] balance to our justice system." (*Ibid.*) As *Hodges* made clear: "With regard to uninsured motorists, the 'system' in need of change in order to 'restore balance to our justice system' is the one that permits those who do not contribute to the insurance pool-and thereby drive up the costs of premiums for automobile insurance-to reap the benefits of coverage paid for by law-abiding motorists.... Moreover, use of the words 'Californians' and 'law-abiding citizens' indicates that the initiative was aimed principally at providing\*\*\*469 balance for those who obey the financial responsibility laws...." (*Ibid.*)

*Hodges* concluded that Proposition 213 "was primarily intended to limit awards against insured drivers." (*Hodges v. Superior Court*, supra, 21 Cal.4th at p. 116, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

Thus, the ballot arguments, "considered as a whole, ... indicate that voters were being urged to distinguish between law-abiding motorists who pay for liability insurance, on the one hand, and law-breaking uninsured motorists who refuse to pay for such insurance on the other. By limiting the amount of damages available to uninsured motorists, the law-abiding motorists would receive some savings in the form of reduced premiums. The arguments for and

against the measure refer principally to remedying an imbalance in the justice system that resulted in unfairness when an accident occurred *between two motorists*-one insured and the other not." (*Ibid.*) The stated purposes of the statute of "punishing illegal behavior and encouraging personal responsibility are emphatically directed at 'reform[ing] an unfair \*285 system' with respect to law-abiding drivers who 'pick up the tab'-i.e., those who 'play by the rules' and 'take personal responsibility' [citation] but have been required to 'pay additional premiums to protect themselves from uninsured drivers.'" (*Id.* at p. 117, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

We thus determined in *Hodges* that Civil Code section 3333.4 was intended to resolve inequities involving the allocation of costs *between motorists who carry automobile liability insurance and motorists who do not*. The former-scofflaw uninsured motorists-are held accountable as both a punishment and incentive; the latter-motorists who obey the financial responsibility laws-are the beneficiaries. We found nothing in the ballot materials suggesting "that such punishment or incentive was also intended-or should be permitted-to benefit" other defendants "not reasonably included among 'those who play by the rules' or 'take personal responsibility' or 'pick up the tab' for the 'skyrocket[ing]' costs of automobile insurance."

\*\*1208(*Hodges v. Superior Court, supra*, 21 Cal.4th at p. 117, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

*Hodges* itself involved a products liability claim against the manufacturer of the car. In the absence of a clear expression of voter intent, we declined to adopt "a broad literal interpretation of the initiative" that would limit damages in such a claim, emphasizing that to do so would raise "substantial policy concerns." (*Id.* at p. 118, 86 Cal.Rptr.2d 884, 980 P.2d 433.)

In my view, it follows ineluctably from our analysis in *Hodges* that the liability at issue in this case-based on the dangerous condition of public property and nuisance-does not fall within the purview of Civil Code section 3333.4. The city and county, which failed to maintain safe roadways and which did not contribute to the relevant insurance pool, are not reasonably numbered among those who "play by the rules" or "take personal responsibility" or "pick up the tab" for skyrocketing automobile insurance costs.

When a claim for injury is based on a defective or dangerous condition of property, as opposed to negligence by an insured driver, applying the statute does nothing to advance the voters' intent under Proposition 213. The ballot materials do not indicate that Proposition 213 intended to change the "system" with regard to a public entity's liability for nuisance or dangerous conditions of property-or suggest that any such change is needed.

Moreover, as in the case of the products liability claim in *Hodges*, broad literal application of the provision to this case against the city and county for failure to remedy an unsafe condition in a public intersection raises obvious and substantial policy concerns. Compensating the victims of injuries caused by unsafe design or maintenance of public streets for pain and suffering operates as a strong incentive for cities and counties to prevent or abate dangerous conditions, thus minimizing \*\*\*470 risks to the public. It also serves the \*286 important social goal of compensating injured persons for damages caused by the negligent acts of public entities. The majority's broad application of Civil Code section 3333.4, by relieving cities and counties of liability for all damages caused by their negligence, will erode public policy aimed at securing the safety of *all* motorists.

Nor is there any indication in the legislative history of Proposition 213 that it was intended to alter the special statutory provisions regarding tort claims against public entities. Government Code section 835, a provision of the Tort Claims Act, expressly makes a public entity liable for injury caused by a dangerous condition of property.<sup>FN1</sup> There is no mention whatever, either in Civil Code section 3333.4 or in the ballot materials regarding Proposition 213, of limiting governmental liability in dangerous condition cases. Unlike the majority, I disagree that the carefully tailored provisions of the Tort Claims Act may be modified by implication. Nor do I discern any justification for providing a windfall to the public entities responsible for failing to keep their roadways safe for motorists.

<sup>FN1</sup> Government Code section 835 provides, in pertinent part, that "a public entity is liable for injury caused by a dangerous condition of its property if the plaintiff establishes that the property was in



19 P.3d 1196

25 Cal.4th 268, 19 P.3d 1196, 105 Cal.Rptr.2d 457, 01 Cal. Daily Op. Serv. 2773

(Cite as: 25 Cal.4th 268, 19 P.3d 1196, 105 Cal.Rptr.2d 457)

a dangerous condition at the time of the injury, that the injury was proximately caused by the dangerous condition, that the dangerous condition created a reasonably foreseeable risk of the kind of injury which was incurred" and the public entity "had actual or constructive notice of the dangerous condition ... and a sufficient time prior to the injury to have taken measures to protect against the dangerous condition."

For these reasons, I would reverse the judgment of the Court of Appeal.

KENNARD, J., concurs.

Cal., 2001.

Dey v. City of Fontana

25 Cal.4th 268, 19 P.3d 1196, 105 Cal.Rptr.2d 457,

01 Cal. Daily Op. Serv. 2773

END OF DOCUMENT

Commission on State Mandates

Original List Date: 6/26/2003  
Last Updated: 4/26/2007  
List Print Date: 11/21/2008  
Claim Number: 02-TC-28  
Issue: Cal Grants

Mailing Information: Draft Staff Analysis

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▷

Supreme Court of California  
YAMAHA CORPORATION OF AMERICA, Plaintiff and Respondent,

v.

STATE BOARD OF EQUALIZATION, Defendant and Appellant.  
No. S060145.

Aug. 27, 1998.

Seller of musical instruments sought refund of use taxes assessed on musical instruments that it purchased outside state, stored within state, and ultimately gave away as promotional gifts. The Superior Court, Los Angeles County, No. BC 079444, Daniel A. Curry, J., ordered refund for gifts to out-of-state recipients, and State Board of Equalization appealed. The Court of Appeal reversed. The Supreme Court granted review, superseding opinion of Court of Appeal. The Supreme Court, Brown, J., held that Board's interpretation of sales and use tax statutes, set out in its Business Taxes Law Guide opinion summaries, were not entitled to degree of judicial deference given to quasi-legislative rules.

Reversed and remanded.

Mosk, J., filed concurring opinion, which George, C.J., and Werdegar, J., joined.

Opinion, 61 Cal.Rptr.2d 244, vacated.

## West Headnotes

11 Administrative Law and Procedure 15A  
79615A Administrative Law and Procedure15AV Judicial Review of Administrative Decisions15AV(E) Particular Questions, Review of15Ak796 k. Law Questions in General.Most Cited Cases

The standard for judicial review of agency interpretation of law is the independent judgment of the court, giving deference to the determination of the agency

appropriate to the circumstances of the agency action.

12 Statutes 361 219(1)361 Statutes361VI Construction and Operation361VI(A) General Rules of Construction361k213 Extrinsic Aids to Construction361k219 Executive Construction361k219(1) k. In General. MostCited Cases

Agency interpretation of a statute does not carry the same weight, and it is not reviewed under the same standard, as a quasi-legislative regulation; disapproving Rizzo v. Board of Trustees, 27 Cal.App.4th 853, 32 Cal.Rptr.2d 892; DeYoung v. City of San Diego, 147 Cal.App.3d 11, 194 Cal.Rptr. 722; Rivera v. City of Fresno, 6 Cal.3d 132, 98 Cal.Rptr. 281, 490 P.2d 793.

13 Administrative Law and Procedure 15A  
79715A Administrative Law and Procedure15AV Judicial Review of Administrative Decisions15AV(E) Particular Questions, Review of15Ak797 k. Legislative Questions; Rule-Making. Most Cited Cases

When a court assesses the validity of quasi-legislative rules, the scope of its review is narrow; if the court is satisfied that the rule in question lay within the law-making authority delegated by the Legislature, and that it is reasonably necessary to implement the purpose of the statute, judicial review is at an end.

14 Administrative Law and Procedure 15A  
416.115A Administrative Law and Procedure15AIV Powers and Proceedings of Administrative Agencies, Officers and Agents15AIV(C) Rules and Regulations15Ak416 Effect15Ak416.1 k. In General. Most CitedCases

Because interpretation is an agency's legal opinion,

however "expert," rather than the exercise of a delegated legislative power to make law, it commands a commensurably lesser degree of judicial deference than quasi-legislative rule.

## 15] Statutes 361 219(1)

### 361 Statutes

#### 361VI Construction and Operation

##### 361VI(A) General Rules of Construction

##### 361k213 Extrinsic Aids to Construction

##### 361k219 Executive Construction

##### 361k219(1) k. In General. Most

#### Cited Cases

Whether judicial deference to an agency's interpretation is appropriate and, if so, its extent is fundamentally situational; court must consider complex factors material to the substantive legal issue before it, the particular agency offering the interpretation, and the comparative weight the factors ought in reason to command.

## 16] Administrative Law and Procedure 15A 416.1

### 15A Administrative Law and Procedure

#### 15AIV Powers and Proceedings of Administrative Agencies, Officers and Agents

##### 15AIV(C) Rules and Regulations

##### 15Ak416 Effect

##### 15Ak416.1 k. In General. Most Cited

#### Cases

If an agency has adopted an interpretive rule in accordance with Administrative Procedure Act (APA) provisions, that circumstance weighs in favor of judicial deference; however, even formal interpretive rules do not command the same weight as quasi-legislative rules. 5 U.S.C.A. § 551 et seq.

## 17] Taxation 371 3704

### 371 Taxation

#### 371IX Sales, Use, Service, and Gross Receipts Taxes

##### 371IX(H) Payment

##### 371k3702 Recovery of Taxes Paid

##### 371k3704 k. Actions. Most Cited

#### Cases

(Formerly 371k1336)

State Board of Equalization's interpretation of sales

and use tax statutes, set out in its Business Taxes Law Guide opinion summaries, were entitled to some consideration by court in use tax refund case, but not degree of judicial deference given to quasi-legislative rules.

\*\*\*2 \*4 \*\*1032 Daniel E. Lungren, Attorney General, Carol H. Rehm, Jr., David S. Chaney and Philip C. Griffin, Deputy Attorneys General, for Defendant and Appellant.

Bewley, Lassleben & Miller, Jeffrey S. Baird, Joseph A. Vinatieri and Kevin P. Duthoy, Whittier, for Plaintiff and Respondent.

Daniel Kostenbauder, Lawrence V. Brookes, Berkeley, Wm. Gregory Turner and Dean F. Andal as Amici Curiae on behalf of Plaintiff and Respondent.

BROWN, Justice.

For more than 40 years, the State Board of Equalization (Board) has made available for publication as the Business Taxes Law Guide summaries of opinions by its attorneys of the business tax effects of a wide range of transactions. Known as "annotations," the summaries are prompted by actual requests for legal opinions by the Board, its field auditors, and businesses subject to statutes within its jurisdiction. The annotations are \*5 brief statements - often only a sentence or two - purporting to state definitively the tax consequences of specific hypothetical business transactions.<sup>FN1</sup> More extensive analyses, called "back-ups," are available to those who request them.

<sup>FN1</sup> Two examples, drawn at random, illustrate the annotation form: "Beer Can Openers, furnished by breweries to retailers with beer, are not regarded as 'self consumed' by the breweries. 10/2/50." (2A State Bd. of Equalization, Bus. Taxes Law Guide, Sales & Use Tax Annots. (1998) Annot. No. 280.0160, p. 3731.) "Bookmarks Sold For \$2.00 'Postage And Handling'. A taxpayer located in California offers a bookmark to customers for a \$2.00 charge, designated as postage and handling. Most of the orders received for the bookmark are from out of state. [¶] Assuming that the charge for the bookmark is 50 percent or more of its cost, the taxpayer is considered to be selling the bookmarks rather than consuming them

(Regulation 1670(b)). Accordingly, when a bookmark is sent to a California customer through the U.S. Mail, the amount of postage shown on the package is considered to be a nontaxable transportation charge. For example, when a bookmark is sent to a California customer, if the postage on the envelope is shown as 25 cents, then the taxable gross receipts from the transfer is \$1.75. If the bookmark is mailed to a customer located outside California, tax does not apply to any of the \$2.00 charge. 12/5/88." (*Id.*, Annot. No. 280.0185, pp. 3731-3732.)

### FACTS

The taxpayer here, Yamaha Corporation of America (Yamaha), sells musical instruments nationwide. It purchased a quantity of these outside California without paying tax ("extax"), stored them in its resale inventory in a California warehouse, and eventually gave them away to artists, musical equipment dealers and media representatives as promotional gifts. Delivery was made by shipping the instruments via common carrier, either inside or outside California. Yamaha made similar gifts of brochures and other advertising material. Following an audit, the Board determined Yamaha had used the musical instruments and promotional materials in California and was thus subject to the state's use tax, an impost levied as a percentage of the property's purchase price. (See Rev. & Tax Code, § 6008 et seq.) Yamaha paid the taxes determined by the Board to be due (about \$700,000) under protest and then brought this refund suit. Although it did not contest the tax assessed on property given to California residents, Yamaha contended no tax was due on the gifts to *out-of-state* recipients.

The superior court decided Yamaha's out-of-state gifts were excluded from California's use tax, and ordered a refund. That disposition, however, was overturned by the Court of Appeal. Casting the issue as whether Yamaha's promotional gifts had occurred in California or in the state of the donee, the Court of Appeal looked to an annotation in the Business Taxes Law Guide. According to the guide, gifts are subject to California's use tax \*6 "[w]hen the donor divests itself of control over the property in this state ..." <sup>FN2</sup>. \*\*\*3 (2A State Bd. of Equalization, Bus. Taxes Law Guide, Sales & Use Tax Annots., *supra*, Annot. No.

280.0040, p. 3731.) \*\*1033 Adopting that annotation as dispositive, the Court of Appeal reversed the judgment of the superior court and reinstated the Board's tax assessment. We granted Yamaha's petition for review and now reverse the Court of Appeal's judgment and order the matter returned to that court for further proceedings consistent with our opinion.

<sup>FN2</sup>. The annotation on which the Board relied - Annotation No. 280.0040 - purports to interpret section 6009.1 of the Revenue and Taxation Code, excluding from the definition of storage and use "keeping, retaining or exercising any right or power over tangible personal property for the purpose of subsequently transporting it outside the state." Captioned "Advertising Material - Gifts," the annotation provides that "Advertising or promotional material shipped or brought into the state and temporarily stored here prior to shipment outside state is subject to use tax when a gift of the material [is] made and title passes to the donee in this state. When the donor divests itself of control over the property in this state the gift is regarded as being a taxable use of the property. 10/11/63." (2A State Bd. of Equalization, Bus. Taxes Law Guide, Sales & Use Tax Annots., *supra*, Annot. No. 280.0040, p. 3731.)

### DISCUSSION

#### I

[1] The question is what legal effect courts must give to the Board's annotations when they are relied on as supporting its position in taxpayer litigation. In the broader context of administrative law generally, the question is what standard courts apply when reviewing an agency's *interpretation* of a statute. In effect, the Court of Appeal held the annotations were entitled to the same "weight" or "deference" as "quasi-legislative" rules. <sup>FN3</sup> The Court of Appeal adopted the following formulation: "[A] long-standing and consistent administrative construction of a statute by an administrative agency charged with its enforcement and interpretation is entitled to great weight unless it is either 'arbitrary, capricious or without rational basis' [citations], \*7 or is 'clearly erroneous or unauthorized.' [Citation.] Opinions of the admin-



istrative agency's counsel construing the statute," the court went on to say, "are likewise entitled to consideration. [Citations.] Especially where there has been acquiescence by persons having an interest in the matter," the court added, "courts will generally not depart from such an interpretation unless it is unreasonable or clearly erroneous." As this extract from the Court of Appeal opinion indicates, the court relied on a skein of cases as supporting these several, somewhat inconsistent, propositions of administrative law.

FN3. Throughout, we use the terms "quasi-legislative" and "interpretive" in their traditional administrative law senses; i.e., as indicating both the constitutional source of a rule or regulation and the weight or judicial deference due it. (See, e.g., 1 Davis & Pierce, *Administrative Law* (3d ed. 1994) § 6.3, pp. 233-248.) Of course, administrative rules do not always fall neatly into one category or the other; the terms designate opposite ends of an administrative continuum, depending on the breadth of the authority delegated by the Legislature. (See *Western States Petroleum Assn. v. Superior Court* (1995) 9 Cal.4th 559, 575-576, 38 Cal.Rptr.2d 139, 888 P.2d 1268; cf. *Tidewater Marine Western, Inc. v. Bradshaw* (1996) 14 Cal.4th 557, 574-575, 59 Cal.Rptr.2d 186, 927 P.2d 296 [comparing the two kinds of rules and suggesting that while interpretive rules are not quasi-legislative in the traditional sense, "an agency would arguably still have to adopt these regulations in accordance with [Administrative Procedure Act] rulemaking requirements." The issue is not strictly presented by this case, however: Government Code section 11342, subdivision (g) declares that "[r]egulation" does not include "legal rulings of counsel issued by the ... State Board of Equalization."].)

We reach a different conclusion. An agency interpretation of the meaning and legal effect of a statute is entitled to consideration and respect by the courts; however, unlike quasi-legislative regulations adopted by an agency to which the Legislature has confided the power to "make law," and which, if authorized by the enabling legislation, bind this and other courts as

firmly as statutes themselves, the binding power of an agency's interpretation of a statute or regulation is contextual: Its power to persuade is both circumstantial and dependent on the presence or absence of factors that support the merit of the interpretation. Justice Mosk may have provided the best description when he wrote in *Western States Petroleum Assn. v. Superior Court*, *supra*, 9 Cal.4th 559, 38 Cal.Rptr.2d 139, 888 P.2d 1268, that "The appropriate degree of judicial scrutiny in any particular case is perhaps not susceptible of precise formulation, but lies somewhere along a continuum with nonreviewability at one end and independent judgment at the other." [Citation.] Quasi-legislative administrative decisions are properly placed at that point of the continuum at which judicial review is more deferential; ministerial and informal actions do not merit such deference, and therefore lie toward the opposite end of the continuum." \*\*\*4\*\*1034(*Id.* at pp. 575-576, 38 Cal.Rptr.2d 139, 888 P.2d 1268; see also *Bodinson Mfg. Co. v. California E. Com.* (1941) 17 Cal.2d 321, 325-326, 109 P.2d 935 [An "administrative interpretation ... will be accorded great respect by the courts and will be followed if not clearly erroneous. [Citations.] But such a tentative ... interpretation makes no pretense at finality and it is the duty of this court ... to state the true meaning of the statute finally and conclusively, even though this requires the overthrow of an earlier erroneous administrative construction. [Citations.] The ultimate interpretation of a statute is an exercise of the judicial power ... conferred upon the courts by the Constitution and, in the absence of a constitutional provision, cannot be exercised by any other body."].)

Courts must, in short, independently judge the text of the statute, taking into account and respecting the agency's interpretation of its meaning, of course, whether embodied in a formal rule or less formal representation. Where the meaning and legal effect of a statute is the issue, an agency's interpretation is one among several tools available to the court. Depending \*8 on the context, it may be helpful, enlightening, even convincing. It may sometimes be of little worth. (See *Traverso v. People ex rel. Dept. of Transportation* (1996) 46 Cal.App.4th 1197, 1206, 54 Cal.Rptr.2d 434.) Considered alone and apart from the context and circumstances that produce them, agency interpretations are not binding or necessarily even authoritative. To quote the statement of the Law Revision Commission in a recent report, "The standard for judicial review of agency interpretation of

law is the *independent judgment* of the court, giving *deference* to the determination of the agency *appropriate* to the circumstances of the agency action." (Judicial Review of Agency Action (Feb.1997) 27 Cal. Law Revision Com. Rep. (1997) p. 81, italics added.)

## 11

[2] Here, the Court of Appeal relied on language from its prior cases suggesting broadly that an agency interpretation of a statute carries the *same weight* - that is, is reviewed under the same standard - as a quasi-legislative regulation. Unlike the annotations here, however, quasi-legislative rules are the substantive product of a delegated *legislative* power conferred on the agency. The formulation on which the Court of Appeal relied is thus apt to lead a court (as it led here) to abdicate a quintessential judicial duty - applying its independent judgment *de novo* to the merits of the *legal* issue before it. The fact that in this case the Court of Appeal determined Yamaha's tax liability by giving the Board's annotation a weight of unquestioning acceptance only compounded the error.

We derive these conclusions from long-standing administrative law decisions of this court. Although the web making up that jurisprudence is not seamless, on the whole it is both logical and coherent. In Culligan Water Conditioning v. State Bd. of Equalization (1976) 17 Cal.3d 86, 130 Cal.Rptr. 321, 550 P.2d 593 (Culligan), the taxpayer sued for a refund of sales and use taxes paid under protest on ion-exchange equipment used to condition water and leased to residential subscribers. Because it came from a service business rather than the rental of property, the taxpayer contended, the income was not subject to the Sales and Use Tax Law. In refund litigation, the Board relied on an affidavit of its assistant chief counsel characterizing the transactions as leases taxable under the Sales and Use Tax Law. The trial court rejected the Board's position, calling it an unwarranted extension of the words of the statute, and awarded judgment to the taxpayer. (17 Cal.3d at p. 92, 130 Cal.Rptr. 321, 550 P.2d 593.)

Justice Sullivan began his opinion for a unanimous court by asking what was "the appropriate standard of review applicable to the [use tax] assessment against" the taxpayer. (Culligan, supra, 17 Cal.3d at

p. 92, 130 Cal.Rptr. 321, 550 P.2d 593.) The Board contended its assessment was based on an "administrative classification" and could be judicially overturned only if it was "arbitrary, capricious or without rational basis." (Ibid.) Our opinion pointed out, however, that the basis for the Board's tax assessment "was not embodied in any formal regulation or even interpretative ruling covering the water conditioning industry as a whole." (Ibid.) Instead, its basis "was nothing more than the Board auditor's interpretation of two existing regulations." (Ibid.) "If the Board had promulgated a formal regulation determining the proper classification of receipts derived from the rental of exchange units ... and the regulation had been challenged in the [refund] action," our Culligan opinion went on to say, "the proper scope of reviewing such regulation would be one of limited judicial review as urged by the Board. [Citations.]" (Ibid., italics added.)

That was not the case in Culligan, however. Instead of adopting a formal regulation, the Board and its staff had considered the facts of the taxpayer's particular transactions, interpreted the statutes and regulations they deemed applicable, and "arrived at certain conclusions as to plaintiff's tax liability and assessed the tax accordingly." (17 Cal.3d at p. 92, 130 Cal.Rptr. 321, 550 P.2d 593.) Far from being "the equivalent of a regulation or ruling of general application," the Board's argument was "merely its litigating position in this particular matter." (Id. at p. 93, 130 Cal.Rptr. 321, 550 P.2d 593.) In an important footnote to its opinion, the Culligan court disapproved language in several Court of Appeal decisions "indicating that the proper scope of review of such litigating positions of the Board (announced either in tax bulletins or merely as the result of an individual audit) is to determine whether the Board's assessment was arbitrary, capricious or had no reasonable or rational basis." (Id. at p. 93, fn. 4, 130 Cal.Rptr. 321, 550 P.2d 593.)

Although the Court of Appeal in this case cited Culligan, supra, 17 Cal.3d 86, 130 Cal.Rptr. 321, 550 P.2d 593, it regarded American Hospital Supply Corp. v. State Bd. of Equalization (1985) 169 Cal.App.3d 1088, 215 Cal.Rptr. 744 (American Hospital) as the decisive precedent. The question there was whether disposable paper menus, used for patients' meals in hospitals, were subject to the sales tax. In concluding they were, the Court of Appeal

19 Cal.4th 1, 960 P.2d 1031, 78 Cal.Rptr.2d 1, 98 Cal. Daily Op. Serv. 6683, 98 Daily Journal D.A.R. 9211  
(Cite as: 19 Cal.4th 1, 960 P.2d 1031, 78 Cal.Rptr.2d 1)

relied on a ruling of Board counsel interpreting a quasi-legislative regulation of the Board. "Interpretation of an administrative regulation," the court wrote, "like [the] interpretation of a statute, is a question of law which rests with the courts. However, the agency's own interpretation of its regulation is entitled to great weight." (*Id.* at p. 1092, 215 Cal.Rptr. 744.) The Board's interpretation could be overturned, the opinion went on to state, only if it was "arbitrary, capricious or without rational basis." (*Ibid.*)

The *American Hospital* opinion also rejected the taxpayer's contention that because the rule at issue was only an interpretation and not a quasi-legislative rule, it was not entitled to deference. \*10 (*American Hospital*, *supra*, 169 Cal.App.3d at p. 1092, 215 Cal.Rptr. 744.) Instead, the court read *Culligan* as standing for the *opposite* proposition. Because we had said the rule at issue there did not cover an entire industry, the Court of Appeal reasoned *Culligan* had held in effect that it was nothing more than a "litigating position" and could be ignored. (119 Cal.App.3d at p. 1093, 215 Cal.Rptr. 744.) On that basis, *American Hospital* concluded that because the Board's position on the taxability of paper menus was embodied in a "formal regulation" and covered the entire hospital industry, it was entitled to same deference as a quasi-legislative rule: "[i]t must prevail because it is neither 'arbitrary, capricious or without rational basis' (*Culligan Water Conditioning v. State Bd. of Equalization*, *supra*, 17 Cal.3d 86, 92, 130 Cal.Rptr. 321, 550 P.2d 593) nor is it 'clearly erroneous or unauthorized' (*Rivera v. City of Fresno* [1971] 6 Cal.3d 132, 140, 98 Cal.Rptr. 281, 490 P.2d 793)." (*Ibid.*)

We think the Court of Appeal in *American Hospital*, *supra*, 169 Cal.App.3d 1088, 215 Cal.Rptr. 744, and the Court of Appeal in this case by relying on it, failed to distinguish between two classes of rules - quasi-legislative and interpretive - that, because of their differing legal sources, command significantly different degrees of deference by the courts. Moreover, *American Hospital* misread our opinion in *Culligan* when it identified the feature that distinguishes one kind of rule from the other. Although the Court of Appeal here did not rely on other prior cases as much as on *American Hospital*, it cited several that appear to perpetuate the same \*\*\*6 \*\*1036 confusion: (See *Rizzo v. Board of Trustees* (1994) 27

Cal.App.4th 853, 861, 32 Cal.Rptr.2d 892; *DeYoung v. City of San Diego* (1983) 147 Cal.App.3d 11, 18, 194 Cal.Rptr. 722; *Rivera v. City of Fresno* (1971) 6 Cal.3d 132, 140, 98 Cal.Rptr. 281, 490 P.2d 793.)

[3] It is a "black letter" proposition that there are two categories of administrative rules and that the distinction between them derives from their different sources and ultimately from the constitutional doctrine of the separation of powers. One kind - quasi-legislative rules - represents an authentic form of substantive lawmaking: Within its jurisdiction, the agency has been delegated the Legislature's lawmaking power. (See, e.g., 1 Davis & Pierce, *Administrative Law*, *supra*, § 6.3, at pp. 233-248; 1 Cooper, *State Administrative Law* (1965) Rule Making: Procedures, pp. 173-176; Bonfield, *State Administrative Rulemaking* (1986) Interpretive Rules, § 6.9.1, pp. 279-283; 9 Witkin, *Cal. Procedure* (4th ed. 1997) *Administrative Proceedings*, § 116, p. 1160 [collecting cases].) Because agencies granted such substantive rulemaking power are truly "making law," their quasi-legislative rules have the dignity of statutes. When a court assesses the validity of such rules, the scope of its review is narrow. If satisfied that the rule in question lay within the lawmaking authority delegated by the Legislature, and that it \*11 is reasonably necessary to implement the purpose of the statute, judicial review is at an end.

We summarized this characteristic of quasi-legislative rules in *Wallace Berrie & Co. v. State Bd. of Equalization* (1985) 40 Cal.3d 60, 65, 219 Cal.Rptr. 142, 707 P.2d 204 (*Wallace Berrie*): "[I]n reviewing the legality of a regulation adopted pursuant to a delegation of legislative power, the judicial function is limited to determining whether the regulation (1) is "within the scope of the authority conferred" [citation] and (2) is "reasonably necessary to effectuate the purpose of the statute" [citation]." [Citation.] "These issues do not present a matter for the independent judgment of an appellate tribunal; rather, both come to this court freighted with [a] strong presumption of regularity...." [Citation.] Our inquiry necessarily is confined to the question whether the classification is 'arbitrary, capricious or [without] reasonable or rational basis.' (*Culligan*, *supra*, 17 Cal.3d at p. 93, fn. 4, 130 Cal.Rptr. 321, 550 P.2d 593 [citations].)" <sup>FN4</sup>

FN4. In one respect, our opinion in *Wallace Berrie* may overstate the level of deference - even quasi-legislative rules are reviewed independently for consistency with controlling law. A court does not, in other words, defer to an agency's view when deciding whether a regulation lies within the scope of the authority delegated by the Legislature. The court, not the agency, has "final responsibility for the interpretation of the law" under which the regulation was issued. (*Whitcomb Hotel, Inc. v. Cal. Emp. Com.* (1944) 24 Cal.2d 753, 757, 151 P.2d 233; see cases cited, *post*, at p. 7 of 78 Cal.Rptr.2d, at p. 1037 of 960 P.2d; *Environmental Protection Information Center v. Department of Forestry & Fire Protection* (1996) 43 Cal.App.4th 1011, 1022, 50 Cal.Rptr.2d 892 [Standard of review of challenges to "fundamental legitimacy" of quasi-legislative regulation is "'respectful nondeference.'" ])

[4] It is the other class of administrative rules, those interpreting a statute, that is at issue in this case. Unlike quasi-legislative rules, an agency's interpretation does not implicate the exercise of a delegated lawmaking power; instead, it represents the agency's view of the statute's legal meaning and effect, questions lying within the constitutional domain of the courts. But because the agency will often be interpreting a statute within its administrative jurisdiction, it may possess special familiarity with satellite legal and regulatory issues. It is this "expertise," expressed as an interpretation (whether in a regulation or less formally, as in the case of the Board's tax annotations), that is the source of the presumptive value of the agency's views. An important corollary of agency interpretations, however, is their diminished power to bind. Because an interpretation is an agency's *legal opinion*, however "expert," rather than the exercise of a delegated legislative power to make law, it commands a commensurably lesser degree of judicial deference. (*Bodinson Mfg. Co. v. Cal. Emp. Com.*, *supra*, 17 Cal.2d at pp. 325-326, 109 P.2d 935.)

In *International Business Machines v. State Bd. of Equalization* (1980) 26 Cal.3d 923, 163 Cal.Rptr. 782, 609 P.2d 1, we contrasted\*\*\*7 \*\*1037 the narrow \*12 standard under which quasi-legislative rules are reviewed - "limited," we wrote, "to a determina-

tion whether the agency's action is arbitrary, capricious, lacking in evidentiary support, or contrary to procedures provided by law" (*id.* at p. 931, fn. 7, 163 Cal.Rptr. 782, 609 P.2d 1) - with the broader standard courts apply to interpretations. The quasi-legislative standard of review "is *inapplicable* when the agency is not exercising a discretionary rule-making power, but merely *construing* a controlling statute. The appropriate mode of review in such a case is one in which the judiciary, although taking ultimate responsibility for the construction of the statute, accords great weight and respect to the administrative construction. [Citation.]" (*Ibid.*, italics added; see also *California Assn. of Psychology Providers v. Rank* (1990) 51 Cal.3d 1, 11, 270 Cal.Rptr. 796, 793 P.2d 2 ["courts are the ultimate arbiters of the construction of a statute"]; *Dyna-Med, Inc. v. Fair Employment & Housing Com.* (1987) 43 Cal.3d 1379, 1389, 241 Cal.Rptr. 67, 743 P.2d 1323 ["The final meaning of a statute ... rests with the courts."]; *Morris v. Williams* (1967) 67 Cal.2d 733, 748, 63 Cal.Rptr. 689, 433 P.2d 697 ["'final responsibility for the interpretation of the law rests with the courts.'"])

[5] Whether judicial deference to an agency's interpretation is appropriate and, if so, its extent - the "weight" it should be given - is thus fundamentally *situational*. A court assessing the value of an interpretation must consider complex factors material to the substantive legal issue before it, the particular agency offering the interpretation, and the comparative weight the factors ought in reason to command. Professor Michael Asimow, an administrative law adviser to the California Law Revision Commission, has identified two broad categories of factors relevant to a court's assessment of the weight due an agency's interpretation: those "indicating that the agency has a comparative interpretive advantage over the courts," and those "indicating that the interpretation in question is probably correct." (Cal. Law Revision Com., Tent. Recommendation, Judicial Review of Agency Action (Aug. 1995) p. 11 (Tentative Recommendation); see also Asimow, *The Scope of Judicial Review of Decisions of California Administrative Agencies* (1995) 42 UCLA L.Rev. 1157, 1192-1209.)

[6] In the first category are factors that "assume the agency has expertise and technical knowledge, especially where the legal text to be interpreted is technical, obscure, complex, open-ended, or entwined with issues of fact, policy, and discretion. A court is more

likely to defer to an agency's interpretation of its own regulation than to its interpretation of a statute, since the agency is likely to be intimately familiar with regulations it authored and sensitive to the practical implications of one interpretation over another." (Tentative Recommendation, *supra*, at p. 11.) The second group of \*13 factors in the Asimow classification - those suggesting the agency's interpretation is likely to be correct - includes indications of careful consideration by senior agency officials ("an interpretation of a statute contained in a regulation adopted after public notice and comment is more deserving of deference than [one] contained in an advice letter prepared by a single staff member" (Tentative Recommendation, *supra*, at p. 11)), evidence that the agency "has consistently maintained the interpretation in question, especially if [it] is long-standing" (*ibid.*) ("[a] vacillating position ... is entitled to no deference" (*ibid.*)), and indications that the agency's interpretation was contemporaneous with legislative enactment of the statute being interpreted. If an agency has adopted an interpretive rule in accordance with Administrative Procedure Act provisions - which include procedures (e.g., notice to the public of the proposed rule and opportunity for public comment) that enhance the accuracy and reliability of the resulting administrative "product" - that circumstance weighs in favor of judicial deference. However, even formal interpretive rules do not command the same weight as quasi-legislative rules. Because "the ultimate resolution of ... legal questions rests with the courts" (*Culligan, supra*, 17 Cal.3d at p. 93, 130 Cal.Rptr. 321, 550 P.2d 593), judges play a greater role when reviewing the persuasive value of interpretive rules than they do in determining the validity of quasi-legislative rules.

\*\*\*8 \*\*1038 A valuable judicial account of the process by which courts reckon the weight of agency interpretations was provided by Justice Robert Jackson's opinion in *Skidmore v. Swift & Co.* (1944) 323 U.S. 134, 65 S.Ct. 161, 89 L.Ed. 124 (*Skidmore*), a case arising under the federal Fair Labor Standards Act. The question for the court was whether private firefighters' "waiting time" was countable as "working time" under the act and thus compensable. (323 U.S. at p. 136, 65 S.Ct. 161.) "Congress," the *Skidmore* opinion observed, "did not utilize the services of an administrative agency to find facts and to determine in the first instance whether particular cases fall within or without the Act." (*Id.* at p. 137, 65 S.Ct. 161.) "Instead, it put this responsibility on

the courts. [Citation.] But it did create the office of Administrator, impose upon him a variety of duties, endow him with powers to inform himself of conditions in industries and employments subject to the Act, and put on him the duties of bringing injunction actions to restrain violations. Pursuit of his duties has accumulated a considerable experience in the problems of ascertaining [the issue in suit] and a knowledge of the customs prevailing in reference to their solution.... He has set forth his views of the application of the Act under different circumstances in an interpretative bulletin and in informal rulings. They provide a practical guide to employers and employees as to how the office representing the public interest in its enforcement will seek to apply it. [Citation.]" (*Id.* at pp. 137-138, 65 S.Ct. 161.)

\*14 No statute prescribed the deference federal courts should give the administrator's interpretive bulletins and informal rulings, and they were "not reached as a result of ... adversary proceedings." (*Skidmore, supra*, 323 U.S. at p. 139, 65 S.Ct. 161.) Given those features, Justice Jackson concluded, the administrator's rulings "do not constitute an interpretation of the Act or a standard for judging factual situations which binds a ... court's processes, as an authoritative pronouncement of a higher court might do." (*Ibid.*, italics added.) Still, the court held, the fact that "the Administrator's policies and standards are not reached by trial in adversary form does not mean that they are not entitled to respect." (*Id.* at p. 140, 65 S.Ct. 161.) "We consider that the rulings, interpretations and opinions of the Administrator under this Act, while not controlling upon the courts by reason of their authority, do constitute a body of experience and informed judgment to which courts and litigants may properly resort for guidance." (*Ibid.*)

[7] The parallels between the statutory powers and administrative practice of the Board in interpreting the Sales and Use Tax Law, and those of the federal agency described in *Skidmore*, are extensive. As with Congress, our Legislature has not conferred adjudicatory powers on the Board as the means by which sales and use tax liabilities are determined; instead, the validity of those assessments is settled in tax refund litigation like this case. (*Rev. & Tax Code, § 6933.*) Like the federal administrator in *Skidmore*, the Board has not adopted a formal regulation under its quasi-legislative rulemaking powers purporting to

interpret the statute at issue here. As in *Skidmore*, however, the Board and its staff have accumulated a substantial "body of experience and informed judgment" in the administration of the business tax law "to which the courts and litigants may properly resort for guidance." (323 U.S. at p. 140, 65 S.Ct. 161.) Some of that experience and informed judgment takes the form of the annotations published in the Business Taxes Law Guide.

The opinion in the *Skidmore* case and Professor Asimow's account for the Law Revision Commission - together spanning a half-century of judicial and scholarly comment on the characteristics and role of administrative interpretations - accurately describe their value and the criteria by which courts judge their weight. The deference due an agency interpretation - including the Board's annotations at issue here - turns on a legally informed, commonsense assessment of their contextual merit. "The weight of such a judgment in a particular case," to borrow again from Justice Jackson's opinion in *Skidmore*, "will depend upon the thoroughness evident in its consideration, the validity of its reasoning, its consistency with earlier and later pronouncements, and all those factors\*\*9 \*\*1039 which give it power to persuade, if lacking power \*15 to control." (*Skidmore*, supra, 323 U.S. at p. 140, 65 S.Ct. 161, italics added.)

As we read the brief filed by the Attorney General, the Board does not contend for any greater judicial weight for its annotations. Its brief on the merits states that "Yamaha is correct that the annotations are not regulations, and they are not binding upon taxpayers, the Board itself, or the Court. Nevertheless, the annotations are digests of opinions written by the legal staff of the Board which are evidentiary of administrative interpretations made by the Board in the normal course of its administration of the Sales and Use Tax Law... [T]he annotations have substantial precedential effect within the agency. [¶] The interpretation represented in [the] annotations is certainly entitled to some consideration by the Court."

We agree.

### CONCLUSION

In deciding this case, the Court of Appeal gave greater weight to the Board's annotation than it warranted. Although the standard used by the Court of

Appeal was not the correct one and prejudiced the taxpayer, regard for the structure of appellate decisionmaking suggests the case should be returned to the Court of Appeal. That court can then consider the merits of the use tax issue and the value of the Board's interpretation in light of the conclusions drawn here. To the extent language in *Rizzo v. Board of Trustees*, supra, 27 Cal.App.4th at page 861, 32 Cal.Rptr.2d 892, *DeYoung v. City of San Diego*, supra, 147 Cal.App.3d at page 18, 194 Cal.Rptr. 722, and *Rivera v. City of Fresno*, supra, 6 Cal.3d at page 140, 98 Cal.Rptr. 281, 490 P.2d 793, is inconsistent with the foregoing views, it is disapproved. We express no opinion on the merits of the underlying question of Yamaha's use tax liability.

### DISPOSITION

The judgment of the Court of Appeal is reversed and the cause is remanded to that court for further proceedings consistent with this opinion.

GEORGE, C.J., and KENNARD, BAXTER and CHIN, JJ., concur. MOSK, Justice, concurring.

I concur in the judgment of the majority that the Court of Appeal's formulation of the standard of review for tax annotations, the summaries of tax opinions of the State Board of Equalization's (Board) legal counsel published in the Business Taxes Law Guide, was not quite correct. Specifically the Court of Appeal erred in suggesting that it would defer to \*16 the Board's or its legal counsel's rule unless that rule is "arbitrary and capricious." The majority do not purport to change the well-established, if not always consistently articulated, body of law pertaining to judicial review of administrative rulings, but merely attempt to clarify that law. I write separately to further clarify the relevant legal principles and their application to the present case.

The appropriate starting point of a discussion of judicial review of administrative regulations is an analysis of quasi-legislative regulations, those regulations formally adopted by an agency pursuant to the California Administrative Procedures Act (APA) and binding on the agency. "The proper scope of a court's review is determined by the task before it." (*Woods v. Superior Court* (1981) 28 Cal.3d 668, 679, 170 Cal.Rptr. 484, 620 P.2d 1032, italics added.) In the case of quasi-legislative regulations, the court has essentially two tasks. The first duty is "to determine

whether the [agency] exercised [its] quasi-legislative authority within the bounds of the statutory mandate." (*Morris v. Williams* (1967) 67 Cal.2d 733, 748, 63 Cal.Rptr. 689, 433 P.2d 697 (*Morris*)). As the *Morris* court made clear, this is a matter for the independent judgment of the court. "While the construction of a statute by officials charged with its administration, including their interpretation of the authority invested in them to implement and carry out its provisions, is entitled to *great weight*, nevertheless 'Whatever the force of administrative construction ...final responsibility for the interpretation of the law rests with the courts.' [Citation.] Administrative regulations\*\*\*10 \*\*1040 that alter or amend the statute or enlarge or impair its scope are void and courts not only may, but it is their obligation to strike down such regulations. [Citations.]" (*Ibid.*, italics added.) This duty derives directly from statute. "Under Government Code <sup>FN1</sup> section 11373 [now § 11342.1], '[e]ach regulation adopted [by a state agency], to be effective, must be within the scope of authority conferred....' Whenever a state agency is authorized by statute 'to adopt regulations to implement, interpret, make specific or otherwise carry out the provisions of the statute, *no regulation adopted is valid or effective unless consistent and not in conflict with the statute....*' ([§ 11342.2].)" (*Morris, supra*, 67 Cal.2d at p. 748, 63 Cal.Rptr. 689, 433 P.2d 697, fn. omitted, italics added by *Morris* court.)

FN1. All further statutory references are to the Government Code unless otherwise stated.

The court's second task arises once it has completed the first. "If we conclude that the [agency] was empowered to adopt the regulations, we must also determine whether the regulations are 'reasonably necessary to effectuate the purpose of the statute.' [ (§ 11342.2).] In making such a determination, the court will not 'superimpose its own policy judgment upon the \*17 agency in the absence of an arbitrary and capricious decision.' [Citations.]" (*Morris, supra*, 67 Cal.2d at pp. 748-749, 63 Cal.Rptr. 689, 433 P.2d 697.)

In *California Assn. of Psychology Providers v. Rank* (1990) 51 Cal.3d 1, 11, 270 Cal.Rptr. 796, 793 P.2d 2 (*Rank*) we further clarified the two tasks and two distinct standards of review for courts scrutinizing agency regulations. We stated: "As we said in *Pitts v.*

*Perluss* (1962) 58 Cal.2d 824[, 833, 27 Cal.Rptr. 19, 377 P.2d 83], '[a]s to quasi-legislative acts of administrative agencies, "judicial review is limited to an examination of the proceedings before the officer to determine whether his action has been arbitrary, capricious, or entirely lacking in evidentiary support, or whether he has failed to follow the procedure and give the notices required by law.'" [Citations.] When, however, a regulation is challenged as inconsistent with the terms or intent of the authorizing statute, the standard of review is different, because the courts are the ultimate arbiters of the construction of a statute. Thus, [the *Morris* court] in finding that the challenged regulations contravened legislative intent, rejected the agency's claim that the only issue for review was whether the regulations were arbitrary and capricious." (*Ibid.*, fn. omitted.) The *Rank* court then proceeded to reiterate the *Morris* formulation that " '[w]hile the construction of a statute by officials charged with its administration ... is entitled to great weight, ... final responsibility for the interpretation of the law rests with the courts.' " (*Ibid.*)<sup>FN2</sup> (We will henceforth refer to this standard as the "independent judgment/great weight standard.")

FN2. Certain of our own cases have confused the standards of review in this two-pronged test. For example, in *Wallace Berrie & Co. v. State Bd. of Equalization* (1985) 40 Cal.3d 60, 65, 219 Cal.Rptr. 142, 707 P.2d 204, after stating the above two-pronged test, declared that neither prong " 'present[s] a matter for the independent judgment of an appellate tribunal; rather, both come to this court freighted with [a] strong presumption of regularity....' [Citation.] Our inquiry necessarily is confined to the question whether the classification is 'arbitrary, capricious or [without] reasonable or rational basis.' [Citation.]" As the discussion of *Rank* and *Morris* above makes clear, the first prong of the inquiry - whether the regulation is "within the scope of the authority conferred" - is *not* limited to the "arbitrary and capricious" standard of review, but employs the independent judgment/great weight standard. (*Rank, supra*, 51 Cal.3d at p. 11, 270 Cal.Rptr. 796, 793 P.2d 2; *Morris, supra*, 67 Cal.2d at pp. 748-749, 63 Cal.Rptr. 689, 433 P.2d 697.) This confusion is in part responsible for the misstatements of the Court of Appeal in the present

case.

There is an important qualification to the independent judgment/great weight standard articulated above, when a court finds that the Legislature has *delegated* the task of interpreting or elaborating on a statute to an administrative agency. A court may find that the Legislature has intended to delegate this interpretive or gap-filling power when it employs open-ended statutory language that an agency is authorized to apply or "when an issue of interpretation is heavily freighted with policy choices which the agency is empowered to make." (Asimow, *The Scope of Judicial Review of Decisions of 18 California Administrative Agencies* (1995) \*\*\*11\*\*104142 UCLA L.Rev. 1157, 1198-1199 (Asimow).) For example, in Moore v. California State Bd. of Accountancy (1992) 2 Cal.4th 999, 9 Cal.Rptr.2d 358, 831 P.2d 798 (*Moore*), we reviewed a regulation by the Board of Accountancy, the agency statutorily chartered to regulate the accounting profession in this state. The regulation provided that those unlicensed by that board could not use the title "accountant," interpreting a statute, Business and Professions Code section 5058, that forbids use of titles "likely to be confused with" the titles of "certified public accountant" and "public accountant." (2 Cal.4th at p. 1011, 9 Cal.Rptr.2d 358, 831 P.2d 798.) As we stated, "the Legislature delegated to the Board the authority to determine whether a title or designation not identified in the statute is likely to confuse or mislead the public." (*Id.* at pp. 1013-1014, 9 Cal.Rptr.2d 358, 831 P.2d 798.)

Thus, the agency's interpretation of a statute may be subject to the most deferential "arbitrary and capricious" standard of review when the agency is expressly or impliedly delegated interpretive authority. Such delegation may often be implied when there are broadly worded statutes combined with an authorization of agency rulemaking power. But when the agency is called upon to enforce a detailed statutory scheme, discretion is as a rule correspondingly narrower. In other words, a court must always make an independent determination whether the agency regulation is "within the scope of the authority conferred," and that determination includes an inquiry into the extent to which the Legislature intended to delegate discretion to the agency to construe or elaborate on the authorizing statute.

The above schema applies to so-called "interpretive" regulations as well as quasi-legislative regulations. As the majority observe, "administrative rules do not always fall neatly into one category or the other..." (Maj. opn., *ante*, at p. 3, fn. 3 of 78 Cal.Rptr.2d, at p. 1033, fn. 3 of 960 P.2d.) Indeed, regulations subject to the formal procedural requirements of the APA include those that "interpret" the law enforced or administered by a government agency, as well as those that "implement" or "make specific" such law. (§ 11342, subd. (b).) As we recently stated: "A written statement of policy that an agency intends to apply generally, that is unrelated to a specific case, and that predicts how the agency will decide future cases is essentially *legislative* in nature even if it merely *interprets* applicable law." (Tidewater Marine West-ern, Inc. v. Bradshaw (1996) 14 Cal.4th 557, 574-575, 59 Cal.Rptr.2d 186, 927 P.2d 296, italics added.)<sup>FN3</sup> Moreover, all regulations are "interpretive" to some extent, because all \*19 regulations implicitly or explicitly interpret "the authority invested in them to implement and carry out [statutory] provisions..." (Morris, supra, 67 Cal.2d at p. 748, 63 Cal.Rptr. 689, 433 P.2d 697.)

<sup>FN3</sup> I note that in federal law, by contrast, the term "interpretive rule" is given a particular significance and legal status. According to statute, "substantive rules of general applicability adopted as authorized by law, and statements of general policy or interpretations of general applicability formulated and adopted by the agency" are required to be published in the Federal Register. (5 U.S.C. § 552(a)(1)(D).) But such "interpretive rules," and "general statements of policy" are explicitly exempt from the notice and hearing provisions of the federal APA. (5 U.S.C. § 553(b)(3)(A).) No such distinction exists in California law.

Of course, some regulations may be properly designated "interpretive" inasmuch as they have no purpose other than to interpret statutes. (See, e.g., International Business Machines v. State Bd. of Equalization (1980) 26 Cal.3d 923, 163 Cal.Rptr. 782, 609 P.2d 1.) In the case of such regulations, courts will be engaged only in the first of the two tasks discussed above, i.e., ensuring that the regulation is within the scope of the statutory authority conferred, employing the independent judgment/great



weight test. (See *id.* at p. 931, fn. 7, 163 Cal.Rptr. 782, 609 P.2d 1.)

In sum, when reviewing a quasi-legislative regulation, courts consider whether the regulation is within the scope of the authority conferred, essentially a question of the validity of an agency's statutory interpretation, guided by the independent judgment/great weight standard. (*Rank, supra*, 51 Cal.3d at p. 11, 270 Cal.Rptr. 796, 793 P.2d 2.) This is in contrast to the second aspect of the inquiry, whether a regulation is "reasonably necessary\*\*\*12 \*\*1042 to effectuate the statutory purpose," wherein courts "will not intervene in the absence of an arbitrary or capricious decision." (*Ibid.*, citing *Morris, supra*, 67 Cal.2d at p. 749, 63 Cal.Rptr. 689, 433 P.2d 697.) Courts may also employ the "arbitrary and capricious" standard in reviewing whether the agency's construction of a statute is correct if the court determines that the particular statutory scheme in question explicitly or implicitly delegates this interpretive or "gap-filling" authority to an administrative agency. (See *Moore v. California State Bd. of Accountancy, supra*, 2 Cal.4th at pp. 1013-1014, 9 Cal.Rptr.2d 358, 831 P.2d 798; Asimow, *supra*, 42 UCLA L.Rev. at p. 1198.)

What standard of review should be employed for administrative rulings that were not formally adopted under the APA? Such regulations fall generally into two categories. The first is the class of regulations that *should* have been formally adopted under the APA, but were not. In such cases, the law is clear that in order to effectuate the policies behind the APA courts are to give *no* weight to these interpretive regulations. (*Tidewater Marine Western, Inc. v. Bradshaw, supra*, 34 Cal.4th at p. 576, 59 Cal.Rptr.2d 186, 927 P.2d 296; *Armistead v. State Personnel Board* (1978) 22 Cal.3d 198, 204-205, 149 Cal.Rptr. 1, 583 P.2d 744.) To hold otherwise would help to perpetuate the problem of avoidance by administrative agencies of "the mandatory requirements of the [APA] of public notice, opportunity to be heard by the public, filing with the Secretary of State, and publication in the [California Code of Regulations]." \*20 (*Armistead, supra*, 22 Cal.3d at p. 205, 149 Cal.Rptr. 1, 583 P.2d 744.) For these reasons, and quite apart from any expertise the agency may possess in interpreting and administering the statute, courts in effect ignore the agency's illegal regulation.

In the second category are those regulations that are not subject to the APA because they are expressly or implicitly exempted from or outside the scope of APA requirements. For such rulings, the standard of judicial review of agency interpretations of statutes is basically the same as for those rules adopted under the APA, i.e., the independent judgment/great weight standard. (See, e.g., *Wilkinson v. Workers' Comp. Appeals Bd.* (1977) 19 Cal.3d 491, 501, 138 Cal.Rptr. 696, 564 P.2d 848 [applying essentially this standard to a statutory interpretation arising within the context of the Workers' Compensation Appeals Board's decisional law]; see also Asimow, *supra*, 42 UCLA L.Rev. at pp. 1200-1201; Judicial Review of Agency Action (Feb.1997) 27 Cal. Law Revision Com. Rep. (1997) pp. 81-82 (Judicial Review of Agency Action).)

The Board counsel's legal ruling at issue in this case is an example of express exemption from the APA. Section 11342, subdivision (g), specifies that the term "regulation" for purposes of the APA does not include "legal rulings of counsel issued by the Franchise Tax Board or State Board of Equalization...." It is therefore evident that our decisions pertaining to regulations that fail to be approved according to required APA procedures are inapposite. It also appears evident that these rulings, as agency interpretations of statutory law, are also to be reviewed under the independent judgment/great weight standard.

But, as the majority point out, the precise weight to be accorded an agency interpretation varies depending on a number of factors. Professor Asimow states that deference is especially appropriate not only when an administrative agency has particular expertise, but also by virtue of its specialization in administering a statute, which "gives [that agency] an intimate knowledge of the problems dealt with in the statute and the various administrative consequences arising from particular interpretations." (Asimow, *supra*, 42 UCLA L.Rev. at p. 1196.) Moreover, deference is more appropriate when, as in the present case, the agency is interpreting "the statute [it] enforces" rather than "some other statute, the common law, the [C]onstitution, or prior judicial precedents." (*Ibid.*)

Another important factor, as the majority recognize, is whether an administrative construction is consistent and of long standing. (Maj. opn., *ante*, at p. 7 of 78 Cal.Rptr.2d, at p. 1037 of 960 P.2d) This factor is

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particularly important for resolution of the present case because the tax annotation with which the case is principally concerned, \*21 Business \*\*\*13 \*\*1043 Taxes Law Guide Annotation No. 280.0040, was first published in 1963, and *Yamaha Corp. of America* does not contest that it has represented the Board's position on the tax question at issue at least since that time. (See now 2A State Bd. of Equalization, Bus. Taxes Law Guide, Sales & Use Annots. (1998) Annot. No. 280.0040, p. 3731 (hereafter Annotation No. 280.0040).)

As the Court of Appeal has stated: "Long-standing, consistent administrative construction of a statute by those charged with its administration, particularly where interested parties have acquiesced in the interpretation, is entitled to great weight and should not be disturbed unless clearly erroneous." (*Rizzo v. Board of Trustees* (1994) 27 Cal.App.4th 853, 861, 32 Cal.Rptr.2d 892). This principle has been affirmed on numerous occasions by this court and the Courts of Appeal. (See, e.g., *DeYoung v. City of San Diego* (1983) 147 Cal.App.3d 11, 18, 194 Cal.Rptr. 722; *Nelson v. Dean* (1946) 27 Cal.2d 873, 880-881, 168 P.2d 16; *Whitcomb Hotel, Inc. v. Cal. Emp. Com.* (1944) 24 Cal.2d 753, 757, 151 P.2d 233; *Thornton v. Carlson* (1992) 4 Cal.App.4th 1249, 1256-1257, 6 Cal.Rptr.2d 375; *Lute v. Governing Board* (1988) 202 Cal.App.3d 1177, 1183, 249 Cal.Rptr. 161; *Napa Valley Educators' Assn. v. Napa Valley Unified School Dist.* (1987) 194 Cal.App.3d 243, 252, 239 Cal.Rptr. 395; *Horn v. Swoap* (1974) 41 Cal.App.3d 375, 382, 116 Cal.Rptr. 113.) Moreover, this principle applies to administrative practices embodied in staff attorney opinions and other expressions short of formal, quasi-legislative regulations. (See, e.g., *DeYoung*, *supra*, 147 Cal.App.3d 11, 19-21, 194 Cal.Rptr. 722 [long-standing interpretation of city charter provision embodied in city attorney's opinions]; *Napa Valley Educators' Assn.*, *supra*, 194 Cal.App.3d at pp. 251-252, 239 Cal.Rptr. 395 [evidence in the record of the case, including a declaration by official with the State Department of Education, shows long-standing practice of following a certain interpretation of an Education Code provision].)

Two reasons have been advanced for this principle. First, "When an administrative interpretation is of long standing and has remained uniform, it is likely that numerous transactions have been entered into in

reliance thereon, and it could be invalidated only at the cost of major readjustments and extensive litigation." (*Whitcomb Hotel, Inc. v. Cal. Emp. Com.*, *supra*, 24 Cal.2d at p. 757, 151 P.2d 233; see also *Nelson v. Dean*, *supra*, 27 Cal.2d at p. 881, 168 P.2d 16; *Rizzo v. Board of Trustees*, *supra*, 27 Cal.App.4th at p. 862, 32 Cal.Rptr.2d 892.)

Second, as we stated in *Moore*, *supra*, 2 Cal.4th at pages 1017-1018, 9 Cal.Rptr.2d 358, 831 P.2d 798, "a presumption that the Legislature is aware of an administrative construction of a statute should be applied if the agency's interpretation of the statutory provisions is of such longstanding duration that the Legislature may be \*22 presumed to know of it." As the Court of Appeal has further articulated: "[L]awmakers are presumed to be aware of long-standing administrative practice and, thus, the reenactment of a provision, or the failure to substantially modify a provision, is a strong indication the administrative practice was consistent with underlying legislative intent." (*Rizzo v. Board of Trustees*, *supra*, 27 Cal.App.4th at p. 862, 32 Cal.Rptr.2d 892; see also *Thornton v. Carlson*, *supra*, 4 Cal.App.4th at p. 1257, 6 Cal.Rptr.2d 375; *Lute v. Governing Board*, *supra*, 202 Cal.App.3d at p. 1183, 249 Cal.Rptr. 161; *Napa Valley Educators' Assn. v. Napa Valley Unified School Dist.*, *supra*, 194 Cal.App.3d at p. 252, 239 Cal.Rptr. 395; *Horn v. Swoap*, *supra*, 41 Cal.App.3d at p. 382, 116 Cal.Rptr. 113.) I note that in the present case, the statute under consideration, Revenue and Taxation Code section 6009.1, has been amended twice since the issuance of Annotation No. 280.0040. (Stats.1965, ch. 1188, § 1, p. 3004; Stats.1980, ch. 546, § 1, p. 1503.)

To state the matter in other terms, courts often recognize the propriety of assigning great weight to administrative interpretations of law either by reference to an explicit or implicit delegation of power by the Legislature to an administrative agency (see *Moore*, *supra*, 2 Cal.4th at pp. 1013-1014, 9 Cal.Rptr.2d 358, 831 P.2d 798; Asimow, *supra*, 42 UCLA L.Rev. at pp. 1198-1199), or by noting the agency's specialization and expertise in interpreting the statutes it is \*\*\*14 \*\*1044 charged with administering (see *Physicians & Surgeons Laboratories, Inc. v. Department of Health Services* (1992) 6 Cal.App.4th 968, 982, 8 Cal.Rptr.2d 565; Asimow, *supra*, 42 UCLA L.Rev. at pp. 1195-1196). But there is a third reason for paying special heed to an administrative interpre-

tation: the reality that the administrative agency - by virtue of the necessity of performing its administrative functions - creates a body of de facto law in the interstices of statutory law, which is relied on by the business community and the general public to order their affairs and, after a sufficient passage of time, is presumptively accepted by the Legislature. In the present case, this third rationale for according great weight to an administrative interpretation is particularly applicable. Thus, judicial deference in this case is owed not so much to the tax annotation per se but to a long-standing practice of enforcement and interpretation by Board staff of which the annotation is evidence.

There are also particularly sound reasons why the principle of giving especially greater weight to long-standing administrative practice should apply when, as in this case, that practice is embodied in a published ruling of the Board's legal counsel. These rulings have a special legal status. As noted, they have been specifically exempted from the APA by section 11342, subdivision (g). The purpose of this exemption was stated by the Franchise Tax Board staff in its enrolled bill report to the Governor immediately prior to the enactment of the 1983 amendment containing the exemption, and its statement could be equally well applied to the Board of \*23 Equalization. "Department counsel issues a large number of legal rulings in several forms which address specific problems of taxpayers. While these opinions address specific problems, *they are intended to have general application to all taxpayers similarly situated.* This bill provides that such rulings are not regulations, and accordingly, not subject to the [Office of Administrative Law (OAL)] review process. This statutory determination will permit the department to continue to provide a valuable service to taxpayers. If rulings were deemed to be regulations, the service would have to be discontinued because of the administrative burdens created by the OAL review process." (Franchise Tax Bd. staff, Enrolled Bill Rep., Assem. Bill No. 227 (1983-1984 Reg. Sess.) Sept. 16, 1983, p. 3, italics added.)

Thus, the passage of the 1983 amendment to section 11342 was evidently designed for the benefit of taxpayers, so that they would continue to have information about the effective legal positions of the two tax boards. The complexity of tax law and its application to the manifold factual situations of individual tax-

payers appears to far outpace an agency's capacity to promulgate and amend formal regulations. Given the importance of certainty in tax law, the Board has long engaged in the practice of issuing legal opinions to individual taxpayers. (See 1 Cal. Taxes (Cont., Ed., Bar Supp.1996) § 2.152, p. 347.) The Legislature recognized such practice, and recognized the propriety of taxpayer reliance on such rulings, in Revenue and Tax Code section 6596. That section provides that if a person's failure to make a timely payment or return "is due to the person's reasonable reliance on written advice from the [B]oard," that person would be relieved of certain payment obligations. The authorization in section 11342 to publish such individual rulings without following APA requirements is a further legislative means of facilitating business planning and increasing taxpayer certainty about tax law. Publication of this information allows taxpayers subject to the sales and use tax to structure their affairs accordingly, and, if they perceive the need, lobby the Board or the Legislature to overturn these legal rulings. As the Attorney General states in his brief, such rulings, while not binding on the agency, "have substantial precedential effect within the agency." There is accordingly no reason to decline to extend to such legal rulings, insofar as they embody the Board's long-standing interpretations of the sales and use tax statutes, the especially great weight accorded to other representations of long-standing administrative practice.<sup>FN4</sup>

FN4. Yamaha and amicus curiae claim that tax annotations are frequently inconsistent, and that the Board legal staff has been lax in purging the Business Taxes Law Guide of outdated annotations. Obviously, to extent that an old annotation does *not* represent the Board's long-standing, *consistent*, interpretation, it does not merit the same consideration. (See Hudgins v. Neiman Marcus Group, Inc. (1995) 34 Cal.App.4th 1109, 1125, 41 Cal.Rptr.2d 46.) In the present case, Yamaha does not contend that Annotation No. 280.0040 is inconsistent with other annotations, or with the Board's actual practice, since it was issued.

\*\*\*15 \*\*1045 Tax annotations representing the Board's long-standing position may usefully be contrasted to positions the Board might adopt in the context of \*24 litigation. In Culligan Water Conditioning

v. State Bd. of Equalization (1976) 17 Cal.3d 86, 130 Cal.Rptr. 321, 550 P.2d 593, we found that such litigating positions were not entitled to as great a level of deference as administrative rulings that were "embodied in formal regulation[s] or even interpretive ruling[s] covering the ... industry as a whole...." (*Id.* at p. 92, 130 Cal.Rptr. 321, 550 P.2d 593).<sup>FN5</sup> The tax annotation at issue in this case, although originally addressing an individual taxpayer's query, was published and has represented the Board's categorical position regarding taxation of gifts originating from a California source. The annotation, therefore, being both an interpretive ruling of a general nature, and one of long standing, is deserving of significantly greater weight than if the Board had adopted its position only as part of the present litigation.<sup>FN6</sup>

<sup>FN5</sup> I note that some of the *Culligan* court's language may be open to misinterpretation. The Board in that case contended that the proper standard of review was whether its position was "arbitrary, capricious or without rational basis." (17 Cal.3d at p. 92, 130 Cal.Rptr. 321, 550 P.2d 593.) The court disagreed, holding that "[t]he interpretation of a regulation, like the interpretation of the statute, is, of course, a question of law [citations], and while an administrative agency's interpretation of its own regulation obviously deserves great weight [citations], the ultimate resolution of such legal questions rests with courts." (*Id.* at p. 93, 130 Cal.Rptr. 321, 550 P.2d 593.) In expressing its disagreement with the proposition that the Board's litigating position deserves the highest level of deference, the *Culligan* court differentiated such positions from "formal regulation" of a general nature, which, the court agreed, would be overturned only if arbitrary and capricious. (*Id.* at p. 92, 130 Cal.Rptr. 321, 550 P.2d 593.) Perhaps because the *Culligan* court was focused on making a distinction between regulations of a general nature and litigating positions, it did not articulate the two-pronged judicial inquiry into the validity of quasi-legislative regulations as discussed above, nor did it specify that the arbitrary and capricious standard applied only to the second prong. Nonetheless, the *Culligan* court was correct in holding that statutory interpretations contained in formal regulations merit

more deference, all other things being equal, than an agency's litigating positions.

<sup>FN6</sup> Moreover, although the *Culligan* court referred to "litigating positions of the Board (announced either in tax bulletins or merely as the result of an individual audit)" (*Culligan Water Conditioning v. State Bd. of Equalization, supra*, 17 Cal.3d at p. 93, fn. 4, 130 Cal.Rptr. 321, 550 P.2d 593), it was not implying that all material contained in tax bulletins were "litigating positions." Indeed the *Culligan* court cited *Henry's Restaurants of Pomona, Inc. v. State Bd. of Equalization (1973) 30 Cal.App.3d 1009, 106 Cal.Rptr. 867*, as an example of a case typifying the limited judicial review appropriate for regulations of a general nature. (*Culligan, supra*, at p. 92, 130 Cal.Rptr. 321, 550 P.2d 593.) The court in *Henry's Restaurants* considered the Board's interpretation of a sales tax question issued in the form of a General Sales Tax Bulletin. (30 Cal.App.3d at p. 1014, 106 Cal.Rptr. 867.) The citation to *Henry's Restaurants* shows that the *Culligan* court's reference to "litigating positions of the Board ... announced ... in tax bulletins" was not to legal rulings of a general nature that might be contained in tax bulletins.

It may be argued that regulations formally adopted in compliance with the APA should intrinsically be assigned greater weight than tax annotations, because the former are promulgated only after a notice and comment period, whereas the latter are devised by the Board's legal staff without public input. \*25 In the abstract, that argument is not without merit. But even if the statutory interpretations contained in tax annotations are not, *ab initio*, as reliable or worthy of deference as formally adopted regulations, the well-established California case law quoted above demonstrates that such reliability may be earned subsequently. Tax annotations that represent the Board's administrative practices may, if they withstand the test of time, merit a weight that initially may not have been intrinsically warranted. Or in other words, while formal APA adoption is one factor in favor of giving greater weight to an agency construction of a statute, the fact that a rule is of long-standing and the statute it interprets has been reenacted are other such factors.

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In sum, as the Attorney General correctly sets forth in his brief, the appropriate standard\*\*1046 of review for Annotation No. 280. 0040 \*\*\*16 can be stated as follows: (1) the court should exercise its independent judgment to determine whether the Board's legal counsel correctly construed the statute; (2) the Board's construction of the statute is nonetheless entitled to "great weight"; (3) when, as here, the Board is construing a statute it is charged with administering and that statutory interpretation is long-standing and has been acquiesced in by persons interested in the matter, and by the Legislature, it is particularly appropriate to give these interpretations great weight. (*Rizzo v. Board of Trustees*, *supra*, 27 Cal.App.4th at p. 861, 32 Cal.Rptr.2d 892.) <sup>FN7</sup>

FN7. The majority quote at length from (*Skidmore v. Swift & Co.* (1944) 323 U.S. 134, 65 S.Ct. 161) to describe the proper standard of judicial review of administrative rulings. I note that the United States Supreme Court has at least partly abandoned *Skidmore*'s open-ended formulation in favor of a more bright line one. (See *Chevron v. Natural Resources Defense Council* (1984) 467 U.S. 837, 104 S.Ct. 2778, 81 L.Ed.2d 694.) In any case, I agree with the majority that many of the factors discussed in Justice Jackson's opinion in *Skidmore* are appropriate considerations under the governing California decisions, and that the discussion in *Skidmore* may be a useful guide to the extent it is consistent with the independent judgment/great weight test subsequently developed under California law.

The Court of Appeal in this case, although it stated the standard of review nearly correctly, reflected some of the confusion found in our case law when it suggested that it would defer to the Board's annotation unless it was "arbitrary, capricious or without rational basis." It is therefore appropriate to remand to the Court of Appeal for reconsideration in light of the proper standard of review.

GEORGE, C.J., and WERDEGAR, J., concur.

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END OF DOCUMENT

SB 1644

Page 1

SENATE THIRD READING  
 SB 1644 (Ortiz)  
 As Amended August 24, 2000  
 2/3 vote. Urgency

SENATE VOTE : Vote not relevant

RULES

(vote not relevant)

SUMMARY : Establishes the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Program) which guarantees a Cal Grant award to every student that meets financial and academic requirements.

FISCAL EFFECT : Once fully implemented in 2006, the Program will have an annual cost of approximately \$1.2 billion.

COMMENTS :

1) Existing Cal Grant Program. The Cal Grant program has four types of awards: Cal Grants A, B, C and T. The Cal Grant A program helps low- and middle-income students who demonstrate financial need to pay their college tuition and fees. The Cal Grant B program award provides a living allowance and sometimes tuition and fees for very low-income, disadvantaged students. The Cal Grant B program differs from the Cal Grant A program by placing less reliance on GPA and more emphasis on financial need for determining which students receive an award. Currently the Student Aid Commission provides roughly 51,000 grants annually to A and B recipients (split evenly). The Cal Grant C program provides tuition and fee grants, and funds for supplies to students training for vocational careers. Cal Grant C serves approximately 3,700 students annually, primarily community college students. The Cal Grant T program provides one year grants to roughly 3,000 students in teacher training programs.

This bill does not affect the current configuration of the Cal Grant C and T programs.

2) 2000-2001 Budget. The proposed Budget contains \$88.9 million to expand the Cal Grant programs. Of these funds, \$76.6 million would expand the Cal Grant A, B and C programs, \$12.3 would be used to increase award levels for current and new

SB 1644

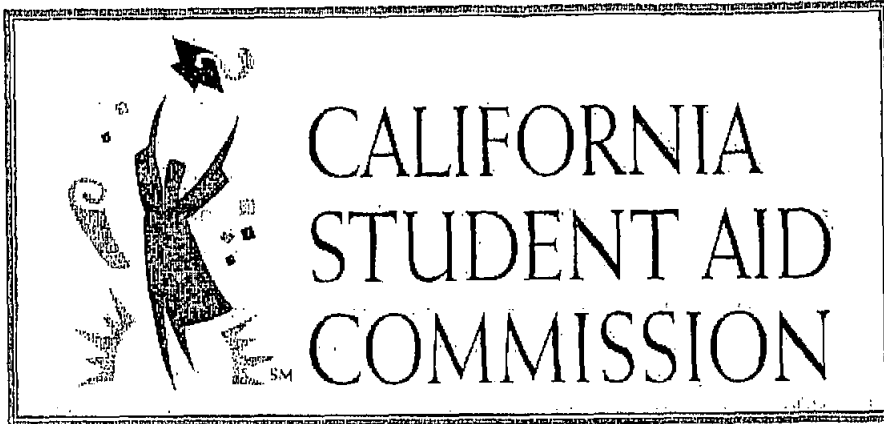
Page 2

recipients. This action would provide new financial aid awards for over 22,549 new students and for the first time meet the statutory goal of providing aid to 25% of high school graduates.

Analysis Prepared by : Christopher Woods / BUDGET / (916)  
 319-2099

FN: 0006181





**CAL GRANT PROGRAM  
 INSTITUTIONAL PARTICIPATION AGREEMENT  
 for  
 2008-09**

Name of Institution:

Address of Institution:

Office of Postsecondary Education  
 Identification (OPE ID) Number:

If using US Postal Service, please return to:  
 California Student Aid Commission  
 Program Administration & Services Division  
 ATTN: IPA Renewal  
 P.O. Box 419028  
 Rancho Cordova, CA 95741-9028

If using another delivery service, return to:  
 California Student Aid Commission  
 Program Administration & Services Division  
 ATTN: IPA Renewal  
 10811 International Drive, 2<sup>nd</sup> Floor  
 Rancho Cordova, CA 95670

Execution of this Agreement is mandatory for participation in the California Student Aid  
 Commission's Cal Grant Programs.



**ARTICLE I**

**Cal Grant Program Administration - Participation**

The California Student Aid Commission ("Commission") and  hereafter referred to as the "Institution," agree to the terms contained in this Institutional Participation Agreement (Agreement).

The Institution desires to participate as an agent of the Commission for the limited purpose of taking part in the Commission's internal procedures of the administration of the Cal Grant Program. This Agreement governs the Institution's eligibility to participate as the Commission's limited agent in the Commission's internal procedures of the administration of all Cal Grant Program awards.

This Agreement applies only to campus(es) indicated on this Agreement as listed in Article IX. A new Agreement is required for the addition of any added campus(es).

This Agreement terminates and the Institution's participation in the Commission's internal procedures of the administration of the Cal Grant Program ends on the date of any shift in control or change of ownership as defined in Article VIII. If the new controlling party or new owner wishes to continue Cal Grant participation, a new Agreement must be completed and executed.

Federal or state law or regulations, as amended, shall prevail if the terms of this Agreement are not consistent with federal or state law or regulations, as amended.

**ARTICLE II**

**Cal Grant Program Administration - General Provisions**

A. The Institution must satisfy the minimum requirements for participation in the Cal Grant Program for postsecondary institutions in California established in California Education Code (CEC) 69432.7(l) and Title 5 of the California Code of Regulations (CCR), Section 30009. To that end, the Institution certifies that it satisfies one of the following subsections:

- 1) The Institution is a California non-public postsecondary institution approved by the United States Department of Education (USED) to participate in the Federal Pell Grant program and two of the three federal campus-based student aid programs. The three federal campus-based programs are the Federal Work-Study, the Federal Perkins Loan and the Federal Supplemental Educational Opportunity Grant (SEOG) programs [CEC 69432.7(l)(1)]. Specifically, participation in the campus-based programs means the postsecondary institution has been allocated funds and is spending those funds at each additional location/campus/site/branch (campus) that Cal Grant recipients attend. These program requirements are set forth in 5 CCR 30009(b).
- 2) The Institution is a nonprofit postsecondary institution headquartered and operating in California that: (a) expends at least ten (10) percent of the institution's operating budget, as demonstrated in an audited financial statement, for the purposes of institutionally funded student financial aid in the form of grants, (b) has demonstrated

to the Commission that it has the administrative capability to administer the funds, and (c) is accredited by the Western Association of Schools and Colleges [CEC 69432.7(l)(2) and 5 CCR 30009 (c)].

- 3) The Institution is a California public postsecondary educational institution [CEC 69432.7(l)(3)].
- B. The Institution shall be deemed disqualified if it no longer possesses all of the requirements for a qualifying institution [5 CCR 30009(d)]. The Institution shall immediately notify the Commission whenever it fails to meet the minimum qualifications for participation stated in subsection A.
- C. The Institution agrees to maintain standards of administrative capability and financial stability in accordance with federal and state law and regulations as applicable.
- D. The Institution agrees to use and retain program and fiscal records (*Appendix B*) that demonstrate institutional and student eligibility, and that document the accuracy of the grant payments reported and the right of the Institution to receive or retain payments made by the Commission. The Institution shall retain these records for a period of three (3) years following the last day of the academic year for which the grant was intended or until outstanding audits are resolved.
- E. The Institution shall maintain written policies and procedures governing the administration and processing of Cal Grant funds under this Agreement.
- F. The Institution agrees to use Cal Grant funds transferred to it solely for the purposes specified, and in accordance with the provisions set forth in the respective program statutes, federal and state regulations and procedures, the California Grant Programs Manual (CGPM) including manual updates, Grant Operational Memos (GOM), Grant Special Alerts (GSA), Grant Policy Bulletins (GPB), and this Agreement.
- G. The Institution acknowledges that no Cal Grant funds are authorized for a fiscal year until such time as that fiscal year's budget has been adopted by the Legislature and signed by the Governor. It is further understood that if such funds are not approved for a fiscal year, the State and the Commission shall be relieved of further payments and this Agreement will be canceled; if proposed funding amounts are reduced, this Agreement is limited to the approved amounts only.
- H. The Institution agrees to maintain a current designation of individuals who are responsible for coordinating and communicating with the Commission on matters related to the provisions of this Agreement.
- I. The Institution agrees to make available at the time of program compliance review, or at any time at the request of the Commission staff, any records and personnel related to the administration of the Commission's Cal Grant Program.
- J. The Institution agrees that it is subject to and must comply with all current and applicable federal and state law and regulations in its implementation of the terms of this Agreement. The Institution agrees that noncompliance with any of these provisions may result in the termination of this Agreement and the privileges that are afforded under it.

**ARTICLE III**

**Cal Grant Program Administration - Account Maintenance – Institutional Responsibilities**

- A. The Institution agrees that participation in the administration of the Cal Grant Program is an Institution-wide responsibility. The Institution agrees that student information in the possession of any office or division of the Institution constitutes information in the possession of the Institution. The Institution agrees to manage its participation in the Cal Grant Program, and to coordinate information of Cal Grant funds and Cal Grant recipients, among all offices (i.e. financial aid office, accounting/bursar's office, registrar's office, admissions office, third party servicers, etc.).
- B. The Institution agrees to maintain a current designation of individuals who are responsible for Cal Grant account maintenance through adherence to accepted accounting principles and practices. The Institution also agrees to maintain a separation of function/duties between individuals who authorize and disburse Cal Grant funds so that no one individual is responsible for both functions.
- C. The Institution agrees to maintain an accounting system which conforms to generally accepted accounting principles and practices that includes such items as, but is not limited to, cash receipts and disbursement journals, bank account reconciliation, evidence of receipt of Cal Grant funds, disbursement of Cal Grant funds to recipients, and all other accounting records necessary to account for all transactions. All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed.
- D. The Institution agrees that all Cal Grant funds, including term advances transferred by the Commission pursuant to CEC 69432.8, constitute State funds, owned by the State, and held in trust for the State, until the funds are withdrawn to be paid as an award for an eligible Cal Grant recipient or as otherwise directed by the Commission.
  - 1) Institutions may hold Cal Grant funds in a separate bank account or may commingle Cal Grant funds with funds from other sources, but must identify the Cal Grant funds through a subsidiary ledger.
    - a. Absent a separate bank account, the Institution must ensure that its accounting records clearly reflect that it identifies Cal Grant funds as readily as if those funds were in a separate account; and
    - b. The Institution must identify earnings on Cal Grant funds in the Institution's bank or investment account.
  - 2) The account in which Cal Grant funds are held must be an interest-bearing account or an investment account at a financial institution with a presence in California whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC) or secured by collateral of value reasonably equivalent to the amount of Cal Grant Program funds in the account.
  - 3) Annual interest earned on Cal Grant funds constitute State funds and must be remitted to the Commission on behalf of the State no later than March 1 following the

calendar year for which the interest accrued (e.g. March 1, 2008, for calendar year 2007).

- 4) Institutions have a fiduciary responsibility to ensure that State funds are used only for the benefit of eligible students. Under no circumstances may the Institution use State funds for any other purpose, such as paying operating expenses, collateralizing or otherwise securing a loan, or earning interest or generating revenue in a manner that risks the loss of State funds or subjects State funds to liens or other attachments (such as would be the case with certain overnight investment arrangements or sweeps).
- E. Should the Institution close, lose federal financial aid eligibility, or no longer meet the statutory definition of an eligible institution, or upon termination of this Agreement, the Institution agrees to return any undisbursed funds or pay any outstanding invoices immediately.
- F. The Institution shall not request State funds from the Commission unless the funds are payable as Cal Grant awards for specific recipients enrolled in the Institution, and only after the Institution has determined, based on all information in the possession of the Institution, that the Cal Grant awards to those recipients are properly payable.

#### **ARTICLE IV**

#### **Cal Grant Program Administration - Disbursement - Institutional Responsibilities**

- A. Confirmation of Eligibility: Confirm that the recipient meets eligibility and program requirements specified in this Agreement at the time Cal Grant funds are paid to the recipient or the recipient's account using all existing information [including but not limited to Institutional Student Information Record (ISIR), student self-certification, federal verification documentation] in the possession of the Institution [CEC 69432.7(k)].
- B. Resolve and report to the Commission prior to disbursement any conflicting information (pursuant to the 2007-08 FSA Handbook Vol. 1, p. 14 and the October 2005 *The Blue Book*, Chapter 10, pp. 142-143) that may affect the disbursement of Cal Grant funds.
- 1) The recipient is a U.S. citizen or an eligible non-citizen [CEC 69433.9(a)].
  - 2) The recipient has met U.S. Selective Service requirements [CEC 69433.9(b)].
  - 3) The recipient has a valid Social Security number [CEC 69433.9(a)].
  - 4) The recipient is not in default on any Title IV educational loan or does not owe a refund on any Title IV grant (e.g. Federal Pell or Federal SEOG) or any State grant program administered by the Commission (CEC 69507.5) (CEC 69517.5) [CEC 69433.9(d)].
  - 5) The recipient is not incarcerated [CEC 69433.9(c)].
  - 6) The recipient is a legal California state resident for at least one year [CEC 69433.5(a)] as of the residence determination date.

- i. If the governing board of a public institution has adopted by regulation or policy a residence determination date [CEC 68023], that date shall be used for Cal Grant purposes

OTHERWISE

The first day of instruction of the term for the award year in which the student is enrolled as a Cal Grant recipient shall be the residence determination date for Cal Grant purposes

OR

The date the Commission uses to make the preliminary determination of California residency for purposes of offering a Cal Grant shall be the residence determination date for Cal Grant purposes.<sup>1</sup>

- ii. Public institutions shall continue to use the procedures or rules and regulations instituted by their respective governing boards for determining California residency, including resolving conflicting information in the possession of the institution [CEC 68044].<sup>2</sup>
- iii. Non-public institutions may adopt the regulations in 5 CCR 54020-54024 or they may develop and document their own policy which is not inconsistent with 5 CCR 54020-54024 and CEC 68060-68062, including the resolving of conflicting information in the possession of the institution (see Appendix C).<sup>2</sup>
- iv. Conflicting information may include indicators on the ISIR such as
  - Permanent mailing address in a state other than CA
  - Driver's license issued by a state other than CA
  - Student's state of address not CA
  - Date of residence not more than a year prior to residence determination date
  - (If minor) parent's state of address not CA
  - (If minor) parent's date of residence not more than a year prior to residence determination date

OR

Any other information available at the institution which shows inconsistency with a claim of CA residency.

- 7) The recipient is enrolled in an eligible program or course of study [CEC 69433.5(e)].
- 8) The recipient does not have a bachelor's or professional degree before receiving a Cal Grant (except for post baccalaureate students enrolled in teaching credential programs) [CEC 69433.5(d)(2)].
- 9) The designated recipient's participation in an eligible post-graduate teaching credential or mandatory 5<sup>th</sup> year program is approved by the Commission [CEC 69433.6(b)&(c)].
- 10) The enrollment status for each recipient on the grant roster is at least part-time as defined in CEC 69432.7 and in accordance with the established institutional policies

<sup>1</sup> Institutions shall apply the same residence determination date(s) to all their students uniformly.

<sup>2</sup> CSAC acknowledges the validity of differing residency requirements among the segments of California postsecondary education. Nevertheless, the Commission strongly recommends that in the case of a student who has been determined to be a resident, has received a Cal Grant, and then transfers to another California postsecondary institution, that institutions NOT REESTABLISH residency requirements only in relation to the reception of the student's Cal Grant.

and requirements in the CGPM, including manual updates, policy bulletins, operations memos, special alerts, and this Agreement. [CEC 69434(b)(6), 69435.3(a)(6), 69436(b)(6), 69437.3(c)]

- 11) The recipient demonstrates financial need at the Institution according to federal financial need methodology [CEC 69432.9(b)].
- 12) The recipient with a new award has family income and assets at/below the published Cal Grant ceilings [CEC 69432.7(k)].
- 13) The recipient is complying with the Institution's satisfactory academic progress policies [CEC 69433.5(a)].
- 14) The California Community College Transfer Entitlement recipient randomly selected for verification pursuant to CEC 69436(d)(3)(B) meets eligibility criteria.

#### B. Disbursement of Cal Grant Funds

- 1) Establish and maintain a written disbursement policy and schedule that includes the Institution's enrollment/payment periods reported to the Commission and is in accordance with the applicable requirements specified for each educational program.
  - i. Disburse "Access" and "Books and Supplies" payments within ten (10) business days of determination of enrollment status.
  - ii. Disburse no more than that which the recipient is eligible to receive per academic term.
  - iii. Report payment transactions through WebGrants or data files as early as practicable, but no later than sixty (60) days following the end of the term.
  - iv. Correct any overawards by adjusting other financial assistance, excluding tuition waivers, offsetting subsequent term payments within the same award year, or, if necessary, returning the overage to the Commission.
  - v. Make all disbursements and adjustments no later than December 31, following the end of the award year (e.g. December 31, 2008, for award year 2007-08).
- 2) Establish and maintain a written refund policy that includes the Cal Grant Program(s).
  - i. In the case of a refund (i.e. if a recipient withdraws, drops out or is expelled for a term for which a payment has been made), recalculate based upon the Institution's refund policy and determine the portion to be returned to the Commission on behalf of the State.
  - ii. Cal Grant funds may not be used for reimbursement to the federal government.
- 3) Establish and publish a policy that informs students of their options regarding receipt of Cal Grant "Access" or "Books and Supplies" funds. (i.e. If institutional policy is to apply "Access" or "Books and Supplies" to outstanding balances on the student's

account, the student must have the ability to request personal receipt of the funds prior to disbursement.)

C. Reconciliation of Cal Grant Funds

- 1) Establish a written reconciliation policy that details the procedures for reconciling Cal Grant funds received and disbursed by the Institution for each award year.
- 2) Term Reconciliation
  - i. Institutions are required to reconcile payments no later than sixty (60) days after the end of the term.
  - ii. Term reconciliation does not preclude adjustments or payments after that date.
- 3) Final Reconciliation
  - i. All Cal Grant funds must be properly recorded and allocated to the appropriate award year for which the funds were advanced and disbursed.
  - ii. Reconcile all award year Cal Grant funds received and disbursed by the Institution no later than December 31 following the award year (e.g. December 31, 2006, for the 2007-08 award year) or an earlier final processing date in December as authorized by the Commission. The Institution must report adjusted payment transactions for payment transactions previously reported in error.
  - iii. The final reconciliation of Cal Grant program expenditures is to be on a student-by-student basis.
  - iv. Upon final award year reconciliation by the Institution, the Institution may, at any time prior to invoicing, repay any Cal Grant funds in excess of the reconciled amount to the Commission.
  - v. Upon final reconciliation by the Commission, if the Institution has any outstanding balances, the Institution shall be invoiced for those funds. The invoice shall be due and payable to the Commission within 30 days of the invoice date. The Institution agrees to resolve any reconciliation discrepancies with the Commission.
  - vi. Certify the accuracy of all payment transactions submitted to the Commission to reflect the current status of the student at the time of disbursement.
  - vii. Any excess or undisbursed Cal Grant funds must be returned to the Commission upon final reconciliation or invoicing.
  - viii. The Institution may not apply excess Cal Grant funds to any other student's account or to any prior or future year accounts.
  - ix. Agree to pay any institutional liability that is determined as a result of a program compliance review within the time specified in the program review report.

- x. Liability to the Commission for the Institution's actions or omissions under this Agreement shall not exceed the actual amount of Cal Grant funds that the Institution is not entitled to retain.
  - xi. Failure by the Institution to take action on Cal Grant funds that the Institution is ineligible to retain, after all appeals are exhausted or settled, may constitute noncompliance and may result in the termination of this Agreement thereby terminating the Institution's participation in the Cal Grant Programs.
- D. Submit annual College Cost Estimate forms to the Commission by the deadline specified.

## ARTICLE V

### Cal Grant Program Administration - Commission's Responsibilities

- A. Maintain the Grant Delivery System (GDS).
- B. Maintain WebGrants.
- C. Maintain WebGrants for Students.
- D. Make a preliminary determination of an applicant's eligibility for Commission-administered grant programs by evaluating his or her financial information and program specific data as provided on the Free Application for Federal Student Aid (FAFSA), the verified Grade Point Average (GPA), and any other selection criteria.
- E. Act as the central repository of high school graduation confirmation received from a variety of sources, placing all new high school Entitlement participants on hold until receipt of confirmation that the student is, in fact, a high school graduate or the equivalent. (This does not absolve institutions of the requirement under Article IV, A to resolve conflicting information.)
- F. Make a preliminary determination that Community College Transfer Entitlement Award recipients are residents of California at the time of high school graduation or its equivalent through use of a student self-certification under penalty of perjury [CEC 69436 (d)(3)(A)].
- G. Provide the Institution with information, training and ongoing assistance with respect to the Institution's participation in the administration of the Cal Grant Program.
- H. Develop forms, publications, and training curriculum for use in administering the Cal Grant Program.
- I. Generate and provide electronic data files and Grant Rosters to the Institution of potentially eligible recipients that include names, unique identifiers and payment amounts.
- J. Provide the Institution with procedures for completing payment transactions.
- K. Notify the Institution of accepted and rejected payment transactions.



- L. Reconcile accepted payment transactions.
- M. Provide the State Controller's Office with the documentation needed to issue Electronic Funds Transfer (EFT) or mail warrants for payment to the Institution.
- N. Provide the Institution with regularly updated electronic data and Grant Rosters identifying reconciled payments.
- O. Invoice the Institution for funds due the Commission as a result of the final reconciliation process and notify the Institution if funds will be withheld pending the return of delinquent repayments.
- P. Notify and instruct the Institution of any Cal Grant Program changes due to statute and/or procedure through Grant Operational Memos, Grant Special Alerts, Grant Policy Bulletins, and CGPM updates.
- Q. Perform program review of the Institution's management of Cal Grant funds for compliance with federal and state law and regulations and this Agreement.

## **ARTICLE VI**

### **Cal Grant Program Administration - Information Security**

The Information Security components of this Agreement are to control access to the Commission's information processing facilities and data by the Institution, as well as require (per FTC Safeguards Rule) certain levels of Information Security and privacy compliance for Institutions that access, retrieve, store, use, modify, transfer, dispose of, destroy, or delete Commission data. For purposes used within this Agreement, Non-public Personal Information (NPI), Personally Identifying Information (PII) and financial information shall be identified as Confidential information.

### **Information Security – Institutional Responsibilities**

The Institution will comply with all applicable federal, California and local information security, confidentiality and privacy laws and regulations, Commission policies and requirements pertaining to the proper access, creation, modification, handling, storage, transfer, transmission, dissemination, sharing or destruction of confidential information pertaining to the Commission.

The Institution will additionally abide by the following requirements as a condition of access to the Commission's data and network. The Commission reserves the right to monitor or revoke access to the Commission's network and data to the Institution or individual staff member(s).

### **Institution's Administrative Authorization for Access and Roles/Responsibilities**

- A. The Institution will maintain a historical record that identifies to the Commission or its representative, the identification of the individual(s) who is granted access to the Commission's network or creates or updates WebGrants (GDS) transactions with the Commission's data for three (3) years following the last day of the award year.
- B. The Institution will designate a single individual as the Authorized Official (AO), who will then designate a maximum of two other individuals as the Institution's System Administrator(s) (SA).

- C. The Institution's AO will grant authority to the Institution's SA(s) to create or disable individual user accounts for that Institution's staff to access the Commission's network and data. The AO will not have SA authority or responsibility.
- D. The AO and SA(s) will be required to submit an accurate and complete "Information Security and Confidentiality Agreement" and "System Administrator's Access Request Form" to the Commission before access to the Commission's network and data is granted. If the AO and SA(s) are different at each Institution location (campus), separate "Confidentiality Agreement" and "System Administrator's Access Request Form(s)" must be completed and sent to the Commission. Copies of this documentation shall also remain at the Institution.
- E. Any change in the designation of the Institution's AO or SA(s) will require that a new "Information Security and Confidentiality Agreement" as well as new copies of the "System Administrator's Access Request Form" be sent to the Commission immediately. Copies of this documentation of this shall also remain at the Institution.
- F. The Institution's SA(s) will immediately disable the password and ID of any employee or agent of the Institution whose change in employment status or duties no longer requires access to the Commission's network or data. Copies of this documentation of this action shall remain at the Institution.
- G. The Institution's SA(s) will ensure that all Institution employees or agents that require WebGrants (GDS) access will sign a "Grant Delivery System (GDS) WebGrants User Access Request Form", prior to being granted access to the WebGrants System. Such access will be granted for a period of time not to exceed one (1) year, and shall be renewed upon completion of annual Commission-supplied training in areas of information security, privacy and confidentiality. Copies of this documentation shall remain at the institution.

#### **Essential Practices in Promoting and Implementing Information Security**

- H. Passwords and user identification numbers (IDs) are to be treated as Confidential information. Employees or agents of the Institution shall not share passwords and IDs. Passwords will be changed on a regular basis, as required by the Commission.
- I. Confidential Commission data or assets that are no longer required for use by the Institution, for Commission compliance reviews or unless otherwise determined by the Commission, based upon a mutually agreeable time or contract, shall be returned or destroyed in a secure manner, ensuring that no reconstruction or derivation of the data, media or materials is possible.
- J. The Institution shall establish training programs and acceptable use policies for Institution employees regarding information security, privacy and confidentiality to include Commission data.
- K. The Institution will establish and enforce policies to ensure that Commission data and network access are conducted from secured systems onsite within the Institution, or via encrypted networks from offsite locations. Offsite locations shall have encrypted hard drives and storage devices and shall not provide a bridging capability from unsecured networks into Commission networks.

- L. The Institution will notify the Commission immediately of any security, integrity or confidentiality incident(s) involving Commission data or network exposure by contacting the Commission's ITS Help Desk at 888-294-0148. Such incidents may include, but are not limited to unauthorized or accidental modification, destruction, disclosure, loss, or access to automated files and databases, as well as incidents involving loss, damage or misuse of information assets. Such incidents shall be followed up with a written report of the incident, signed by the AO and the Institution's Chief Executive Officer and submitted to the Commission's Information Security Officer (ISO) within ten (10) business days after the Institution's awareness of the incident.
- M. No Commission data or assets shall be transferred to a third party or its agents without express written permission by the Commission's ISO. Verification of individual data with the respective individual or their lawfully designated agent(s) is permissible.
- N. To the extent authorized by law and caused by the negligence or intentional misconduct of itself, its employees or agents, the Institution will accept liability for any direct or consequential damages to the Commission, its network or data.
- O. The Institution will ensure that information transmitted electronically or otherwise to the Commission has been examined and is complete and accurate to the best of its knowledge.
- P. No faxes or unencrypted email containing Confidential data shall be sent to the Commission.
- Q. All storage media or electronically transferred correspondence sent between the Institution and the Commission containing Confidential data must be encrypted or transferred via an encrypted communications session. Passwords, decryption devices, or decryption methods required to access the data must be sent separately via a different communications method.

**Information Security – Commission's Responsibilities**

The Commission will comply with all applicable federal, California and local information security, confidentiality and privacy laws, regulations and requirements pertaining to the proper access, creation, modification, handling, storage, transfer, transmission, dissemination, sharing or destruction of confidential information pertaining to the Institution.

- A. Account changes submitted by the Institution will be reviewed, acknowledged and incorporated within three (3) business days.
- B. The Commission shall require that passwords are changed on a regular basis.
- C. The Commission shall issue periodic communications to address Information Security concerns.
- D. The Commission will ensure that information transmitted electronically or otherwise to the Institution has been examined and is complete and accurate to the best of its knowledge.

- E. No faxes or unencrypted email containing Confidential data shall be sent to the Institution.
- F. All correspondence transferred electronically or on storage media between the Commission and the Institution containing Confidential data must be encrypted or transferred via an encrypted communications session. Passwords, decryption devices, or decryption methods required to access the data must be sent separately via a different communications method.
- G. The Commission will periodically audit the security-related records of the Commission and the Institution to ensure that proper levels of access to the Commission's data and networks by proper individual(s) identified by the Institution are correct, current and complete.

**ARTICLE VII**

**Corrective Measures**

- A. The Institution is subject to the following corrective measures for failure to comply with the terms of this Agreement.
  - 1) The Commission may halt the processing of future payment transactions for the Institution.
  - 2) The Commission may withhold issuing Cal Grant funds to the Institution.
  - 3) The Commission may withhold term advances to the Institution for future academic years.
- B. The Commission shall provide the Institution written notice of its intent to impose one of these corrective measures thirty (30) calendar days prior to such action.
- C. The Institution shall be permitted to submit, and the Commission shall consider, a response to such notice, including any legal and factual reasons why such corrective measure should not be imposed. Such response shall be submitted within fifteen (15) days of receipt of Commission's written notice of its intent to impose such measure.
- D. The Commission may also terminate this Agreement as provided in Article VIII, section B.

**ARTICLE VIII**

**Agreement Duration**

This Agreement is effective when it is executed by the Commission's representative. This is generally later than its execution by the Institution's representative. It supersedes any prior Agreements executed between the Commission and the Institution.

- A. The Agreement automatically terminates with any of the following occurrences.

- 1) The Institution closes or stops providing eligible educational programs.

- 2) The Institution's federal Program Participation Agreement is terminated.
  - 3) The Institution's accrediting agency has withdrawn its approval.
  - 4) The Institution undergoes a change which results in one of the following:
    - i. a shift in control,
    - ii. change of ownership,
    - iii. or any other significant change in the control of the institution (excluding change of Chancellor, Chief Executive Officer, or President).
  - 5) The Institution or additional location no longer possesses all of the requirements for a qualifying institution.
  - 6) The Institution's Chief Executive Officer requests termination of this Agreement in writing.
  - 7) June 30, 2012
- B. The Commission's representative may terminate this Agreement in writing for the following occurrences.
- 1) The Institution does not demonstrate that they can provide adequate administration of the Cal Grant Program(s).
  - 2) The Institution does not demonstrate financial stability.
  - 3) The Institution has not returned Cal Grant funds addressed in either a Cal Grant institution review or any outstanding invoices within the required time frame.
  - 4) The Institution fails to comply with the terms of this Agreement.
- C. The Commission shall provide the Institution written notice of its intent to terminate the Agreement forty-five (45) calendar days prior to such action.
- D. The Institution shall be permitted to submit, and the Commission shall consider, a response to such notice, including any legal and factual reasons why such termination should not occur. Such response shall be submitted within fifteen (15) days of receipt of Commission's written notice of termination.

**ARTICLE IX**

**Certification**

As Chancellor/Chief Executive Officer/President of this Institution, I agree that this Institution and its Additional Location(s) (if any) will comply with all state and federal statutes, regulations, and rules applicable under this Agreement.

Name and Address of Main Campus:  
*(may be in state other than California)*

Office of Postsecondary  
Education Identification  
(OPE ID) Number *(must  
have -00 suffix)*

Name(s), Address(es), and Phone Number(s) of Additional  
Location(s) included in this Agreement (attach additional  
pages if necessary):  
*(must be California locations)*

OPE ID Number(s)

**FOR ALL INSTITUTIONS**

Please indicate which of the following section(s) establish your Institution's eligibility to participate in the Cal Grant Programs. Many institutions' eligibility is established through Section 69432.7(l)(1) or (3) or 69440(a) of the CEC.

If your Institution is seeking to establish eligibility through Section 69432.7(l)(2) of the CEC, please complete the "Financial Statement and Demonstration of Administrative Capability to Participate in the Cal Grant Programs" form.

Initial any box(es) applicable to your Institution:

**FOR PRIVATE/INDEPENDENT POSTSECONDARY INSTITUTIONS**

Section 69432.7(l)(1) of the CEC states: "Qualifying institution" means the following:

*"Any 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: (A) Federal Work-Study, (B) Perkins Loan Program, [and] (C) Supplemental Educational Opportunity Grant Program [SEOG]." Participation in the campus-based programs means the institution or site has applied for, been allocated funds, and is spending those funds. Participation in the Federal Pell Grant program means that students are eligible to be paid Federal Pell Grant funds for attendance at the institution.*

This Institution meets the requirements of Section 69432.7(l)(1) of the CEC.

**OR**

Section 69432.7(l)(2) of the CEC states: "Qualifying institution" means the following:

*"Any nonprofit institution headquartered and operating in California that certifies to the commission that ten (10) percent of the institution's operating budget, as demonstrated in an audited financial statement, is expended for the purposes of institutionally funded student financial aid in the form of grants, that demonstrates to the commission that it has the administrative capacity to administer the funds, that is accredited by the Western Association of Schools and Colleges.*

This Institution meets the requirements of Section 69432.7(l)(2) of the CEC.

**FOR PUBLIC POSTSECONDARY INSTITUTIONS**

Section 69432.7(l)(3) of the CEC states: "Qualifying institution" means the following:

*"Any California public postsecondary educational institution."*

This Institution meets the requirements of Section 69432.7(l)(3) of the CEC.

**Additional requirements:**

**FOR ALL INSTITUTIONS**

Section 66290 of the CEC states:

*"Prior to receipt of any state financial assistance or state student financial aid, a postsecondary educational institution shall provide assurance to the agency administering the funds, in the manner required by the funding agency, that each program or activity conducted by the postsecondary educational institution will be conducted in compliance with this chapter and all other applicable provisions of state law prohibiting discrimination on the basis of sex. A single assurance, not more than one page in length and signed by an appropriate responsible official of the postsecondary educational institution, may be provided for all the programs and activities conducted by a postsecondary educational institution."*

This assurance must be retained by the institution in files, catalogs, or on the institution's official Web site and need not be included with this Agreement.

This Institution meets the requirements of Section 66290 of the CEC.

**FOR ALL INSTITUTIONS**

I certify that the Institution is eligible to participate in the Cal Grant Programs and will immediately notify the Commission if the Institution ceases to be eligible under Sections 69432.7(l)(1), (2) or (3), 69440(a) of the CEC, or Article VI of this Agreement.

\_\_\_\_\_  
Signature: Chancellor/Chief Executive Officer/President of  
Institution

\_\_\_\_\_  
Date

\_\_\_\_\_  
Type or Print Name and Title

\_\_\_\_\_  
Signature: Chief, Program Administration and Services  
Division

\_\_\_\_\_  
Date



## APPENDIX A

## DEFINITIONS

**Academic Year:** An "academic year" is July 1 to June 30, inclusive. The starting date of a session shall determine the academic year in which it is included as defined in CEC 69432.7(a). See "Award Year."

**Access:** Component of Cal Grant B award that is intended to be used for student living expenses.

**Administrative Capability:** In order to participate in the Cal Grant programs schools must be financially responsible and have the resources to properly administer the requirements of the program.

**Advances, Cal Grant Funds:** Each year after the state budget is passed, or in mid-August, whichever is later, the Commission may advance money to each participating school in order for schools to begin making payments to eligible students.

**Assets:** Cash on hand in checking and savings accounts; trusts; stocks; bonds; other securities; real estate (excluding home); income-producing property; business equipment; and business inventory. Considered in determining Expected Family Contribution (EFC).

**Attendance Status:** The amount of time the student is currently attending school. For the purposes of Cal Grant payment reporting, students can be enrolled full-time, half-time, or three-quarter time.

**Authorized Official (AO):** A single individual that is designated by the Institution's Financial Aid Director to select up to two (2) separate individuals as System Administrator(s) for the Institution. Respective Institution campus locations may have their own AOs. The AO does not perform System Administrator functions.

**Award Year:** One academic year, or the equivalent, of attendance at a qualified institution as defined in 69432.7(c). See "Academic Year."

**Books and Supplies:** Component of the Cal Grant C award that students can use for educational related expenses.

**California Code of Regulations or CCR:** The body of regulations promulgated to administer and regulate California laws. Commonly referred to as the "regulations."

**California Education Code or CEC:** The legal statutes that authorize the Student Aid Commission and Cal Grant programs. Commonly referred to as the "law."

**Citizen, U.S.:** Cal Grant awards are available only to students who, in addition to being California residents, are U.S. Citizens or eligible non-citizens. The definition of U.S. Citizen and eligible non-citizen for the purposes of Cal Grant is the same as the requirement for federal Title IV student financial assistance.

**College Cost Estimate Form:** Submitted to the Commission by the Institution annually to update cost of attendance figures for use in determining new Cal Grant applicant eligibility.

**Compliance Review:** A review performed by Commission auditors to verify compliance with Cal Grant and Specialized Programs laws and policies. Penalties for being out of compliance can include reimbursement of funds, suspension and termination from the Cal Grant program.

## APPENDIX A

## DEFINITIONS

**Confidential:** Broad classification assigned to data or systems used to transfer such data. Such a classification denotes a level of value for which disclosure can bring some level of harm or damage.

**Decryption:** The process or ability to remove encryption from data, thereby making the data readable or usable.

**Department of Education, U.S. (USED):** The section of the federal government that administers federal assistance to students enrolled in postsecondary educational programs. USED programs include: Federal Pell Grant, Federal Perkins Loan, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS), Federal Family Education Loan (FFEL) Programs, and William D. Ford Federal Direct Loan (Direct Loan) Program.

**Disbursement of Funds:** Cal Grant funds are disbursed when a school credits a student's account with funds or pays a student directly.

**EFT: Electronic Funds Transfer.** Process by which Cal Grant funds are automatically transferred directly from the state Controller's Office to the participating Institution into the Institution's specified account.

**Electronically Transferred Correspondence:** Any electronic transfer or transmission of data between two or more parties. This can include, but is not limited to email, zipped files or other attachments, ftp transfers, telnet sessions, etc.

**Encrypted Hard drives:** Hard disk drives contained within or attached to a computer system that are encrypted and do not allow any readable access to the data contained on it without the application of a password or decryption device, typically upon boot-up. USB and similar memory storage devices appear as a disk drive to computers and should be encrypted as well.

**Encrypted Networks:** Computer networks (virtual or real) utilizing encryption to provide a path for data transmission without the ability to eavesdrop on the data being transmitted.

**FAFSA:** See Free Application for Federal Student Aid.

**Federal Pell Grant:** A federal grant program for needy postsecondary students who have not yet received a baccalaureate or first professional degree; administered by the U.S. Department of Education.

**Federal Perkins Loan:** A long-term, low interest loan program for both undergraduate and graduate students at a current interest rate of five (5) percent. The Perkins loan is one of the "campus-based" programs that can be used to qualify for Cal Grants on an institutional basis.

**Federal Supplemental Educational Opportunity Grant (FSEOG):** One of the campus-based programs; grants to undergraduate students of exceptional financial need who have not completed their first baccalaureate degree. Priority for FSEOG awards must be given to Federal Pell Grant recipients with the lowest EFCs. FSEOG is one of the "campus-based" programs that can be used to qualify for Cal Grants on an institutional basis.

**Federal Verification:** A process by which a financial aid office substantiates the data that a financial aid applicant has reported on a financial aid application. Additional information from the student, a spouse, and the parents is used to confirm previously submitted data.

## APPENDIX A

## DEFINITIONS

**Federal Work-Study Program (FWS):** One of the campus-based programs; a part-time employment program which provides jobs for undergraduate and graduate students who are in need of such earnings to meet a portion of their educational expenses. Federal Work-Study is one of the "campus-based" programs that can be used to qualify for Cal Grants on an institutional basis.

**Financial Need:** The difference between the Institution's cost of attendance and the family's ability to pay (i.e., Expected Family Contribution). Ability to pay is represented by the expected family contribution for federal need-based aid and for many state and institutional programs.

**Final Reconciliation:** The reconciliation of all award year Cal Grant funds received and disbursed by the institution no later than December 31 following the award year (e.g. December 31, 2008, for the 2007-08 award year) or an earlier final processing date in December as authorized by the Commission.

**Free Application for Federal Student Aid (FAFSA):** The federal financial aid application completed by the student and the student's parents (if applicable) that collects household and financial information. The FAFSA is the foundation document for all federal need analysis computations and database matches performed for a student.

**FSEOG:** See Federal Supplemental Educational Opportunity Grant.

**Grade Point Average (GPA):** An average of a student's grades, converted to a 4.00 scale (4.00 is an A, 3.00 is a B, and 2.00 is a C). Submission of a verified GPA is required for Cal Grant A and Cal Grant B consideration. For Cal Grant purposes the GPA must be calculated in accordance with state regulations.

**Grant Roster:** List of eligible Cal Grant recipients at a particular school.

**Independent Postsecondary Institution:** Non-public, non-profit educational institution legally authorized to operate in the state of California.

**Information Security:** Protection of information systems against unauthorized access to or modification of information, whether in storage, processing or transit, and against the denial of service to authorized users or the provision of service to unauthorized users, including those measures necessary to detect, document, and counter such threats.

**Institutional Participation Agreement (Agreement or IPA):** This is the contractual agreement between the Student Aid Commission and the schools that participate in the Cal Grant program. Schools must have a signed IPA on file with the Commission to participate in the Cal Grant program. The IPA is updated about every three to four years.

**Institutional Student Information Record (ISIR):** Institutional Student Information Record. The electronic record produced when the FAFSA is processed. An ISIR is sent to each college listed on the FAFSA and the state agency in the student's residence state. The ISIR contains all of the SAR data, plus the student's National Student Loan Data System (NSLDS) records.

**Non-public Personal Information (NPI):** Such information includes

A. Personally identifiable financial information -

- (i) provided by a consumer to a financial institution;
- (ii) resulting from any transaction with the consumer or any service performed for the consumer; or

## APPENDIX A

## DEFINITIONS

(iii) otherwise obtained by the financial institution.

B. Such term does not include publicly available information.

**OPE ID:** Office of Postsecondary Education Identification provided by the U.S. Department of Education. A six (6) digit number followed by a two (2) digit suffix.

**Overaward:** The condition of disbursing financial aid in excess of the amount for which the student is eligible.

**Payment:** Disbursing Cal Grant funds to a student directly, or depositing Cal Grants funds directly into the student's school account.

**Pell Grant:** Federal financial aid program. The amount of the Pell Grant awarded to a renewal student must be subtracted from a renewal Cal Grant student's financial need.

**Personally Identifying Information (PII):** Any piece of information which can potentially be used to uniquely identify, contact, or locate a single person.

**Proprietary Postsecondary Institution:** Non-public, for-profit educational institution legally authorized to operate in the state of California.

**Public Post-secondary Institution:** The public institutions of higher education in California include the UC system, CSU system and California Community College system.

**Recipient:** Student who has been awarded a Cal Grant by the Commission and has received a payment, taken a leave of absence from payment, or has been placed on Community College Reserve.

**Reconciliation:** Verification that Cal Grant funds are being disbursed to each student in the correct amounts and that all payments have been properly reported to the California Student Aid Commission. See "Term Reconciliation" and "Final Reconciliation."

**Residence:** Every person has, in law, a residence. (CEC 68060)

Every person who is married or 18 years of age, or older, and under no legal disability to do so, may establish residence: (CEC 68061)

In determining the place of residence the following rules are to be observed:

(a) There can only be one residence.

(b) A residence is the place where one remains when not called elsewhere for labor or other special or temporary purpose, and to which he or she returns in seasons of repose.

(c) A residence cannot be lost until another is gained.

(d) The residence can be changed only by the union of act and intent.

(e) A man or woman may establish his or her residence. A woman's residence shall not be derivative from that of her husband.

(f) The residence of the parent with whom an unmarried minor child maintains his or her place of abode is the residence of the unmarried minor child. When the minor lives with neither parent his or her residence is that of the parent with whom he or she maintained his or her last place of abode, provided the minor may establish his or her residence when both parents are deceased and a legal guardian has not been appointed.

## APPENDIX A

## DEFINITIONS

(g) The residence of an unmarried minor who has a parent living cannot be changed by his or her own act, by the appointment of a legal guardian, or by relinquishment of a parent's right of control.

(h) An alien, including an unmarried minor alien, may establish his or her residence, unless precluded by the Immigration and Nationality Act (8 U.S.C. 1101, et seq.) from establishing domicile in the United States.

(i) The residence of an unmarried minor alien shall be derived from his or her parents pursuant to the provisions of subdivisions (f) and (g). (CEC 68062)

**SEOG:** See Federal Supplementary Educational Opportunity Grant

**Security, Integrity or Confidentiality Incidents:** Any event that reflects an unauthorized access, loss, disclosure, destruction, modification or misuse to a computer system, network or data. Each incident must be reported immediately to the Commission, with a follow-up written report of the incident signed by the AO and the Institution's Chief Executive Officer submitted within 10 business days to the Commission's Information Security Officer.

**Selection:** The Commission's review of applicant eligibility and awarding of Cal Grants.

**State Controller's Office (SCO):** State agency that authorizes and issues payment and advances of Cal Grant funds to participating schools.

**Storage Media:** Any device capable of holding information. This can include paper records, CDROM/DVD type devices, USB/memory-type devices or disk drives.

**System Administrator (SA):** Individual tasked to perform System Administrator-related tasks on the GDS WebGrants system on behalf of the Institution (i.e., account create/delete). There are a maximum of two (2) SAs assigned per Institution; however, individual campus locations may have their own respective SAs, provided they perform such tasks as specified above for the individuals attending the Institution at that campus location.

**TCP:** Teaching Credential Program, as used in relation to the Cal Grant program is a post-baccalaureate program of study that leads to a California teaching credential. Cal Grant benefits for students in a Teaching Credential Program are referred to as TCP benefits.

**Term:** Refers to a school's academic term or Cal Grant payment period in the case of a non-term based institution.

**Term Reconciliation:** The reconciliation of all term Cal Grant funds received and disbursed by the Institution no later than sixty (60) days after the end of each term.

**Title IV Programs:** Those federal student aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. Includes: the Federal Pell Grant; Federal Supplemental Educational Opportunity Grant, Federal Work Study, Federal Perkins Loan, Federal Stafford Loan, Federal PLUS Loan, Direct Loan, Direct PLUS Loan, the Leveraging Educational Assistance Partnership (LEAP), and the Special Leveraging Educational Assistance Partnership (SLEAP).

**USED:** United States Department of Education (Also, DOE, USDE, ED) See "Department of Education, U.S."

## APPENDIX A

## DEFINITIONS

**Unencrypted:** Data that has not been encrypted to prevent potential unauthorized use or disclosure.

**WebGrants:** The Student Aid Commission's Internet based access to the Cal Grant Delivery System database. Schools can review their Cal Grant rosters and report payments and student demographic changes to the Commission.

## APPENDIX B

## PROGRAM AND FISCAL RECORDS

Program and Fiscal Records include, but are not limited to:

### A. Student eligibility:

- 1) Documentation of California residency
- 2) Financial aid applications and forms
- 3) Need analysis and packaging information for each recipient to support renewal unmet need reported to Commission and to support final award package
- 4) Award letters and Institutional Student Information Record (ISIR)
- 5) Full academic transcripts and Add/Drop Screens (SAP and enrollment verification)
- 6) Enrollment agreements (if applicable)
- 7) Declaration of academic major/program
- 8) Cost of Attendance (Student Expense Budgets)
- 9) Documentation of Professional Judgment (if applicable)

### B. Institution Eligibility

- 1) The current authority to operate from the California Bureau for Private Postsecondary and Vocational Education, if applicable
- 2) Written policies and procedures
- 3) All application school catalogs and term academic calendars
- 4) The most recent Independent Auditors Report (Financial Statements and OMB Circular A-133 Compliance) and the Institution's audit response
- 5) The latest Fiscal Operation Report and Application to Participate (FISAP), Part VI, Section A (Program Summary for Award Year)

### C. Fiscal Administration

- 1) Detailed Cal Grant fund ledger(s) that show the deposit of Commission advances and disbursement of grant awards for the award year. Ledgers must contain a beginning and ending balance.
- 2) Bank statements identifying the deposit of Cal Grant advances for the award year. If Cal Grant deposits combined with other deposits, keep deposit slips detailing each item deposited.
- 3) Chart of accounts and financial aid account related codes
- 4) Individual student account ledgers
- 5) Proof of receipt of "Access" and "Books and Supply" funds by student, such as:
  - i. Front and back copies of negotiated checks
  - ii. School bank statement used for tracking each student's payment(s), or
  - iii. Written authorization from the student to credit payment to other school charges
- 6) Accounting procedures necessary to explain the application or distribution of Cal Grant funds
- 7) Refund payments made to the Commission

### D. WebGrants Information Security and Confidentiality Agreement and user forms

### E. Your current organizational chart

### F. Any other records that the school feels are pertinent to explaining the Institution's administration of the grant program

## APPENDIX C COMMUNITY COLLEGE RESIDENCY REGULATIONS

Title 5, California Code of Regulations (CCR), Sections 54020-54024:

54020: In order to establish a residence, it is necessary that there be a union of act and intent. To establish residence, a person capable of establishing residence in California must couple his or her physical presence in California with objective evidence that the physical presence is with the intent to make California the home for other than a temporary purpose.

54022: (a) A person capable of establishing residence in California must be physically present in California for one year prior to the residence determination date to be classified as a resident student.

(b) A temporary absence for business, education or pleasure will not result in loss of California residence if, during the absence, the person always intended to return to California and did nothing inconsistent with that intent.

(c) Physical presence within the state solely for educational purposes does not constitute establishing California residence regardless of the length of that presence.

54024: (a) Intent to make California the home for other than a temporary purpose may be manifested in many ways. No one factor is controlling.

(b) A student who is 19 years of age or over, and who has maintained a home in California continuously for the last two years shall be presumed to have the intent to make California the home for other than a temporary purpose unless the student has evidenced a contrary intent by having engaged in any of the activities listed in subdivision (f)

(c) A student who is under 19 years of age shall be presumed to have the intent to make California the home for other than a temporary purpose if both the student and his or her parent have maintained a home in California continuously for the last two years unless the student has evidenced a contrary intent by having engaged in any of the activities listed in subdivision (f).

(d) A student who does not meet the requirements of subdivision (b) or subdivision (c) shall be required to provide evidence of intent to make California the home for other than a temporary purpose as specified in subdivision (e).

(e) Objective manifestations of intent to establish California residence include but are not limited to:

- (1) Ownership of residential property or continuous occupancy of rented or leased property in California.
- (2) Registering to vote and voting in California.
- (3) Licensing from California for professional practice.
- (4) Active membership in service or social clubs.
- (5) Presence of spouse, children or other close relatives in the state.
- (6) Showing California as home address on federal income tax form.
- (7) Payment of California state income tax as a resident.
- (8) Possessing California motor vehicle license plates.
- (9) Possessing a California driver's license.
- (10) Maintaining permanent military address or home of record in California while in armed forces.
- (11) Establishing and maintaining active California bank accounts.
- (12) Being the petitioner for a divorce in California.



## APPENDIX C COMMUNITY COLLEGE RESIDENCY REGULATIONS

(f) Conduct inconsistent with a claim of California residence includes but is not limited to:

- (1) Maintaining voter registration and voting in another state.
- (2) Being the petitioner for a divorce in another state.
- (3) Attending an out-of-state institution as a resident of that other state.
- (4) Declaring nonresidence for state income tax purposes.

# Basics of the Institutional Participation Agreement Process for 2007-08 and 2008-09

If you have questions regarding the Institutional Participation Agreement (IPA) process and what your institution can expect in 2007-08 and in 2008-09, here are some answers to your questions.

## For 2007-08

### **What can my institution expect for 2007-08?**

For the 2007-08 academic year extending from July 1, 2007, to June 30, 2008, all participating institutions and the California Student Aid Commission will sign a one-year interim IPA, with a few additions, now called the *Renewal IPA*. Those additions cover: the need for institutions to keep Cal Grant funds in an interest-bearing account; the change in final Cal Grant reconciliation deadline from October 15 to December 31 following the award year; and, the addition of a new information security section.

### **How did this one-year, *Renewal IPA* come about?**

Numerous IPAs (3-5 years in duration) between the California Student Aid Commission and Cal Grant participating institutions have existed over the years since the inception of the Cal Grant program. All current IPAs in effect were established in 2003 and are set to expire on June 30, 2007. With this renewal deadline encroaching, beginning in May of 2006, Commission staff began revising the IPA in collaboration with advisory committees, stakeholders and senior management. All participated in an intense, year-long process to research, review, and to discuss the IPA and new issues both that have come up since the existing IPA was established and which an external audit of the Cal Grant Program identified as needing consistent enforcement.

After research, discussions and workshops with representatives of each segment of higher education and other stakeholders, members of the Commission decided in April of this year to add some provisions to the existing IPA, and create a one year interim IPA for the 2007-08 academic year, now called the *Renewal IPA*. Commission staff, advisory committees and stakeholders will continue to put the finishing touches this summer and fall on remaining issues that will be incorporated into a new IPA for the 2008-09 academic year, and beyond.

### **When should my institution review, fill out and return the 2007-08 *Renewal IPA*?**

Your institution should already have received Special Alert 2007-16 dated May 31, 2007. This Special Alert contains the *Renewal IPA* and supporting documents that must be reviewed, filled out, signed and returned (keep a copy for your records!) to the Commission by June 22, 2007.

Those documents are: the IPA for Renewing Postsecondary Institutions for 2007-08; Institutional Contacts form; Grant Delivery System/WebGrants Information Security and Confidentiality Agreement; GDS/WebGrants System Administrator's Access Request Form; and the Electronic Funds Transfer (EFT) Form\*.

If your institution is participating in the Cal Grant Program pursuant to CEC 69432.7(l)(1), your institution also needs to submit a copy of your 2007-08 final funding authorization and copies of student ledgers or payroll documents showing payments under the Pell Grant Program, and two of the following: FSEOG, FWS, or Perkins loan.

\*The EFT Application for all schools switching from non-interest to interest-bearing accounts is not due until November 1, 2007 (see *Renewal IPA* Article III, A, 4).

### **What if we cannot make the June 22 deadline?**

Please do the best you can, given the short time frame. The 2007 *Renewal IPA* document must be signed and in place by June 30, 2007, and Commission staff will assist you with the submission of all other documents. Please contact Irene Riego-Klauer, at 916-526-8238 or [iriego@csac.ca.gov](mailto:iriego@csac.ca.gov), or Lori Nezhura at 916-526-7261 or [lnzhura@csac.ca.gov](mailto:lnzhura@csac.ca.gov), prior to the June 22 deadline for assistance.

***See next page for details regarding the IPA for 2008-09***



# Basics of the Institutional Participation Agreement Process for 2007-08 and 2008-09 continued

## Which parts of the IPA are new?

Article III, A - Cal Grant Account Maintenance-Institutional Responsibilities discusses maintaining Cal Grant funds in an interest-bearing account.

Article IV, D2 - Cal Grant Disbursement-Institutional Responsibilities discusses annual reconciliation of Cal Grant funds by December 31 following the award year.

Article VI - Cal Grant Program Administration-Information Security contains some new information on security practices that will help to protect disbursement records and student information.

The Commission urges you to read the 2007-08 *Renewal IPA* thoroughly and carefully to learn about all aspects of the Agreement.

## We have new locations that have just been approved. Do we include them on the IPA, too?

Yes, please include all additional locations (which share the first six digits of your USED#) on page 11 of the 2007-08 *Renewal IPA*. Please remember to submit documents from each of these locations proving payment of federal funds, if applicable.

## We have a current GDS/Web Grants Information Security and Confidentiality Agreement and a System Administrators Access Form on file with the Commission. Do we have to submit a new one?

Yes. The Commission is updating the WebGrants accounts of all Cal Grant participating Institutions. If there is no change to your System Administrator(s), please do fill out the form, but write "No change" under Section III. For System Administrators, please remember that when granting access to all other users at your institution, the duration cannot exceed one (1) year (per *Renewal IPA* Article VI, G).

## I remember hearing about separate interest-bearing accounts, high school graduation confirmation, and California residency confirmation- but I don't see these subjects mentioned in the *Renewal IPA*. Why?

The *Renewal IPA* is an adaptation of the current IPA. The current IPA states: "Verify that the student meets all eligibility and program requirements and resolve any conflicting information before disbursing Cal Grant funds" and "Confirm and document that students listed on a Commission roster or other award notification meet basic eligibility including California residency, financial need and appropriate program eligibility."

The issues listed above are still being considered for inclusion in the 2008-09 *IPA* which is still being revised for clarity and specificity. (See 2008-09 *IPA* questions.)

## For 2008-09

### When will the proposed 2008-09 *IPA* be approved and final?

Commission staff has been charged to present a fully reviewed and revised 2008-09 *IPA* to the Commission at their September 6-7, 2007 meeting. Upon approval by the Commission, steps to initiate the renewal process for 2008-09 will commence. The 2008-09 *IPA* would then be implemented on July 1, 2008.

### How can I keep track of the progress of the 2008-09 *IPA*?

As the process of revising the 2008-09 *IPA* progresses, please check the *IPA* link on the Commission's website for new details and information. It is likely that the process will conclude in the fall of 2007.

### Questions?

If you have questions concerning the 2008-09 *IPA*, please contact Irene Riego-Klauer, at 916-526-8238 or iriego@csac.ca.gov, or Lori Nezhura at 916-526-7261 or lnezhura@csac.ca.gov.

# [Cal Grants]

Cal Grants are the largest source of free money for college from the state and are administered by the California Student Aid Commission. They may be used at any University of California, California State University or California Community College, as well as most independent colleges, career colleges and vocational or technical programs in California.

## THE CAL GRANT GUARANTEE

Every graduating California high school student who meets the minimum GPA and eligibility requirements, has financial need and applies by March 2, or by March 2 the year following graduation, is guaranteed a Cal Grant. The guarantee extends to students who receive their GED or who go to a California Community College and then transfer to a four-year college.

To receive their Cal Grant awards, students must be attending college at least half time—six semester units or the equivalent. However, exceptions may be made for those students who are in their final term of a four-year program and need only a few credits to graduate.

The amount of the Cal Grant award depends on the type of Cal Grant and the type of school.

At California Community Colleges, which charge no tuition, Cal Grant-eligible students qualify for a fee waiver. The tuition portion of their Cal Grant A or B award will be held in reserve until they transfer to a four-year college. For Cal Grant recipients, their remaining award may be used to pay for books, supplies and living expenses.

At some colleges, Cal Grant awards may be used to attend summer sessions. However, summer-session Cal Grant payments will reduce a student's total four-year Cal Grant eligibility. Because there is a Cal Grant award ceiling, students may not have enough remaining Cal Grant benefits to assist them during their fourth year of college if they take advantage of the summer payment option.

Colleges that offer Cal Grants can be found at [www.csac.ca.gov](http://www.csac.ca.gov).

## Cal Grant Eligibility

To be eligible for a Cal Grant, a student must:

- submit their FAFSA and verified Cal Grant GPA by the deadline
- be a U.S. citizen or an eligible noncitizen
- be a California resident now and at the time of high school graduation
- attend a qualifying California college
- meet any minimum GPA requirements
- have a Social Security number
- have family income and assets below established ceilings
- demonstrate financial need at his or her college
- be in a program leading to an undergraduate degree or certificate
- be enrolled at least half time
- not have a bachelor's or professional degree before receiving a Cal Grant (except extended Cal Grant A or B awards for a teaching credential program or other eligible five-year programs)
- have registered with the U.S. Selective Service (males ages 18-25)
- not owe a refund on any state or federal grant or be in default on a student loan

## California Residency

Unmarried students under age 18 are legal California residents if a parent is a legal California resident as of the application deadline for the state aid program, or they have lived in California for two years with a responsible nonparent adult who is a legal California resident as of the application deadline.

Students whose parents are living out of the country are considered California residents if:

- they are under the age of 18 and have been living under the direct care and control of a California resident for at least two years as of the application deadline for the state aid program, or
- their parents have maintained their California residency during their absence from the state, or
- one of their parents is in the U.S. Armed Forces, stationed in California and on active duty as of the first day of their college class.

All married students, regardless of their age, and all unmarried students 18 or older must establish their own residency. If students will be 18 years old as of the application deadline for the state aid program, they must have lived in California for at least one year immediately before this date to be considered a California resident.



# Cal Grants At a Glance

## Cal Grants A and B

Cal Grants A and B are for students who are pursuing an undergraduate degree or selected career training, or who are completing undergraduate coursework required for a professional degree for which no bachelor's degree is awarded. They may be applied to an international (study-abroad) program if it is officially registered at a California campus.

Students who qualify for both a Cal Grant A and B should weigh the advantages of each before choosing one.

### Cal Grant A

- tuition and fees at four-year colleges (up to \$6,636 at a University of California campus, up to \$2,772 at a California State University campus and up to \$9,708 at independent colleges for 2007-08 )
- requires a GPA of at least 3.0
- course of study must be for at least two academic years

### Cal Grant B

- provides a living allowance of up to \$1,551, in addition to tuition and fee assistance in the same amounts as those for Cal Grant A
- most first-year students receive only the living allowance which may be used to pay living expenses, books, supplies and transportation, as well as tuition and fees
- a very limited number of first-year students who have exceptional financial need and a high GPA and who are among the most disadvantaged applicants may receive both the living allowance and the tuition and fee award (these students will receive a second California Aid Report)
- when renewed or awarded beyond the first year, students may receive the living allowance of up to \$1,551 as well as the tuition and fee award (same amounts as Cal Grant A)
- requires a GPA of at least 2.0
- course of study must be for at least one year

### Cal Grant C

Cal Grant C is for students who are pursuing a career or technical education. Course work must lead to a recognized career goal—a diploma, associate degree, license qualification or certificate—which indicates at least an entry-level job skill.

Here is a quick look at Cal Grant C:

- up to \$576 for training-related costs, including required tools, special clothing, books, equipment and supplies
- up to \$2,592 in tuition assistance for those who attend a school other than a California Community College
- course of study must be at least four months
- funding is available for up to two years, depending on the length of the program, if students maintain satisfactory academic progress
- may be used to take selected courses at a community college, independent or private career colleges, or selected hospital-based programs
- transferable to another Cal Grant C-eligible school

# Cal Grant Transfer Entitlement

These Cal Grants are for community college students who will be transferring to a four-year college and who did not receive a Cal Grant within one year of graduating from high school. To qualify, students must:

- have graduated from a California high school after June 30, 2000, and have been a California resident when they graduated from high school.
- have at least a 2.4 community college GPA (of at least 24 semester units or the equivalent), meet the Cal Grant eligibility requirements, be under 28 years old as of December 31 of the award year, and apply by the March 2 deadline before the fall term when they plan to transfer

Students should also be sure to register with their community college's Transfer Center to make sure they meet the admissions requirements for the college to which they will be transferring and to make the most of their financial aid awards.

**WHAT'S THE DIFFERENCE BETWEEN "Entitlement" and "Competitive" Cal Grants?**

Cal Grant A and B **Entitlement** awards are guaranteed for every high school senior who has at least a 2.0 GPA, meets the requirements and applies on time—by March 2 of his or her senior year or the year following graduation. The guarantee extends to California Community College students who graduated from a California high school after June 30, 2000, who were California residents when they graduated, and who meet the Cal Grant requirements when they transfer to a four-year college.

Other students who are eligible for a Cal Grant but are not high school seniors or recent graduates may compete for a Cal Grant A or B **Competitive** award. These awards are the same as Cal Grant Entitlement awards except that they are not guaranteed. A limited number of Competitive awards are available—half are set aside for students who apply by the March 2 deadline and meet the requirements, and half are for California Community College students who meet the requirements and apply by the September 2 deadline. The eligibility requirements for the Cal Grant Competitive awards are geared toward nontraditional students and take into account not only GPA, but also time out of high school, family's income, parents' educational levels, high school performance standards and other factors, such as whether the student comes from a single-parent household or was a foster youth.

### NOTE

Some California colleges require students to apply for a Cal Grant before considering them for other federal and college-based student aid.

## How to Apply: The FAFSA + Verified Cal Grant GPA

Students apply for a Cal Grant by submitting the FAFSA to the federal processor and their verified Cal Grant GPA to the California Student Aid Commission no later than the March 2 postmark (and electronic submission) deadline. GPAs must be certified by the high school, but once certified, they may be sent electronically by high schools or mailed by students or high schools.

High school students must apply for a Cal Grant A or B Entitlement award between January 1 and March 2 of their senior year, or within one year of graduating or receiving their GED.

Students who plan to attend a California Community College in the fall should also apply for a Cal Grant by March 2, even though they have a second deadline of September 2. The number of Cal Grant Competitive awards available for those who apply by September 2 is very limited, so encourage all your students to meet the March 2 deadline.

### Cal Grant GPA Verification Form Online

The Cal Grant GPA Verification Form is available online at [www.calgrants.org](http://www.calgrants.org) (select "Forms and Deadlines") or [www.csac.ca.gov](http://www.csac.ca.gov) (select "GPA Verification Form"). The form can be filled in online or, if students prefer, they can print the form and fill it in by hand. In both cases, students must give their form to a school official to complete the GPA information before mailing it to the Commission.

You can still upload large numbers of GPAs at one time or input just a few using WebGrants. Or go online and complete a form for each student and then print and mail them to the Commission.

### Cal Grant Supplement

Students who are eligible for acceptance at the first Cal Grant C-eligible school listed on their FAFSA will receive a Cal Grant C Supplement form as part of the competitive application process. The Supplement must be completed by the student, endorsed by the appropriate school representative or the student's employer, and returned to the Commission by the deadline. Supplements are scored with an emphasis on educational background, vocational experience, aptitude and an endorsement from a professional. Additional points come from the student's GPA. A counselor's review of the completed Supplement is recommended.

### Missed the March 2 deadline

Students who miss the March 2 deadline for submitting their FAFSA and verified Cal Grant GPA may still be eligible for a Cal Grant. Contact the Commission at [www.csac.ca.gov](http://www.csac.ca.gov) for more information.

## Cal Grant Income and Asset Ceilings

All students are encouraged to apply for a Cal Grant, even if their family's income and assets are above the ceilings, or maximum amounts. Many things can happen between the time students submit their FAFSA and the start of school that can change a family's situation, including a medical emergency, job loss or other hardship.

Income includes the student's or family's total taxable and nontaxable income, as reported on the FAFSA. Home equity, retirement savings and certain other assets are not reported on the FAFSA and so are not counted. Cal Grant income and asset ceilings are adjusted each year. Ceilings for 2008-09 will be available in November 2007 at [www.csac.ca.gov](http://www.csac.ca.gov).

## GPA E-Mail Reminder

Those students who submit a complete FAFSA by the end of January but who do not have a verified Cal Grant GPA on file will receive an e-mail from the Commission reminding them to submit their GPA by the March 2 deadline.

The e-mail asks students to follow up with their school to make sure the Commission receives their verified GPA by March 2—either electronically or on the Cal Grant GPA Verification Form.

The e-mail acknowledges that some schools may be in the process of submitting GPAs electronically but encourages students to still follow up with their school. If your school submits GPA data for all your students at one time, we encourage you to do so early to reduce the number of last minute inquiries from students.

## TOLL-FREE LINE HELPS STUDENTS TRACK APPLICATIONS NOW, AWARDS LATER

Students can call toll free 888.224.7268 anytime, select from a menu of options and listen to an update regarding their Cal Grant or Chafee Grant application. They can learn the status of their FAFSA or verified Cal Grant GPA, whether they received a grant, and if so, the amount of their award. If they still have questions and are calling during business hours, they can request to be transferred to a student support representative.

## WEBGRANTS FOR STUDENTS

For fast answers to questions about their Cal Grant or Chafee Grant application or award, students can use WebGrants for Students at [www.csac.ca.gov](http://www.csac.ca.gov) or [www.calgrants.org](http://www.calgrants.org). When they first log on, they will be invited to set up their own secure account which they can then use any time, around the clock, during the application process and for as long as they have a Cal Grant or Chafee Grant. Students can also see if their GPA has been received, print a copy of their California Aid Report, review any Cal Grant payments that have been posted by their school, and make a change of address or school.



## The High School Exit Exam

The California High School Exit Exam, or CAHSEE, is a graduation requirement for California public high school students. Most students must pass the exit exam to be eligible for a diploma.

To qualify for a Cal Grant Entitlement award, students must be a high school graduate or the equivalent. They should submit the FAFSA and their verified Cal Grant GPA whether or not they have passed the CAHSEE. If they do not pass the exam (and they were required to do so), they cannot be considered for a Cal Grant Entitlement award, but they can be considered for a Cal Grant Competitive award.

## More Time to Meet Requirement

High school seniors now have until December 31 of the award year to pass the CAHSEE and complete their high school graduation requirement to be considered for a Cal Grant Entitlement award. Students who meet this deadline—and who meet all the other Cal Grant requirements—could start receiving their Cal Grant benefits the next school term. Students who are otherwise eligible for the Cal Grant Entitlement award but who do not meet the high school graduation requirement by December 31 will need to reapply by the following March 2 application deadline.

If you know of students who may have become eligible for a Cal Grant Entitlement award during the summer or fall by meeting the high school graduation requirement and successfully completing the CAHSEE, please have them write a letter of appeal asking the Commission to reconsider their Cal Grant application. They should include proof of their high school graduation, or its equivalent, with their letter.

## Graduation Certification Form

Before colleges can disburse funds to new Cal Grant Entitlement recipients, the Commission must have on file confirmation from the student's high school or college that the student graduated from high school. Students who do not have a school certification on file will be asked to self-certify by using WebGrants for Students or completing the California High School Graduation Certification Form (form G-8).

Colleges that currently require proof of high school graduation as part of their admissions process will be allowed to forward the information to the Commission using WebGrants. High schools must use the School of Origin Report to indicate students who have not completed all graduation requirements as of the time they file the report. The form can be downloaded from WebGrants. If you have any questions, contact School Support Services toll free at 888.294.0153.

## Renewing Cal Grants

To continue receiving their Cal Grant, students must complete the FAFSA each year, but they do not need to submit their verified Cal Grant GPA. Their financial aid eligibility will be evaluated by the campus they will be attending, and they should be sure to list that college on their FAFSA.

If students will be transferring to another college, they must notify the Commission using the Grant Record Change Form for Students (form G-10) or the Renewal Recipient Change Form attached to the Cal Grant renewal letter, or they may ask their school to notify the Commission directly.

Cal Grants will be renewed if students show financial need of at least \$100. In addition, students must have maintained satisfactory academic progress (attended classes regularly and kept their grades up), remained eligible for their academic or vocational program. In addition, the Commission must have received appropriate payment transactions from the school.

Dollar amounts for Cal Grant awards may be adjusted each year if a student's eligibility for financial aid changes or if state budget allocations for financial aid change.

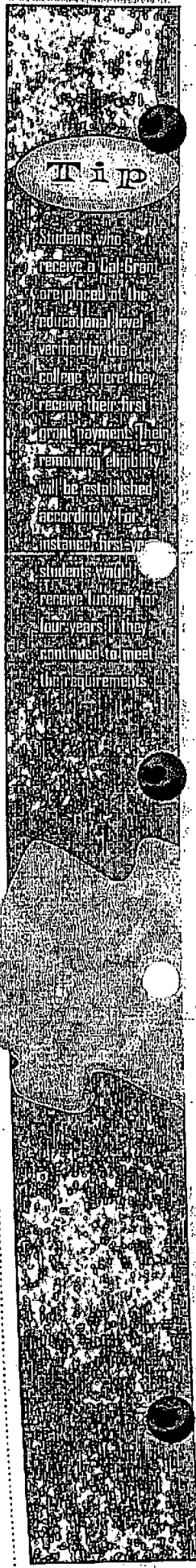
Students may receive Cal Grant A and B awards for up to four years if they are awarded for the students' first year. Cal Grant B recipients who attend a college other than a California Community College will have their award increased to cover all or part of the cost of tuition and fees, in addition to living expenses, after completing their first year of college.

Cal Grant C awards may be continued for a second year without a formal renewal process for students who have not completed their course of study.

## Fifth-Year Cal Grant Awards

Students enrolled in specialized degree programs that require five years or in teaching credential programs may receive their award for up to five years. To qualify for this additional year, the program must be designated by the college and recognized by the Commission as a mandatory five-year program. For a list of designated five-year programs, go to [www.csac.ca.gov/pubs/forms/grnt\\_frm/G-42.pdf](http://www.csac.ca.gov/pubs/forms/grnt_frm/G-42.pdf).

To receive their award for the fifth year, students in teaching credential programs must complete the Request for Cal Grant Benefits Teaching Credential (form G-44); other fifth-year students must complete the Request for Cal Grant Fifth-Year Benefits (form G-42). Both forms are available at [www.csac.ca.gov](http://www.csac.ca.gov).



## Using Cal Grants Wisely Reserve Grants

Students who receive a Cal Grant A award but choose to attend a California Community College first will have their award reserved for up to three years until they transfer to a four-year college. (To reserve their award for the third year, they must make their request in writing.) Those who list a California Community College on their FAFSA as their first California college will automatically have their Cal Grant A held in reserve.

To activate their Cal Grant A Reserve Grant (also called a Community College Reserve Grant), students must notify both the California Student Aid Commission and their four-year college before transferring. Their grants will not be activated automatically.

Cal Grant B recipients may use their living allowance to pay for books, housing, food and other costs while attending a community college. The tuition and fee component of their award will be held in reserve because they will qualify for a community college fee waiver. In addition, community colleges do not charge tuition.

To receive their Cal Grant Reserve Grant, students must be certified as having financial need at their four-year college at the time they transfer and have remaining Cal Grant eligibility.

For every year they attend full time, students will be using a year of Cal Grant eligibility. Generally, students use two years at a community college and the last two years of eligibility at a four-year school. If students remain at community college for three years, they must contact their college's financial aid office about requesting a leave of absence no later than the first day or two of their third year of college. The leave of absence allows students to put their award on hold for one school year. (To continue receiving a fee waiver for the third year, they must complete the fee waiver application.)

## Leave of Absence

Cal Grant recipients who postpone college, or who will not be attending at least half time during part of the school year, must request a Cal Grant leave of absence. This policy is especially important for students who will be taking longer than four years to complete their education.

Students may leave their award on hold for up to one academic year, although exceptions may be granted through the Commission's appeal process. Students who are on active duty in the U.S. Armed Forces may have their Cal Grant award deferred for up to three years by completing a G-12 Deferment Request Form, available at [www.csac.ca.gov](http://www.csac.ca.gov).

As long as students attend the minimum number of required terms each year, their Cal Grant will be eligible for renewal. Students attending semester colleges must attend at least one semester per year; those at colleges on the quarter system must attend at least two quarters per year.

Students whose colleges report partial or full payment for a term in which they eventually request a leave of absence will have their eligibility for future benefits reduced accordingly.

## Calculating Cal Grant GPAs

Grade point averages for Cal Grant eligibility are calculated on a 4.00 scale (to two decimal places) and include failing grades for courses that have not been repeated before the verified Cal Grant GPA is submitted. (For repeated courses, the last grade received must be included, even if it is lower than the original grade.) Extra weight is not added for honors or advanced placement classes. Schools must calculate Cal Grant GPAs using the same method for all their students.

**Current high school seniors:** All grades from sophomore and junior years that count toward high school graduation, except those for physical education, Reserve Officers Training Corps and remedial courses (any course work that is not counted toward high school graduation); and summer school grades earned following sophomore and junior years.

**High school graduates:** All grades from sophomore, junior and senior years of high school, including summer sessions; that count toward graduation, except those for PE, ROTC and remedial classes.

**College students:** For students who have completed at least 24 degree-applicable semester units, 36 quarter units or the equivalent at any postsecondary institution, their Cal Grant GPA will be calculated using grades from all college course work completed as of the date their college certifies their GPA.

## Re-established GPA

To improve or re-establish a GPA to apply for a Cal Grant B award only, students may use their California Community College GPA instead of their high school GPA if it is higher and at least 2.0. The GPA must be based on at least 16 but less than 24 cumulative degree-applicable semester units of degree credit of academic course work taken at a California Community College.

## Students Without GPAs

Students who were home-schooled, graduated from a school that does not provide grades or who attended a school that is not accredited by a regional accrediting agency or does not have a course list approved by the University of California must submit their GED, SAT or ACT test score. Students who have a GPA that is more than five years old may also submit their SAT or ACT score.

Copies of official test scores must be submitted with the paper Cal Grant GPA Verification Form—they may not be submitted on CD-ROM or by other electronic means. Students should be sure to take their required tests early enough so that their results can be submitted to the Commission no later than the Cal Grant deadline.



## Submit Verified GPAs for All Your Students

You are encouraged to use WebGrants to submit verified GPAs for all your graduating students, as well as for students who graduated the previous year. It is never to any student's disadvantage. For Cal Grant C, even GPAs below 2.0 will contribute points toward a student's overall score for an award.

If you submitted a GPA for a high school senior using only sophomore and junior year grades, but the student did not receive a Cal Grant, the GPA can be calculated including senior year grades and submitted for the September 2 application deadline, or the March 2 application deadline the following year.

All students who are applying for a Cal Grant Entitlement award have the opportunity to make corrections to their GPA if it was calculated incorrectly. Corrections, however, can be made based only on those grades that would have been available at the time of the March 2 deadline. After March 2, students can submit a new GPA (not a correction) by the September 2 deadline to be considered for a Cal Grant Competitive award using additional completed course work. Students who wish to be reconsidered for a Cal Grant Entitlement award must reapply by March 2 of the year following graduation.

## GPA Verifications Dos and Don'ts

If your school submits verified Cal Grant GPAs electronically to the Commission, your students do not need to submit their own GPA Verification Form. If your school does not do so, your students will need to submit their own verified Cal Grant GPA using the paper Cal Grant GPA Verification Form, available online at [www.calgrants.org](http://www.calgrants.org) and [www.csac.ca.gov](http://www.csac.ca.gov).

Verified GPAs must be submitted to the Commission by March 2 (or by September 2 for students who make a late college decision and plan to attend a California Community College), whether they are submitted on CD-ROM, paper or electronically.

To avoid the most common GPA verification errors, be sure to:

1. Complete and sign the school certification ("For School Use Only" section).
2. Include the student's Social Security number. Without one, or with an incorrect one, verified Cal Grant GPAs cannot be matched to FAFSAs.

Forms with these mistakes will not be accepted.

The Commission will accept GPAs only from high schools that are currently accredited by the Western Association of Schools and Colleges. If your school is not currently WASC accredited, your students must submit a GED, SAT or ACT score to the Commission by the March 2 Cal Grant application deadline.

## Use WebGrants to Report GPAs

Reporting your students' GPAs electronically is now easier than ever with WebGrants.

Schools that submit GPAs through WebGrants can verify that the GPAs were processed by the Commission by viewing the GPA Summary Report accessible on the Report Download Page on the Data Transfer menu in the online list of all GPAs identified and processed for their application year.

If your school is not using WebGrants, sign up today! To receive a user ID and password for WebGrants, please complete the WebGrants (High School) System Administrator's Address Request form (form 001-S002) and the WebGrants Information Security and Confidentiality Agreement (form 001-S001). These forms are available at [www.csac.ca.gov](http://www.csac.ca.gov) (click on "Schools").

You will find a User guide on the WebGrants page (click on Help) with step-by-step instructions. For assistance or questions regarding WebGrants, please email the Commission Help Desk at [csachelpdesk@csac.ca.gov](mailto:csachelpdesk@csac.ca.gov) or call toll free 888-294-0153 or 916-267-8989.

The Commission also offers training sessions via Webcast in January and February. If you would like to learn how to electronically load and process GPAs:

All GPAs received for the March 2 deadline will be carried over for the September 2 Cal Grant competition. If you have students whose GPAs will change because they include senior year course work, you will need to edit and submit the new GPA.

### Concerned about the release of GPA information due to privacy issues?

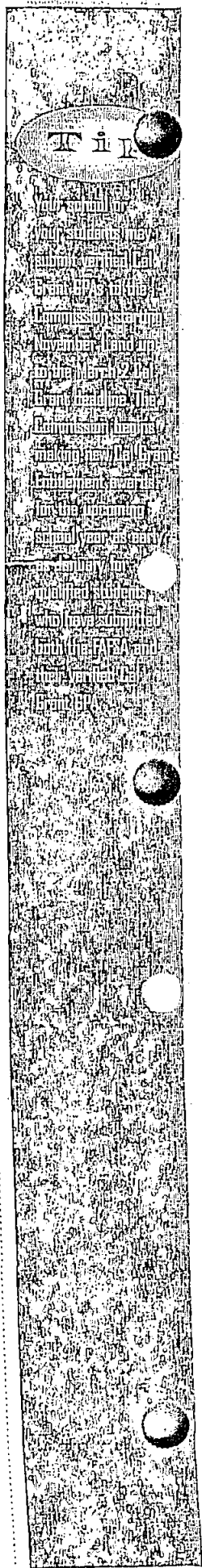
You will find authorization forms (Cal Grant GPA Information Release Form G-28) that release you from confidentiality issues pertaining to Social Security numbers at [www.csac.ca.gov](http://www.csac.ca.gov) select "Schools" then "High Schools" then "GPA Verification Information" then "GPA Release Form".

## Appeals for Late GPAs

Cal Grant Entitlement applicants who were unable to submit their verified Cal Grant GPAs until after the March deadline because of circumstances beyond their control can now appeal their Cal Grant denial. To receive consideration, students must have submitted the FAFSA by the March 2 deadline. To appeal, students must submit a completed Late GPA Explanation Form to the Commission explaining the circumstances beyond their control which prevented them from submitting their verified GPA by the deadline. The Commission will send applicants the form.

These students will also need to have their Cal Grant GPA verified using the Late Cal Grant GPA Verification Form, which can be downloaded from [www.csac.ca.gov/doc.asp?id=1298](http://www.csac.ca.gov/doc.asp?id=1298). The Commission must receive both forms by May 16, 2008.

Students whose appeals are accepted will be notified by the Commission in July. The GPAs for those students whose appeals are not accepted will be kept for the September 2 Cal Grant award selection. Schools continue to have the option to appeal on behalf of students.



## California Aid Report

Students who submit the FAFSA and their verified Cal Grant GPA by the March 2 deadline will receive a California Aid Report, if they are selected for an award. The CAR is a letter from the California Student Aid Commission with an estimate of their Cal Grant award and a listing of up to three California colleges at which they can use their Cal Grant (the first three California colleges out of the colleges they listed on the FAFSA). Their college will verify their Cal Grant eligibility and the award amount. If students need to make corrections, such as a college change, they should use the New Recipient Change Form that came with their letter or go to WebGrants for Students at [www.csac.ca.gov](http://www.csac.ca.gov) or [www.calgrants.org](http://www.calgrants.org).

The Cal Grant ID number located at the top of the report indicates the type of grant—numbers beginning with an "E" are Entitlement grants and those beginning with a "C" are Competitive grants. (Students may be asked for their Cal Grant ID number later for identification purposes, so they should keep their CAR handy.) They will also receive material explaining their rights and responsibilities as a Cal Grant recipient. Students should review their CAR (or corrections letter) for accuracy and respond promptly if necessary.

Students who submitted both the FAFSA and their verified Cal Grant GPA but were not awarded a Cal Grant will receive a letter explaining why. Those who submitted only the FAFSA and no GPA—and are not pursuing a career or technical education—will not receive a letter because they did not meet the Cal Grant application requirements.

Students who are pursuing a career or technical education are not required to submit their verified GPA, but they are encouraged to do so. These students will receive a letter and a Cal Grant C Supplement form to complete.

Students who plan to attend a California Community College in the fall and submitted both the FAFSA and their verified Cal Grant GPA by the September 2 deadline will receive a letter in early October with information on their eligibility for a Cal Grant.

## Student Aid Report Corrections

**Cal Grant Entitlement Award** High school seniors or recent graduates who are applying for a Cal Grant Entitlement award should submit their FAFSA and verified Cal Grant GPA early so that they can review their SAR and make any corrections, if needed, as early as possible. However, those students whose SAR is incomplete or has errors may have an opportunity to correct the information after the deadline. GPA corrections from schools are also allowed. Since early notification of financial aid eligibility is desirable, students must carefully review and update their SAR and promptly respond to any correspondence from the Commission on the status of their application. Entitlement Cal Grant consideration will be put on hold for students who do not list a California college, do not list California as their state of residence, leave the question blank or indicate residency outside than California.

Students who make corrections to these questions by indicating they are California residents will be re-considered for an Entitlement Cal Grant award.

**Cal Grant Competitive Award** Students who are not high school seniors or recent graduates should submit their FAFSA as soon as possible starting January 1 so they will have enough time to make corrections, if necessary, and have a corrected SAR on file with the Commission by the March 2 deadline. These students do not have an opportunity to correct or update their SAR if they have not done so before the March 2 deadline unless they plan to attend a California Community College in the fall. Students attending a community college may make corrections and then participate in the selection process for September 2 deadline applicants.

## The Cal Grant Appeals Process

Students who were not offered a Cal Grant may choose to appeal the decision to the Commission. Submitting an appeal, however, does not guarantee an award. If students believe any mistakes on their SAR or CAR were the result of an action by the Commission or their school, they should write to the California Student Aid Commission, Student Support Services Branch, P.O. Box 419027, Rancho Cordova, CA 95741-9027.

If students wish to appeal a decision, or if schools wish to appeal on behalf of a student, they should send any Grant Record Change Forms for Schools (form G-21), Application Correction Forms (form G-23), GPAs, rosters, copies of FAFSAs, copies of all appropriate SARs and other materials to the California Student Aid Commission, Student Support Services, P.O. Box 419027, Rancho Cordova, CA 95741-9027. Information can now be completed and submitted electronically by the college's financial aid office on the Commission's WebGrants Web site under "Grant Record Changes."

The Commission will not consider any requests received directly from students who report changes to their financial circumstances. Students must submit any financial changes to their school. The school must then report the changes using WebGrants or the Commission's G-21 form.

In addition, students who submit their FAFSA and verified Cal Grant GPA by the March 2 deadline, but who do not receive a letter from the Commission by April 30, or who have questions regarding their status, should visit WebGrants for Students or call 888.224.7268 for assistance.

For more information about the appeals process, you may call the Commission's designated toll-free line for schools at 888.294.0153. The toll-free line for students is 888.CA.GRANT (888.224.7268).

Due to privacy requirements, the Commission does not accept appeals that are submitted by e-mail.



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CALIFORNIA  
STUDENT AID  
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# 1 About the California Student Aid Commission

## *The Commission Vision Statement*

...toward a California that invests in educational opportunity,  
...fosters an active, effective citizenry, and provides a high  
...quality of social and economic life for its citizens.

## *The Commission Mission Statement*

...Making education beyond high school financially accessible  
...to all Californians.

## 1.1 Commission History

The California Student Aid Commission (Commission) was created by state law in 1955 as the California State Scholarship Commission. The new agency's primary mission was to oversee the California State Scholarship program, the forerunner of today's Cal Grant program. Since that time, the Commission has grown to administer grant, loan assumption and work study programs that total more than 700 million dollars for 2003-04.

### Loan Guaranty Agency

The Commission is also the state's designated student loan guaranty agency for the Federal Family Education Loan (FFEL) Program. EDFUND was created in 1997 as a nonprofit 501(c)(3) public benefit corporation to provide loan services under FFEL on behalf of the Commission. The FFEL program is authorized under Title IV of the federal Higher Education Act of 1965.

These loan programs are the Federal Stafford Loan Program, Parent Loans for Undergraduate Students (PLUS) and Consolidation loans.

The Commission now provides loan guarantee services through EDFUND in excess of \$3.5 billion annually, providing educational opportunity to students in all segments of postsecondary education. Over one million students annually benefit from the Commission's important and varied financial aid programs. (C.E.C. 69431, 69432, 69671(a))



## Policy Leadership Role

The Commission has a responsibility to provide leadership on financial aid issues and to make public policy recommendations concerning financial aid programs. To meet these responsibilities, the Commission collects information on student financial aid issues, evaluates the effectiveness of its programs, conducts research assessing California's financial aid needs, engages in long range planning as a foundation for program improvement, and disseminates information to parents, students, California educational institutions, the California Legislature and the Governor.

## 1.2 Membership, Meetings, Executive Director, Committees Commission Members

**Governor Appointees-** The California Student Aid Commission consists of 15 members. The Governor, with a two-thirds consent of the Senate, appoints eleven Commission members. By law, these appointments must include:

- ▶ three representatives from the general public;
- ▶ one representative from a California secondary school;
- ▶ two representatives, each of whom must be a student enrolled in a California postsecondary educational institution (in different segments at the time of appointment);
- ▶ one representative from the University of California;

# Chapter 1


- ▶ one representative from the California State University;
- ▶ one representative from the California Community Colleges;
- ▶ one representative from a California independent college or university; and
- ▶ one representative from a public, proprietary or nonprofit California postsecondary school

**Assembly and Senate Appointees-** The Speaker of the Assembly appoints two Commission members and the Senate Rules Committee appoints two members. These members represent the general public. (C.E.C. 69510 (a-h))

Most Commission members are appointed to four-year terms, unless they are filling a vacant, unexpired term. In that case, they complete the remainder of the unexpired term. Student members serve two-year terms. (C.E.C. 69511 (a))

**ScholarShare Investment Board-** One member of the Commission is appointed by the Governor to serve on the investment board of the Golden State ScholarShare Trust. ScholarShare is California's federal and state tax-free 529 college savings program administered by the State Treasurer's Office.

**Commission Meetings, Correspondence-** Commission meetings are usually held six times annually and the meetings are open to the public. (C.E.C. 69513, 69513.1 and 69513.5)

 Letters and informational materials addressed to Commission members may be sent to the address in Chapter 12.

## Executive Director

The Executive Director is the Commission's chief executive officer and is appointed by and serves at the pleasure of the Commission. The Commission may delegate authority to the Executive Director to sign contracts and carry out the policies and regulatory directions of the Commission and

conduct the day-to-day business of the Commission. The Executive Director and Commission staff welcome public participation in all student financial aid matters.

## Grant Advisory Committee


The Grant Advisory Committee advises the Commission on program funding and policy issues. All major proposed or planned program changes are brought to this committee for review and advice. In addition, the committee typically reviews and comments on reports to the Legislature. Technical and operational issues are directed to standing or ad hoc committees that work with Commission staff.

The Committee consists of 20 members:

- ▶ ten school representatives: two from each segment\*;
- ▶ five students: one from each segment;
- ▶ a California Association of Student Financial Aid Administrators (CASFAA) representative;
- ▶ a representative of the California Postsecondary Education Commission; and
- ▶ three K-12 school representatives, one of whom must be a high school counselor.

\*These segments include the University of California, the California State University, the California Community Colleges, private nonprofit postsecondary education institutions, and private for-profit postsecondary education institutions.

The Commission makes Committee appointments based on recommendations and nominations received from each group listed. Committee members meet up to six times a year. As with Commission meetings, Grant Advisory Committee meetings are open to the public. Agenda items are typically presented as action items at subsequent meetings. The Grant Advisory Committee was created by procedures of the Commission and is not mandated by state law.

 Letters and informational materials addressed to any advisory committee members may be sent to the address shown in Chapter 12.



### **Loan Advisory Council**

Reviews the activities and policies of the Federal Family Education Loan Program and advises the Commission of its findings and recommendations.

**Loan Advisory Council Representation-** The Council consists of 17 members, all appointed by the Commission. They are:

- ▶ Four representatives from the lending community participating in the Federal Family Education Loan Programs
- ▶ Five school representatives, one from each of the five postsecondary segments
- ▶ Five student representatives, one from each of the segments listed above
- ▶ One representative from CASFAA
- ▶ One representative from a secondary market participating in the Federal Family Education Loan Programs
- ▶ One representative from the California Lenders for Education (CLFE)

In addition to the members appointed to the Loan Advisory Council by the Commission, the United States Education Department may appoint one nonvoting representative who serves as liaison between the Department and the Council.



### **Cal-SOAP Advisory Committee**

Reviews the activities and policies of the Cal-SOAP Program and recommends to the Commission policies and programs to increase the participation rates and success of students who enter a postsecondary institution, and who, because of their economic and/or academic circumstances, are unlikely to pursue college opportunities without academic, financial, and advisement assistance.

### **Cal-SOAP Advisory Committee**

**Representation-** The Committee consists of members who represent:

- ▶ The Student Aid Commission
- ▶ Independent California Colleges and Universities
- ▶ California Department of Education
- ▶ California Postsecondary Education Commission
- ▶ California Community Colleges
- ▶ California Department of Education
- ▶ California Postsecondary Education Commission Student
- ▶ Senate Rules Committee
- ▶ California State University
- ▶ California Postsecondary Education Commission Student
- ▶ Assembly Speaker
- ▶ University of California
- ▶ Commission Member



# 2 Institutional Eligibility

A school's eligibility to participate in the Cal Grant programs is approved for the specific locations included in the IPA and does not automatically carry over to branch campuses or other off-site classroom locations.

## 2.1 Overview

To be eligible to release Cal Grant funds to participating students, a school location must be providing instruction in California, complete a Cal Grant *Institutional Participation Agreement* (IPA), and be:

- ▶ a public postsecondary educational institution, *or*
- ▶ approved by the U.S. Department of Education (USED); participate in and administer the Federal Pell Grant program; and participate in at least two of the three federal campus-based student aid programs, *or*
- ▶ a nonprofit institution accredited by the Western Association of Schools and Colleges headquartered and operating in California with 10 percent of the school's operating budget expended for the purpose of institutional grant aid, as demonstrated in an audited financial statement.

The school must also demonstrate the ability to administer the Cal Grant funds and must meet such other standards as are adopted by regulation by the Commission in consultation with the State Department of Finance.

For the second item above, participation in the Federal Pell Grant program and in campus-based programs means the school has applied for and has been allocated program funds, and is spending those funds for the applicable fiscal years. The campus-based programs include Federal Work-Study, Federal Perkins Loans, and the Federal Supplemental Educational Opportunity Grant program (FSEOG). [C.E.C. 69432.7 (f)] Participating schools must sign a Cal Grant IPA listing all branch campuses that will participate. (See Appendix C.)



## Institution Location

A school's eligibility to participate in the Cal Grant programs is approved for the specific locations included in the IPA and does not automatically carry over to branch campuses or other off-site classroom locations. In the event a school offers instruction at another location, or if the school opens another campus, the school must contact the California Student Aid Commission (Commission) to determine how this may affect Cal Grant participation for the new location(s). Although the extension of Cal Grant eligibility for the new location may not be complex, institutions must not assume that in all cases eligibility to a new campus will be established. Cal Grant participant eligibility is not automatic at branch and other off-site classroom locations.

## California Campus?

Institutions that have administrative facilities outside of the state may still have an eligible California campus or site. The actual educational facilities and the personnel who determine eligibility and disbursement must be located on the California campus. Common ownership of several campuses is not a consideration when determining whether a campus can be considered a California school. It is acceptable for some administrative facilities to be located outside of the state, but local campus administrative capability must be demonstrated.

Schools that wish to add a campus or branch for Cal Grant eligibility must contact the Grant Operations Branch of the Grant Services Division. Depending on the status of the campus, another IPA may be required. Schools should contact the Commission early regarding new

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campus branches to allow time to establish the new location's program participation.

A qualifying institution, or a specific site of an otherwise qualifying institution, *shall be deemed disqualified if it no longer possesses all of the requirements* for a qualifying institution. Branch campuses are not Cal Grant-eligible unless they meet all of the requirements listed above. An institution that is disqualified pursuant to Part 600 of Title 34, Code of Federal Regulations, shall not be considered a "qualified institution." A disqualified institution may re-establish eligibility by complying with C.E.C. section 69432.7(l).

### 2.2 Documenting Institutional Eligibility

To initiate institutional participation in the Cal Grant programs, a school official must contact the Grant Operations Branch of the Commission, complete, then sign and submit a Cal Grant IPA. This document specifies the requirements for institutional participation in the Cal Grant programs. The IPA is periodically revised to encompass regulatory, policy and processing changes to the Cal Grant programs.

To document eligibility, the Commission reviews institution data from the Postsecondary Education Participants System (PEPS), along with information provided by the school. The following outlines the items that are reviewed *From PEPS data, a copy of:*

- ▶ the Detailed School Report from the USED
- ▶ the school's Eligibility & Certification Approval from the USED
- ▶ the institution's state legal accreditation authorization

*Sent by the school:*

- ▶ the school's existing disbursement and institutional refund policies, as outlined in Chapter 9

- ▶ audited financial statements (for at least the two most recently completed fiscal years)
- ▶ an audited balance sheet showing the financial condition of the institution at the time of application for participation
- ▶ the school's final authorization notice of funding for allocation of the federal campus-based student aid programs
- ▶ a statement of account from the USED or a general ledger showing that funds are being expended on federal campus-based student aid programs
- ▶ the institution's current catalog or resource document describing the course lengths of the institution's program(s).

In addition, schools must agree to maintain documentation of the following policies and procedures. These documents should be readily available upon request by Commission staff.

**Questions?** Institution staff with questions regarding institutional eligibility should contact the Grant Services Division at (916) 526-7985.

### 2.3 Institutional Participation Requirements

#### Cal Grant Program Course Requirements

The length of a school's educational programs determines in which Cal Grant programs the school can participate. If a school does not offer programs of sufficient length or degree goal to allow student participation in any of the Cal Grant programs, this information must be provided to the Commission. Accurate notification to the Commission can prevent Cal Grant participants from mistakenly believing they receive benefits at the school. Such notification will also prevent schools from releasing funds to ineligible students that would eventually require payback by the school. For Cal Grants, schools must offer programs with course lengths as follows:

**Cal Grant A-** The school must be a degree-granting institution that offers an instructional program that is not less than two academic years in length. [C.E.C. 69434 (a)] An instructional program of not less than two academic years means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program. [C.E.C. 69432.7 (j)]

**Cal Grant B-** The school must offer an instructional program of not less than one academic year in length. [C.E.C. 69435 (a)(1)] An instructional program of not less than one academic year means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program. [C.E.C. 69432.7 (i)]

**Cal Grant C-** The school must offer a technical/vocational course of study of four months or longer in length. Cal Grant C recipients must be enrolled in and pursuing an eligible technical/vocational program. [C.E.C. 69439 (a)]

**Transfer Entitlement-** To accept Cal Grant Transfer Entitlement participants, a school must offer baccalaureate degree programs. [C.E.C. 69436 (b)]

**Cal Grant TCP Benefits-** A year of Cal Grant eligibility is available to renewing Cal Grant participants who, upon obtaining a bachelor's degree, continue, within 15 months, into an approved Teaching Credential Program (TCP). [C.E.C. 69433.6 (c, d)] To be eligible to disburse Cal Grant TCP benefits, schools must offer a

professional teacher preparation program(s) approved by the California Commission on Teacher Credentialing. [C.E.C. 69433.6 (c)(1)] The Commission's Grant Services Division maintains a list of eligible schools offering approved programs.

**Fifth-Year Benefits for a Mandatory Five-Year Program-** To be eligible to pay Cal Grant Fifth-Year benefits, a school must have a mandatory five-year program that requires all students in that major to complete more than the equivalent of four years of study to acquire their bachelor's degree.

Each year, schools must designate each of their mandatory five-year programs on the *College Cost Estimate Form*. The *College Cost Estimate Form* for the next award year is sent to schools in October. To add a program between *College Cost Estimate* submissions, a school must submit a written request to the Commission for approval of the school's mandatory five-year program. The campus Registrar or head of the school Academic Affairs Office must sign the request before Cal Grant Fifth-Year benefits can be approved. The Commission's Grant Services Division maintains a list of schools with approved mandatory five-year programs.

**Institutional Administrative Capability**

To participate in the Cal Grant programs, a school must agree to maintain certain standards of administrative capability and financial responsibility in accordance with state law and federal regulations. Administrative capability includes the assignment of sufficient number of capable individuals to administer Commission programs in coordination with other student aid programs. The Financial Aid Office must communicate with other school

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administrative areas, such as the accounting office and the campus Registrar, on matters that affect a student's eligibility.

The Institution must also implement and retain written policies and procedures for managing the Cal Grant programs. These include, but are not limited to, policies and procedures covering:

- ▶ application verification
- ▶ award packaging
- ▶ Cal Grant funds disbursement
- ▶ Satisfactory Academic Progress
- ▶ overaward resolutions
- ▶ citizenship
- ▶ Professional Judgment
- ▶ refund and repayment

To participate in the Cal Grant programs, an institution must have demonstrated to the Commission that it is capable of adequately administering the programs under each of the standards established in this chapter.

The Commission considers an institution to have sufficient administrative capability if the institution:

- ▶ administers the Cal Grant programs with adequate checks and balances in its system of internal controls
- ▶ maintains an accounting system which conforms to generally accepted accounting principles/practices and shall include, but not be limited to; cash receipts and disbursement journals, bank reconciliations, evidence of receipt or credit of funds to recipients and all other accounting records necessary to account for all transactions
- ▶ divides the functions of authorizing payments and disbursing or delivering funds so that no one office has responsibility for both functions with respect to any particular student provided aid under the programs. For example, the

- functions of authorizing payments and disbursing or delivering funds must be divided so that for any particular student who receives assistance through the programs, the two functions are carried out by at least two organizationally independent individuals.
- ▶ maintains documentation that includes the division of functions of individuals for authorizing payment and disbursing funds (separation of duties)

Financial responsibility includes the institution meeting all of its financial obligations, and complying with the fiscal provisions set forth in the IPA, the *Cal Grant Programs Manual*, all Commission *Policy Bulletins*, *Operations Memos* and *Special Alerts*, the California Education Code (C.E.C.) and the California Code of Regulations (C.C.R.).

**Third Party Service-** Institutions that choose to use a third party servicer to administer their Cal Grant program funds must be aware that the educational institution, rather than the servicer, will be held accountable for any compliance issues that may arise.

**Clear Audit Trail-** The institution's fiscal records should provide a clear audit trail of the status of Cal Grant funds from the time they are received by the school from the State Controller's Office (SCO) through the time they are used to pay students' eligible charges, delivered to the student in the case of Access or Books and Supplies payments, or refunded back to the Commission.

Each institution must maintain a detailed accounting of all Cal Grant funds it receives. The records for the bank account in which the funds are held must show that the institution did not use funds received prior to their delivery to the students (e.g., credited to their account).

If program funds were delivered by check, there should also be records of all check negotiations. This is required to show that funds were delivered to the student and to assure that checks that are not cashed (and hence not used by the student) are correctly credited back to the student's record.

**Bank Account Records-** If Cal Grant funds are received and deposited in an account and combined with funds not from the Cal Grant programs, there must be a separate record to show the status of Cal Grant funds in that account at all times. Clear records will dispel any potential conflicts.

**\$\$ Bank Account Interest-** Cal Grant funds may be maintained in an interest-bearing or non-interest-bearing account. However, if the funds are in an interest-bearing account, *all interest* earned on those funds must be returned to the Commission.

There should also be a correlation between the different fiscal records at the institution. For example, if school ledgers show \$10,000 was received via EFT or check from the SCO, and the ledger shows disbursements to 20 students, fiscal records (e.g., vouchers or ledgers) should reflect either payments against those students' tuition, or checks issued to students. There is no specific requirement for an individual student account statement, but a school must maintain some system for evaluating students' accounts to determine when funds received have exceeded eligible costs for the applicable periods.

**Records Must Identify Each Year-** The fiscal records must reconcile with specific year advances from the SCO. Fiscal records must identify not only the program, but also the award

year to which the funds are being applied. For example, if the records show Cal Grant funds were disbursed to a student on August 24, records must reflect whether those funds were for the current or prior award year. This determination is critical in ensuring that funds are reported on the appropriate year's roster.

**Administrative Action-** If an institution does not comply with any one of the requirements in the above references, the Commission may take several actions; these may include limitation, suspension, or termination. Such actions include the right to suspend Cal Grant disbursements to the school until the matter is resolved. In the event of an administrative action, the Executive Director may opt to release state financial aid funds to students at the school to alleviate any financial hardships. (C.E.C. 69509 (a)) Action can also be taken if an institution does not respond in a timely manner to a Commission grant compliance review finding, is delinquent in the payment of Cal Grant program invoices or is inadequately monitoring Cal Grant program procedures and recipients on the campus. More information on Commission enforcement actions and program compliance reviews is included in Chapter 11.

### Designation of Funds

Participating Cal Grant schools must agree to maintain all Commission grant funds in a designated account identified as the property of the State either by a ledger account or a bank account. Institutions may deposit funds, federal and state, into one bank account, but in such case the funds must be identified using subsidiary ledgers in order to keep state funds distinguished from all other funds. All activity (deposits and expenditures) of Commission

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grant funds must be supported by appropriate accounting records in accordance with generally accepted accounting principles and practices.

If the institution establishes a separate bank account for Cal Grant funds, there must be a clear indication in the bank account's name that these are Cal Grant funds, clear and distinguishable, not to be confused with any other financial aid funds. **All interest** earned on these accounts must be returned to the Commission on behalf of the State, regardless of any agreement between the bank and the institution relative to bank charges or commingling of funds.

### Three Years of Records Retention

A participating Cal Grant institution agrees to retain records (i.e., paper, tape, microfiche, back-up data, electronic media, WebGrants online) as are necessary to document fully the accuracy of the grant payments reported and the right of the institution to receive or retain payments made by the Commission for a period of three years following the last day of the academic period for which the grant was intended. As an example, records demonstrating participant eligibility for the Spring 2002-03 term ending June 2, 2003, must be retained at least until June 2, 2006.

Schools must maintain complete and accurate program and fiscal records. These are essential in demonstrating the school's eligibility to participate in the Cal Grant Programs and they provide a clear "audit trail" for Cal Grant Program expenditures. Records must be kept to demonstrate proper administration of Cal Grant Program funds by the school, that each student was eligible for the funds received, and that the funds were disbursed in accordance with program regulations.

Examples of records to retain include:

- ▶ the ISIR used to determine financial eligibility
- ▶ student and/or parent financial records (i.e. 1040's, bank statements, asset records, etc.)
- ▶ situational documentation describing medical conditions, loss of employment, exceptional family expenses
- ▶ Cal Grant payment rosters
- ▶ any records for each Cal Grant recipient that clearly reflect the student was eligible for the funds received, and the funds were disbursed in accordance with program regulations.

## 2.4 College Cost Estimates

The *College Cost Estimate Form* is completed by Cal Grant participating schools. The Commission uses it to determine the student's cost of attending a particular school and/or program. The form allows the school to provide cost estimates for undergraduate and vocational/technical and teaching credential programs. This information is important since the Commission uses it to determine the financial need of new applicants and the award amounts for new and renewal recipients attending the school. Any on-campus housing cost at an institution is also included. The form is distributed to Financial Aid Offices at participating schools in October and should be returned to the Commission by the deadline in December. The December deadline is required because the next Cal Grant awarding period begins in January.

Schools must retain a copy of each *College Cost Estimate Form* that are submitted to the Commission. Full instructions are included on the reverse of the form. School cost estimates should include tuition charges for standard full-time course work for the entire academic year, based on undergraduate, vocational/technical, or teaching credential study. Fees that are charged to all students may be included.



#### Tips for completing the College Cost Estimate:

- ✓ Complete a separate College Cost Estimate form for each qualifying course or different costs.
- ✓ List program costs only on a 9-month basis. The Commission will make any adjustments if the school is set up for year-round payment.
- ✓ If all programs offered by the school are of equal cost, only one College Cost Estimate form should be submitted.
- ✓ List any mandatory five-year undergraduate programs that require all students to complete more than the equivalent of four years of study to acquire their bachelor's degree.

The College Cost Estimate data is needed in December. At that time, Commission staff creates the system tables used to offer Cal Grant Entitlement awards beginning in early January. If a school does not return the College Cost Estimate information, the Commission will use information submitted for the previous year to evaluate new Cal Grant applicants. If, during a program review, the Commission determines that the school was aware of an unreported increase that would have meant more Cal Grant funds for their students, the school will be cited for the reason "Cal Grant eligibility not maximized."

Due to budget limitations, the Commission cannot guarantee that cost increases reported after December will be recognized. However, the Commission will make every effort to make adjustments within these limitations. Cost increases reported after July, other than those legislatively mandated, will not be recognized under any circumstances.

## 2.5 SEARS Survey

The Student Expenses and Resources Survey (SEARS) is conducted every three years to provide data to assess students' expenses and resources while attending college. The survey

directly polls actual students on the actual costs and expenditures of California college students. SEARS data is used to construct the California Student Aid Commission's Nine-month Student Expense Budgets that are released to California colleges each year. The data is also used directly by the Commission to use as college cost information in the selection of Cal Grant recipients. Between each SEARS survey, budgets are updated to include a cost of living increase.

## 2.6 Change of School Ownership or Participation Requirements

### Change of Ownership

A change in ownership and control occurs when a person or company (partnership or corporation) obtains new authority to control an institution's actions, whether the institution is a proprietorship, partnership, limited liability company, or corporation. The most common example of this change in controlling interest is when an institution is sold to a new owner.

The Commission's change of ownership policy is similar to the process used by the Title IV federal assistance programs, such as Pell, and the Federal Student Loan Programs. The Cal Grant Institutional Participation Agreement (IPA) singled by the previous owner expires on the date the change takes place, which immediately terminates the institution's existing Cal Grant participation. However, as long as Title IV eligibility is reconfirmed during the same award year, retroactive payments can be made to eligible students, if the following apply:

- ▶ the school continues to demonstrate administrative capability.
- ▶ the Commission is notified by the previous owner of the change within 10 days of the date it occurs. Concurrently, the new owner must notify the institution's accrediting agency and provide the Commission with proof the institution's accreditation continued under the new ownership or control.



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- ▶ a new IPA must be submitted and approved by the Commission
- ▶ if applicable, the new owner(s) also should notify the appropriate state agency that licensed or approved the school. One such agency, for example, is the Department of Consumer Affairs' Bureau for Private Postsecondary and Vocational Education (BPPVE).
- ▶ the school's audited financial statements for at least the two most recently completed fiscal years, *and*
- ▶ an audited balance sheet showing the financial condition of the institution at the time of the change.

### Responsibilities of the Previous Owner(s)

Before the change in ownership or control takes place, the previous owner should ensure that all Cal Grant payments due to students for the current payment period are distributed, and that all records are current and in compliance with the C.E.C., the California Code of Regulations and Commission policies. If the school requires additional funding to pay eligible students for the current payment period, it should request and disburse them prior to the ownership change.

The institution loses its approval to participate in the Cal Grant program on the date the change in ownership or shift in control takes place. An institution may use Cal Grant funds it has received to satisfy any unpaid commitments made to students for the current term. An institution may not make new commitments to students, nor receive additional Cal Grant funds from the Commission, until an IPA has been signed by the institution and executed by the Commission.

### Responsibilities of the New Owner(s)

As early as possible prior to the change of ownership, the new owner should request that the former owner provide copies of:

- ▶ the school's existing USED Eligibility and Certification Approval Report (ECAR)
- ▶ the school's refund policy
- ▶ the school's default management plan
- ▶ the results of prior program reviews and compliance audits

The new owner will need this information to receive approval from the USED to participate in the federal financial aid programs.

To participate in the Cal Grant programs, institutions must qualify following the guidelines explained in Section 2.2. If the entity that has acquired the school is an ongoing entity (partnership or corporation), the school must also submit:

- ▶ completed audited financial statements of the acquiring entity for the last two consecutive fiscal years
- ▶ proof that its accreditation is continued under the new ownership or control, *and*
- ▶ a photocopy of its State legal authorization under the new ownership
- ▶ If the new owner possesses other institutional interests, a complete audited financial statement of those interests must be provided for the last two consecutive fiscal years.

**New School, New IPA:** The new owner may not award Cal Grant Program funds until approval is received through an IPA signed by the Commission. If the new owner(s) acquired the institution, or if the school is the result of a merger of two or more former institutions, the new owner is liable for any debts from the former owner's Cal Grant Program administration. The new owner accepts liability for any Cal Grant funds that were provided to the institution, but were improperly disbursed before the date the change in ownership or shift of control became effective. The new owner must also abide by the refund policy for students



enrolled before the date the change in ownership or control became effective and must honor all student enrollment contracts signed before the date of the change.

Before the date of purchase, it is recommended that the new owner request that all students receive their Cal Grant Program award payments, all Cal Grant Program accounts have been closed out, and all related reports and payment transactions have been properly filed. An institution may not make new commitments to students, nor receive additional Cal Grant funds from the Commission until an IPA has been signed by the institution and executed by the Commission.

**New School, New Accounts-** At the time of ownership change, the school bank accounts, from which Cal Grant funds were disbursed will probably change, or the signatories to those accounts may change. As a step to reduce school liability, the school should verify the status of any Cal Grant checks released to students that have not been reported as cashed. Cal Grant checks that are disbursed, but uncashed will still be reflected in the balance of the school's account. The checks should be cancelled and re-issued or the funds should be returned to the Commission. Change of ownership does not absolve the owners from the responsibility to assure that program funds are released to eligible participants.

Commission compliance staff will take action in the event a school does not verify acceptance of funds, return any unclaimed funds to the Commission or if the school has no way to verify acceptance.

### Closure of a School or School Location

In the event of the closure of a school, the school ownership must notify the California Student Aid Commission within 10 days of the

closure. This is required even if only one branch of a school closes. Cal Grant program awards are made based on the student's eligibility at an eligible school. Therefore, a participant's Cal Grant eligibility may not automatically transfer to another school even in the same school chain depending on the circumstances of the original school's closure and that campus' relationship to other schools in the chain.

If the Commission does not receive notification of school closure, the Commission will attempt to determine the status of the school, its assets and any undisbursed Cal Grant program funds. The Commission will determine from school records and from interviews with students, about the disposition of grant funds already disbursed to program participants. Determination of whether the participant will be charged program eligibility for the term, or for the portion of the program for which disbursement was made will be made on an individual basis.

### Change in School Status

In the event of an institutional ownership change, a change in accreditation, a change in location, or other conditions, a participating Cal Grant school may no longer meet the institutional eligibility requirements. Should changes such as these occur, the campus must notify the Commission of its new status. Other situations that would require notification to the Commission include:

- ▶ ceasing participation in the Pell Grant program or ceasing to participate in at least two of the three federal campus-based aid programs
- ▶ ceasing to comply with the 10 percent rule
- ▶ loss of accreditation or any change in accreditation that affects program participation
- ▶ adding or deleting campuses
- ▶ changes in personnel responsible for Cal Grant administration.

Notification of the above situations must be made within 10 days of their occurrence.

## 2.7 Consortium Agreements

A consortium agreement allows an institution to enter into a contractual agreement with another institution to provide a portion of a student's program of study. The agreement also specifies which institution will have the responsibility of reporting and verifying enrollment and administering financial aid. A consortium agreement may exist between a school that is eligible to administer Cal Grant funds and one that is not. If a student is enrolled in a contracted program of study and attends the eligible school, and that school has the responsibility of verifying enrollment and administering aid, the student is eligible to receive the Cal Grant funds. However, if the school that is not eligible to administer Cal Grants has the responsibility of verifying enrollment and administering aid, the student is not eligible to receive the Cal Grant funds.

For Cal Grant payment purposes, a concurrently enrolled student's attendance status (full-time, three quarter-time, half-time) can be determined based on the total units at both schools if a consortium agreement exists between the schools. If no consortium exists, concurrent enrollment cannot be considered and the participant can be paid based only on one or the other school's unit total.

Consortium or contractual agreements between schools are authorized under federal regulations contained in 34 CFR (Code of Federal Regulations) Section 600.9. For more information on the specific requirements of such agreements, refer to the regulation or the *Student Financial Aid (SFA) Handbook* published by the U.S. Department of Education. The *SFA Handbook* is available on-line at the USED *Information for Financial Aid Professionals* Web site at [www.ifap.ed.gov](http://www.ifap.ed.gov).

## 2.8 Cal Grants for Attendance Outside California

If a consortium agreement exists, students may be paid Cal Grant benefits to attend colleges outside of California. For example, a student who is taking courses at the University of Chicago, if she/he is enrolled through a program of the University of California. Also, students attending an eligible education abroad program may receive Cal Grant A, B or C benefits. To be eligible to receive grant benefits for attendance outside of California, the student must meet the following requirements:

- ▶ complete the eligibility requirements as described for Cal Grant A, B, or C; **and**
- ▶ be considered a regularly enrolled student enrolled at least half time at an eligible California school attending through a formal consortium, reciprocal education agreement or in an accredited overseas program

In order for a student to receive Cal Grant benefits from her/his home campus, the home California campus must make the determination of eligibility for financial aid and must also handle the financial aid disbursement. It is important that students be aware of these conditions and not assume that a Cal Grant can be used for any out-of-state or education-abroad program without checking with their home campus Financial Aid Office. Unless all conditions are met for out of California attendance, no Cal Grant disbursements can be made.

The Commission does not automatically increase a student's budget to reflect additional expenses resulting from out-of-state or overseas attendance. However, the school may use professional judgment to adjust the student's budget if it determines it to be appropriate. The school should notify the Commission of adjustments, using the *Grant Record Change Form for Schools* (G-21). (See Appendix A)

## 2.9 Distance Learning Programs and Cal Grants

Cal Grant program participants may receive benefits through distance learning programs when *all* of the following are true:

- ▶ the campus providing the education is located in California
- ▶ the student is a California resident
- ▶ all other Cal Grant program requirements are met

The ISIR and Cal Grant GPA verification information the Commission receives does not state whether a student is in a distance learning situation. As with any Cal Grant participants, each school will be responsible for verifying student eligibility and whether any distance learning participant meets Cal Grant residency requirements.

**Federal Guidelines-** In addition to the above, the Commission's requirements mirror those established for the Federal Student Assistance (FSA) programs. Schools should follow FSA guidelines unless otherwise stated.

The federal guidelines, including specific distance learning/correspondence study student definitions, are given in 34 CFR 600.2 and in 34 CFR 600.7.

## 2.10 WebGrants Participation

An *Information Security and Confidentiality Agreement*, and the *System Administrator's Access Request Form* must be filled out at the school, signed by an Authorized Official and Security Administrator, and returned to the Commission to add a System Administrator.

The Commission recommends designating at least two Security Administrators so a backup is

always available. Please note that both forms must be completed, signed, and returned to the Commission to designate a new Security Administrator. The *System Administrator's Access Request Form* can also be used to delete or change a System Administrator. These forms are to be forwarded to the Commission for processing. Schools will not have the ability to add, change electronically, or deactivate their Security Administrator. The Commission reserves this right.

The System Administrators will use the *User Access Request Form* to add, change, or deactivate user IDs and passwords at the school. The Commission handled this function in the past, but that authority has been relinquished to each school's System Administrator. The *User Access Request Forms* remain on file at the school.

## 3 Program Descriptions and Eligibility

Each Commission program has specific eligibility requirements, award amounts, and selection requirements.

The Commission administers the Cal Grant and other financial aid programs. Each program has specific eligibility requirements, award amounts, and selection requirements. The following is a list of Cal Grant award types:

- ▶ Cal Grant A Entitlement
- ▶ Cal Grant A Transfer Entitlement
- ▶ Cal Grant A Competitive
- ▶ Cal Grant-B-Entitlement
- ▶ Cal Grant B Transfer Entitlement
- ▶ Cal Grant B Competitive
- ▶ Cal Grant C
- ▶ Cal Grant T- *not currently funded*

Other Commission administered programs include:

- ▶ Assumption Program of Loans for Education (APLE)
- ▶ Child Development Teacher and Supervisor Grant Program
- ▶ Law Enforcement Personnel Dependents Grants Program (LEPD)
- ▶ Robert C. Byrd Honors Scholarship Program
- ▶ Graduate Assumption Program of Loans for Education (Graduate APLE)- *not currently funded*
- ▶ California State Work-Study- *not currently funded*

### 3.1 General Cal Grant Eligibility

To be eligible for and receive payment for any Cal Grant award, a student must meet the following requirements:

- Be a U.S. citizen or an eligible noncitizen
- Be a California resident
- Attend a Cal Grant participating California college or university
- Demonstrate financial need at his or her college
- Have family income and assets below the ceilings

- Have met U.S. Selective Service requirements
- Be in a program leading to an undergraduate degree, certificate or first professional degree
- Not have a bachelor's or professional degree before receiving a Cal Grant (except for extended Cal Grant A or B awards, teaching credential programs or Cal Grant T)
- Have a valid Social Security number
- Maintain satisfactory academic progress
- Not owe a refund on any state or federal educational grant
- Not be in default on any student loan
- Not be incarcerated

Initial eligibility for a Cal Grant award is based on information from the student's Free Application for Federal Student Aid (FAFSA). Schools are responsible for verifying that students who appear on the Grant Roster meet the above program requirements, as required by the school's Institutional Participation Agreement, Article IV A. Further information regarding each of the eligibility requirements is outlined below.

#### U.S. Citizen or Eligible Noncitizen

To be eligible for both federal and state aid, a student must be a U.S. citizen, or an eligible noncitizen. An eligible noncitizen is one of the following: a U.S. permanent resident who has an Alien Registration Receipt Card (I-151, I-551), a conditional permanent resident (I-551C) or a noncitizen with a Departure record (I-94) from the Bureau of Citizenship and Immigration with one of the following designations: "Refugee"; "Asylum Granted"; "Indefinite Parole," "Humanitarian Parole"; or "Cuban-Haitian Entrant." Other eligible noncitizens include U.S. nationals who are natives of American Samoa and Swain's Island.

## Chapter 3, Program Descriptions and Eligibility

Those with one of the following documents are not eligible for federal or state aid: an F-1, F-2, or M-1 student visa, a J-1 or J-2 exchange visitor visa, a G series visa (pertaining to international organizations), an H series or L series visa (allowing temporary employment in the U.S.), a "Notice to Apply for Permanent Residence" (I-171 or I-464), or an I-94 stamped "Temporary Protected Status."

**AB 540 and Immigration Concerns**  
Effective January 1, 2002, the law allows students, regardless of their citizenship status, to pay in-state tuition fees if they meet certain requirements. This law does not make undocumented students residents and does not make them eligible for Cal Grant assistance or Federal Title V student financial aid.

To qualify for the exemption from paying out-of-state tuition, a student must:

- ✓ Attend high school in California for 3 or more years.
- ✓ Graduate from a California high school, receive a GED from the California GED office, or receive a Certificate of Proficiency as a result of passing the California High School Proficiency Examination, and
- ✓ File an affidavit with the state college or university stating that he or she will file an application with the Bureau of Citizenship and Immigration Services (BCIS) to obtain legal permanent residency as soon as he or she is eligible.

### California Residency for Cal Grant Eligibility

California residency for unmarried students who are not 18 years of age by the application deadline cycle for which they are applying, is based on the residency status of a parent or non-parent adult responsible for their direct care and control. To qualify as a non-parent

adult, he or she must have had continuous direct care and control of the student for at least two years prior to the application cycle deadline for which they are applying.

Unmarried students under 18 are legal California residents if:

- ✓ a parent is a legal California resident at the application deadline for which the student is applying, *or*
- ✓ the student has lived for two years with a responsible non-parent adult and that adult is a legal California resident at the application cycle deadline for which he/she is applying

For example, students whose parents are living overseas are considered California residents if they are minors and have been living under the direct care and control of a California resident for at least two years as of the application cycle deadline for which they are applying, or their parents have maintained their California residency during their absence from the state.

All married students, regardless of their age, and all unmarried students 18 or older must establish their own residency. If they will be 18 on or before the application cycle deadline for which they are applying, they must be a legal California resident at the application deadline for which they are applying. They also must be in the United States legally and be able to establish U.S. residency based on their status with the Bureau of Citizenship and Immigration Services.

### Cal Grant Participating California College or University

Students must attend a California college that has a valid Institutional Participation Agreement with the Commission. The requirements for school participation in the Cal Grant program are described in Chapter 2.

## Chapter 3, Program Descriptions and Eligibility

### Demonstrate Financial Need

To be eligible for a Cal Grant, a student must have sufficient financial need for the award. The calculation of a student's financial need is described in Chapter 5 of this manual. The minimum need requirement is a separate eligibility criterion from the income and asset ceiling requirements.

For a new Cal Grant A or Cal Grant C award, the minimum financial need required equals the maximum award amount, at the student's first school choice, plus \$1,500.

At all schools, the minimum financial need required for Cal Grant B selection is \$700.

### Income and Asset Ceilings

Income and asset ceilings are set by the Commission in accordance with the provisions of C.E.C. 69432.7 (k) and are adjusted annually. The current income and asset ceilings are included in Appendix XX.

Annual adjustments to the income and asset ceilings are based on the percentage change in the cost of living as defined by the California Constitution. The relevant section reads:

*SEC. 8. (e) (1)* "Change in the cost of living" for the state, a school district, or a community college district means the percentage change in California per capita personal income from the preceding year."

The California Department of Finance provides the data to make this assessment. Although historically per capita income rises nearly every year, use of the method described above to adjust income and asset ceilings will occasionally lead to decreases in the ceilings.

Income and asset ceilings for the upcoming year are typically approved by the Commission each November. The financial aid community is informed of the adjustments through a Grant Operations Memo.

### Selective Service Requirements

To be eligible to receive a Cal Grant award, a student must meet United States Selective Service registration requirements. This coincides with federal Title IV requirements. Therefore, if a student is or would be Title IV eligible based on his/her Selective Service status, then this student also meets Cal Grant requirements. Schools would also be able to use professional judgment in Selective Service matters just as for Title IV eligibility.

### Participate in an Eligible Program

A student must be enrolled in a program leading to an undergraduate degree, certificate or first professional degree. Specific course length requirements vary depending on the type of grant and are explained later in this chapter.

### Baccalaureate Degree Restriction

As indicated above, a student must have not earned a baccalaureate degree (B.A. or B.S.) or the equivalent to receive a Cal Grant A, B or C. This is consistent with the way Federal Pell Grant recipients are handled. Students who have obtained professional degrees are ineligible for Cal Grant undergraduate benefits even if they have not earned a baccalaureate degree. Examples of professional degrees include:

- ✓ Doctor of Pharmacy (Pharm.D.)
- ✓ Doctor of Chiropractic (D.C.)
- ✓ Juris Doctorate (J.D.)

## Chapter 3, Program Descriptions and Eligibility

Students that receive a master's level degree, such as a Master of Architecture (M.Arch) degree, without receiving a bachelor's degree are also ineligible.

Students who have earned a degree from an unaccredited or foreign school are ineligible for a Cal Grant award, regardless of whether or not the baccalaureate or professional degree is accepted or recognized by the school at which the student is enrolled.

### **Valid Social Security Number**

Students must have a valid Social Security number in order to complete the FAFSA. The Commission is unable to consider a student for a Cal Grant award without a valid FAFSA.

### **Satisfactory Academic Progress**

The recipient must maintain satisfactory academic progress as defined by the school in accordance with federal financial aid standards. The policy set for federal financial aid must be used for the Cal Grant program. Therefore, if a recipient's federal financial aid is suspended for a term because the recipient is not making satisfactory academic progress, state financial aid must also be suspended. Students failing to meet the satisfactory academic progress standards for more than two consecutive semesters or three consecutive quarters will be withdrawn from the Cal Grant program.

### **Loan Default/Owe a Refund**

Each school is responsible for verifying that a grant recipient is not in default on any Title IV educational loan and that no refunds are owed on a federal or state grant.

### **Incarcerated Students**

Students who are currently incarcerated are not eligible for Cal Grant benefits. These students will be withdrawn from the program when the Commission is notified of their incarceration.

## **3.2 Cal Grant A**

Cal Grant A benefits cover up to full systemwide fees at the University of California and the California State University, and provide for tuition and fees at independent colleges and some occupational and career colleges in California. Award amounts are determined through the state budget process and may change annually.

Cal Grant A awards are for students enrolled in a program of instruction of not less than two academic years that leads to an associate or baccalaureate degree requiring 48 semester units or that results in eligibility for transfer from a community college to a baccalaureate degree program.

There are three Cal Grant A awards: Entitlement, Transfer Entitlement and Competitive.

### **Cal Grant A Entitlement Award**

Every graduating high school senior who has at least a 3.0 high school GPA, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year that he/she graduates or the following year is guaranteed a Cal Grant A Entitlement award.

### **Cal Grant A California Community College Transfer Entitlement Award**

High school seniors who graduate after June 30, 2000, attend a California Community College, and then transfer to a qualifying baccalaureate degree-granting institution may be eligible for a California Community College Transfer Entitlement Cal Grant A. Eligible students must have at least a 2.4 community college GPA (of at least 24 semester units, or the equivalent, of degree credit), meet the financial and eligibility requirements, be under age 24 at the time of transfer, and apply by March 2.

## Chapter 3, Program Descriptions and Eligibility

### Cal Grant A Competitive Award

Other students who meet all the Cal Grant eligibility requirements and who have at least a 3.0 GPA may compete for a Cal Grant A Competitive award. Selection is based on a composite score that takes into consideration family income, parents' educational level, GPA, time out of high school, high school performance standards and other factors, such as whether the student comes from a single-parent household or is a former foster youth.

renewed or awarded beyond the freshman year, the grant covers tuition and fees. The tuition and fee award amounts are the same as those for Cal Grant A. Award amounts are determined through the state budget process and may change annually.

A very limited number of new recipients may receive a Cal Grant B for tuition and fees, in addition to an access grant, for their first year. These students have exceptional financial need and have been determined to be among the most disadvantaged.

Coursework must be for at least one academic year, and students must be enrolled at least half time.

There are three Cal Grant B awards: Entitlement, Transfer Entitlement and Competitive.

### Cal Grant A Reserve

Students who receive a Cal Grant A award and choose to attend a California Community College will have their awards reserved for up to three years until they transfer to a four-year tuition/fee charging college. To reserve their awards for the third year, students must make their requests in writing.

Students who list a California Community College on their FAFSA as their first California college will automatically have their Cal Grant held in reserve. A school change to a tuition-charging institution at any time will remove the reserve status. Likewise, a school change to a California Community College will automatically place the student's award in reserve.

Students must be certified as financially eligible for a Cal Grant at the tuition-charging institution at the time they transfer and have remaining Cal Grant eligibility. They must also have financial need at the college. Students are advised to notify their school that they have a reserve grant.

### Cal Grant B Entitlement Award

Every graduating high school senior who has at least a 2.0 high school GPA, meets all the Cal Grant requirements, is a California resident at the time of graduation, and applies by March 2 either the year that he/she graduates or the following year is guaranteed a Cal Grant B Entitlement award.

### Cal Grant B California Community College Transfer Entitlement Award

High school seniors who graduate after June 30, 2000, attend a California Community College and then transfer to a qualifying baccalaureate-degree granting institution may be eligible for a California Community College Transfer Entitlement Cal Grant B. Eligible students must have at least a 2.4 community college GPA (of at least 24 semester units, or the equivalent, of degree credit), meet the financial and eligibility requirements, be under age 24 at the time of transfer and apply by March 2.

## 3.3 Cal Grant B

Cal Grant B is for students from disadvantaged or low-income families.

The award for most first-year students covers living expenses, books, supplies and transportation, but not tuition and fees. When



## Chapter 3, Program Descriptions and Eligibility

### Cal Grant B Competitive Award

Other students who meet all the Cal Grant eligibility requirements and who have at least a 2.0 GPA may compete for a Cal Grant B Competitive award. Selection is based on a composite score that takes into consideration family income, parents' educational level, GPA, time out of high school, high school performance standards and other factors, such as whether the student comes from a single-parent household or is a former foster youth.

### 3.4 Cal Grant C

Cal Grant C helps vocationally oriented students acquire marketable job skills within a short time. Training must lead to a recognized occupational goal—diploma, associate degree, license qualification or certificate—which indicates at least an entry-level job skill. Students must be enrolled at least half-time in a course of study, at least four months in length. Funding is available for up to two years, depending on the length of the program, as long as academic progress is satisfactory.

Cal Grant C recipients may attend occupational, career, or technical training courses at any California Community College. In addition, the awards may be used for nursing and allied health programs at a hospital school, selected courses at several independent colleges and specialized courses at eligible proprietary colleges.

Cal Grant C is not for students seeking a broad general education background, and may not be used for a four-year degree program, graduate study, course prerequisites or general education.

All applicants who did not receive a Cal Grant A or B award and who are eligible at the first Cal Grant C-eligible school listed on their FAFSA will be sent a Cal Grant C Supplement form as part of the competition. The Supplement must be completed by the student, endorsed by the

appropriate school representative or the student's employer and returned to the Commission by the May 15 deadline if the student wishes to remain in the competition.

Supplements are scored with an emphasis on educational background, vocational or occupational experience and aptitude. Additional points come from vocational or educational endorsements and grades. A counselor's review of the completed Supplement is recommended.

### 3.5 Cal Grants for approved, mandatory five-year undergraduate programs

Students enrolled in a Commission approved, mandatory five-year undergraduate program are eligible to renew their Cal Grant A or B benefits for an additional year, provided they meet the application requirements and demonstrate financial need. A mandatory five-year undergraduate program is one for which attendance beyond four years is required to meet the program's degree requirements. Since students can enter the Cal Grant program as a first through fourth year student, the participant may only be in their second or third year as a Cal Grant program participant. The name fifth year only refers to the application of the additional benefits for Cal Grant recipients enrolled in mandatory five-year programs.

The student's course of study must require every participant in that major to complete more than four years of study for graduation. Students must submit a *Request for Cal Grant Fifth-Year Benefits Form (G-42)*. The Commission's Grant Services Division maintains a list of schools with approved mandatory five-year programs. This list is also printed on the reverse of each G-42.

## Chapter 3, Program Descriptions and Eligibility

### 3.6 Cal Grant A and B awards for use in Teaching Credential Programs

Students enrolled in a qualified teaching credential program may be eligible to renew their Cal Grant A or B award for an additional year after receiving their bachelor's degree.

Teaching Credential Program (TCP) participants must continue to meet Cal Grant A or B program requirements and demonstrate financial need. This is a benefit extension to an existing Cal Grant program award. Students must submit a *Request for Cal Grant Teaching Credential Program Benefits Form (G-44)*.

Cal Grant A and B recipients are eligible to be paid Cal Grant TCP benefits for use in a teaching credential program if they:

- have received a Bachelor's degree
- are accepted and enrolled in a professional teacher preparation program at a California Commission on Teacher Credentialing approved institution within 15 months of the end of the term for which the recipient last received a Cal Grant payment
- have not received or submitted an application for an Initial Teaching Credential, such as a Preliminary or Clear Credential
- maintain financial need for Cal Grant renewal

The Commission's Grant Services Division maintains the list of schools with approved teaching credential programs. This list is also printed on the reverse of each G-44.

### 3.7 Cal Grant T

*No funding has been received for new Cal Grant T awards since the 2002-03 budget year; however the program still exists in state statute. There are still some students that were awarded prior to 2003-04 that remain eligible for payment.*

Cal Grant T awards help cover one year of tuition and fees at a teaching credential program in California in exchange for teaching service. Recipients must commit to teach at a low-performing K-12 school for one year for each \$2,000 they receive. The grant awards will become loans if the service requirement is not met.

To receive benefits, students must have a bachelor's degree and attend a teaching credential program at a school approved by the California Commission on Teacher Credentialing.

Students are selected based on their GPA and financial need. In addition, they must sign a declaration in which they agree to provide teaching service at a low-performing K-12 school in California.

Students who received extended Cal Grant A or B benefits to attend a teaching credential program or who are currently eligible for extended benefits are not eligible for a Cal Grant T award, nor are those who have applied for or who hold a preliminary teaching or clear credential.

Cal Grant T applications are distributed to all postsecondary institutions in California each year in Spring. The application deadline is June 1.

### 3.8 Specialized Programs

In addition to the Cal Grant programs, the California Student Aid Commission offers the following specialized programs:

- Assumption Program of Loans for Education
- Child Development Teacher and Supervisor Grant Program
- Law Enforcement Personnel Dependents Grant Program
- Robert C. Byrd Honors Scholarship Program

## Chapter 3, Program Descriptions and Eligibility

- Graduate Assumption Program of Loans for Education (Graduate APLE)
- California State Work Study

**Basic Eligibility for Specialized Programs**  
To qualify, you must:

- be a U.S. citizen or an eligible non-citizen
- demonstrate financial need
- be a California resident attending an eligible college
- have a valid Social Security number
- have registered with the U.S. Selective Service (if required to do so)
- not owe a refund on an educational grant or be in default on a student loan

The Assumption Program of Loans for Education is open to out-of-state teachers.

### Assumption Program of Loans for Education (APLE)

The Assumption Program of Loans for Education, or APLE, is designed to encourage outstanding students to become teachers and serve in critical teacher shortage areas in California public K-12 schools. Participants may receive up to \$11,000 in loan assumption benefits.

Applicants must have completed at least 60 units, have received, or have been approved to receive, educational loans to obtain a baccalaureate degree or an initial teaching credential, have not completed the coursework necessary to obtain an initial (preliminary or clear) credential and are enrolled at least half-time each term. APLE Coordinators at participating institutions, District Intern programs and County Offices of Education (for the out-of-state teachers) submit selected applications to the Commission.

APLE participants must sign an agreement and provide four consecutive years of full-time teaching service in a California public school in one of the designated subject matter areas or in a designated school (low-income, low-performing, school serving rural areas, school with high percentage of emergency permit teachers, or state special school). The list of eligible schools is provided by the Superintendent of Public Instruction each year and is available on the Commission's Web site at [www.csac.ca.gov](http://www.csac.ca.gov) in March.

Applications are available in early Spring at participating institutions and District Intern Programs with teaching credential programs approved by the Commission on Teacher Credentialing. The institutions develop their own selection criteria (academic ability & recommendations) and procedures. Selected applications must be submitted to the California Student Aid Commission by June 30.

Out-of-state teachers may apply for the APLE program through the education or superintendent's office of the California county in which they will teach.

Based on the June 30 outstanding educational loan balances, loan assumption payments are made directly to the lender. The program assumes \$2,000 after completion of the first full academic year of eligible full-time teaching service and up to \$3,000 for each of the second, third and fourth consecutive year of teaching service. Participants who teach math, science or special education in the lowest performing schools may receive an additional \$8,000 in benefits.

## Chapter 3, Program Descriptions and Eligibility

### Child Development Teacher and Supervisor Grant Program

Each year outstanding college students who are pursuing child development permits at the teacher, site supervisor or program director level receive these grants to help with their college costs. Students at two-year colleges may receive \$1,000 per academic year for up to two years; those attending four-year colleges may receive \$2,000 per academic year for up to two years. The maximum benefit is \$6,000.

In return, participants must work full time at an eligible California children's center for one year for each year they receive grant funds. To be eligible, students must attend a California Community College or public or independent four-year college at least half time and take courses leading to a child development permit.

To apply, students must file a FAFSA and complete a *Child Development Teacher and Supervisor Program* application. The application deadline is June 1. Colleges must recommend applicants and may nominate as many as they wish. The Commission selects participants based on financial need and academic achievement and notifies all applicants of their status in August. This program is federally funded and subject to the availability of federal resources each year.

### Law Enforcement Personnel Dependents Grant

Grants are available for dependents and spouses of California law enforcement officers who were killed or totally (100%) disabled in the line of duty. Law Enforcement Personnel Dependents (LEPD) Grants are need-based and may be used to attend any California postsecondary school accredited by the Western Association of Schools and Colleges.

Grants range from \$100 to \$11,259 a year, for up to four years. Students who receive an LEPD award may also receive a Cal Grant or any other grant or college fee waiver if they are eligible. Awards for students with Cal Grants will match the amount of their Cal Grant award.

Eligible law enforcement officers include peace officers (highway patrol, marshals, sheriffs, police officers), employees of the California Department of Corrections and the California Youth Authority, and permanent-full-time firefighters employed by counties, cities, districts and other state political subdivisions.

To apply, students must file the FAFSA and an LEPD application (with applicable documents). Applications are available from the Commission or may be downloaded from the Commission's website. Applications are accepted throughout the school year.

### Robert C. Byrd Honors Scholarship

Robert C. Byrd Honors Scholarships recognize exceptional high school students who show promise of continued academic excellence in college. They are renewable for up to four years of postsecondary study at any accredited U.S. college. The scholarship award amount is \$1,500. This program is federally funded and subject to annual funding review by Congress.

The Commission sends applications to public and private high schools each year in February. Participating schools screen applications and may nominate up to two students. Deadlines may vary at each school, but all nominations must be postmarked to the Commission by May 4. The Commission reviews all nominations, ranks and selects participants and notifies the nominees of their status in June. This scholarship is merit-based so the FAFSA is not required.

## Chapter 3, Program Descriptions and Eligibility

### **0 Graduate Assumption Program of Loans for Education (Graduate APLE)**

*No funding has been received for new Graduate APLE awards since the 2002-03 budget year; however the program still exists in state statute. There are still some students that were awarded prior to 2003-04 that remain eligible for loan assumption benefits.*

The Graduate APLE program is designed to encourage students to complete their graduate education and serve as faculty at one or more colleges in California. Once participants have obtained their graduate degree and completed their first year of teaching service, they will receive up to \$2,000 a year in loan assumption benefits for up to three years of full-time teaching serves at accredited colleges or universities in California.

To be eligible, students must have received, or be approved to receive, a student loan to meet the costs of their graduate study, or have received a loan for their undergraduate studies.

Applications are provided to college financial aid offices by the Commission. Once section of the application must be completed by a faculty member, who then must submit the application to the Commission by the June 30 postmark deadline. Applications received after the deadline will be evaluated on a first-come, first-served basis. Selection is based on financial need and academic achievement.

### **California State-Work Study**

*No funding has been received for the State Work-Study program since the 2002-03 budget year; however the program still exists in state statute.*

California's Work-Study Program offers eligible students enrolled at selected public institutions the opportunity to earn money to help pay for their education while gaining valuable work experience.

Schools are selected for participation based on a competitive Request for Proposal (RFP) process.

# 4 The Cal Grant Application Process

Receipt by the Commission of both the FAFSA record and the GPA constitutes a complete Cal Grant application.

## 4.1 Applying for a Cal Grant

A student applies for a Cal Grant by submitting both a Free Application for Federal Student Aid (FAFSA) and a verified grade point average (GPA) on or before the statutory deadline. For most students, the deadline is March 2. The student mails, or electronically submits, the FAFSA to the U.S. Department of Education's (USED) central processor. The central processor sends FAFSA records for California students and students attending California schools to the Commission. The GPA is verified by the school and submitted by either the school or the student directly to the Commission. Receipt of both the FAFSA record and the GPA, by the Commission, constitutes a complete Cal Grant application.

Students with preliminary eligibility for a Cal Grant C award will receive a supplemental application that must also be completed in order for the student to be awarded a Cal Grant C. This process is discussed in Section 4.7.

For community college students applying for the September 2 deadline, the student's Social Security number must appear on a community college enrollment disk, in addition to submitting a FAFSA and a verified GPA. This process is discussed in Section 4.8.

## 4.2 Types of Grade Point Averages

The type of GPA submitted affects a student's eligibility for a Cal Grant Entitlement versus a Cal Grant Competitive award. It is important that schools understand the various types of GPAs and who can calculate them. The types of GPAs that can be submitted are outlined below.

### High School Grade Point Averages

Consideration for a Cal Grant Entitlement award requires the submission of a high school GPA. High schools submitting GPAs must meet **at least one** of the following requirements. The school must:

- be accredited by the Western Association of Schools and Colleges (WASC), *or*
- be accredited by another regional accrediting association if the secondary school is not located in the WASC region, *or*
- have a University of California "a-g" subject area approved course list.

A WASC-accredited, or other regionally accredited, secondary school may include grades from a non-accredited institution if the grades count toward the accredited school's graduation requirements. Only those grades earned during the terms specified in Section 4.3

Type of GPA	Awards
High School	Entitlement or Competitive
College	Competitive
California Community College	Transfer Entitlement or Competitive
Reestablished	Competitive Only
Test Score	Entitlement or Competitive

## Chapter 4, The Cal Grant Application Process

can be included in the GPA. Transfer grades cannot be accepted if they cannot be converted to a 4.00 GPA scale.

A postsecondary institution can calculate a high school GPA based upon official high school transcripts in its possession. By submitting the high school GPA, the institution certifies that the high school GPA was calculated as prescribed in Section 4.3. The college is also certifying that the high school where the GPA was earned is either:

- ♦ WASC accredited
- ♦ accredited by another regional accrediting association if the secondary school is not in the WASC region, or
- ♦ has a University of California "a-g" approved course list.

Regardless of who submits the high school GPA verification, the GPA must be identified as a high school GPA for a student to be considered for a Cal Grant Entitlement award.



### More Information?

For more information on whether or not a specific high school is eligible to submit GPAs, the following sources may be helpful:

**WASC accredited?** Check the Accrediting Commission for Schools (ACS) Web site. ACS is a division of WASC and the Web site is at <http://www.acswasc.org/>. Information can be found under the "Members" link.

**Regional Accrediting Association?** The term "another regional accrediting association" refers to those accreditation agencies recognized as Regional Institutional Accrediting Agencies by the United States Department of Education. A list of those agencies can be found at [http://www.ed.gov/admins/finaid/accred/accreditation\\_pg5.html#Regional%20Institutional](http://www.ed.gov/admins/finaid/accred/accreditation_pg5.html#Regional%20Institutional)

**University of California "A - G" Policy?** More information on the University of California "a-g" subject area requirements can be found on the Web site of the University of California's Office of the President at: <http://pathstat1.ucop.edu/ag/a-g/index.html>

### California Community College Grade Point Averages

California Community College GPAs can be submitted by any California Community College or any college in possession of official California Community College transcripts. A GPA must be identified as a California Community College GPA for a student to be considered for a Transfer Entitlement award.

### Reestablished Grade Point Averages

Reestablished GPAs can be submitted for students who wish to improve, or reestablish, their GPA by attending a California Community College. Only California Community Colleges may submit reestablished GPAs. Students for whom reestablished GPAs are submitted will only receive consideration for a Cal Grant B Competitive award.

### Test Scores

Test scores can be submitted in lieu of a GPA in certain circumstances. The acceptable tests are the General Educational Development Test (GED), the American College Test (ACT) and the Scholastic Aptitude Test (SAT I). The Commission does not accept the SAT II subject tests or the California High School Proficiency Exam (CHSPE).

### College Grade Point Averages

Any college may submit a GPA on behalf of a student for consideration for a Cal Grant Competitive award. A college GPA will not be considered for a Cal Grant Entitlement award.

### 4.3 Calculating Grade Point Averages

For Cal Grant purposes, GPAs must be calculated based on the requirements in the California Code of Regulations (CCR) Title 5, Division 4, Article 1, §30007.

#### High School Grade Point Averages

A high school GPA must be calculated on a 4.00 scale computed to two decimal places. Grades for coursework based on any scale other than a 4.00 maximum scale must be converted to a 4.00 equivalent prior to inclusion in the calculated GPA. If a grade cannot be converted to a 4.00 equivalent, it cannot be included as part of the Cal Grant GPA. The high school GPA must include all coursework for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year.

For high school graduates who apply after their senior year, their high school GPA includes senior year coursework. A student who will complete high school after her/his junior year will have a GPA calculated on all sophomore (grade 10) and any junior (grade 11) work completed as of the time of GPA certification. Although the school may technically consider this student a senior level student, all grades from coursework completed as of the time of GPA certification should be included.

**Failed Coursework-** GPAs shall only include the most recent grade for any course repeated by a student. Failed coursework must be included if it has not been repeated at the time of GPA certification.

**Some Items Excluded-** The GPA must *not* include grades from physical education, Reserve Officer Training Corps (ROTC) and remedial courses. Grades from the summer prior to the sophomore year are to be excluded from the GPA calculation for all students,

including those who have already advanced to sophomore (grade 10) status.

**Remedial?** The term "remedial" is not defined by statute. Therefore, high schools should apply the definitions used by their institution, applying these standards consistently for all GPAs calculated.

All GPA certifications, including high school GPAs submitted by colleges, must indicate that the GPA was calculated using high school grades. The high school GPA certification requirements must be met whether or not a postsecondary institution certifying the high school GPA accepts the high school units for admission purposes.

**Definition of "Nontransferable Units" and "Courses Not Counted-"** "Nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are defined for postsecondary institutions as follows:

**Baccalaureate Degree Granting Institutions-** For purposes of computing a college grade point average by a postsecondary institution that grants baccalaureate degrees: "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are those courses which do not earn credit for a baccalaureate degree from the reporting institution.

**Associate Degree Granting Institutions-** For purposes of computing a college grade point average by a postsecondary institution that grants associate degrees: "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a



## Chapter 4, The Cal Grant Application Process

baccalaureate degree" are those courses which do not earn credit for an associate degree at the reporting institution.

***Institutions That Grant Neither Baccalaureate Nor Associate Degrees-*** For purposes of computing a college grade point average by a postsecondary institution that does not grant either a baccalaureate or an associate degree: "nontransferable units" are those units which are not used in satisfying requirements for earning a baccalaureate degree from a California public institution of higher education that grants such a degree. "Courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" are any courses for which the earned grade is not used in the computation of a GPA in determining admission eligibility, whether or not units earned for the course are transferable to such an institution. In all instances, a GPA can be calculated from units earned at the school.

### **California Community College Grade Point Averages**

For purposes of computing a community college grade point average: "nontransferable units" and "courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree" means all courses except "Associate Degree Credit Courses" as defined by Title 5, Chapter 6, Article 1, §55002(a) of the California Code of Regulations.

### **Reestablished Grade Point Averages**

Applicants who cannot meet the high school GPA requirements for any reason, or who have not yet completed the required 24 units to use a college or community college GPA, may be able to submit a community college reestablished GPA. A reestablished GPA:

- ✓ is calculated on at least 16 units, but less than 24 units, of eligible coursework earned at a California Community College that meets the community college GPA requirements in this chapter
- ✓ may only be calculated and submitted by a California Community College
- ✓ may only include units actually earned at a California Community College
- ✓ will be used only for competitive Cal Grant B consideration

### **College Grade Point Averages**

A college GPA must be calculated on a 4.00 scale using all college coursework completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree. "All college work completed" includes all coursework for which grades are known to the reporting official and accepted for credit at the school reporting the GPA, regardless of the grade received.

A college GPA may only be computed for students who have earned or received a minimum of 24 college semester units, or the equivalent, regardless of the grade received. 24 semester units is equivalent to 36 quarter units and 900 clock hours.

## **4.4 Submission of Grade Point Averages**

Each year the Commission issues guidance through Grant Operations Memos regarding GPA submissions. The Commission usually begins accepting verified GPAs for the March 2 deadline at the beginning of November prior to the deadline (e.g., GPAs for the March 2, 2005, deadline can be submitted as early as November 1, 2004). Any GPA received for the March 2 deadline for a student that does not receive a Cal Grant award will also be

considered for the September 2 competition. Schools may submit GPAs for the September 2 deadline beginning in mid-May.

The most efficient way to submit GPAs is through the Commission's GPA Collection System via WebGrants. The WebGrants' GPA function provides immediate feedback on the number of GPAs that have been accepted, it also identifies any errors in the school's upload file. Through the online GPA function, GPAs are certified electronically, thus eliminating the need to fax or mail a GPA Verification Form.

For access to WebGrants or the GPA functions, contact your campus system administrator. Verified GPAs may also be submitted on individual GPA Verification Forms. Submissions through e-mail are not allowed due to privacy and security issues.

### What happens when the deadline falls on a Sunday or holiday?

The statutory Cal Grant filing deadlines are March 2 and September 2 of the award year. When either deadline day falls on a Sunday or holiday, GPAs and FAESAs postmarked or filed electronically on the next business day are legally acceptable.

### School Certification of Grade Point Averages

For every grade point average reported, the Commission requires a certification of the accuracy of the data. The certification is a statement that, to the best knowledge of the school official filing the report and under penalty of perjury, the grade point average is accurately reported. The certification shall include a statement that it is subject to review by the Commission.

### Timing of Grade Point Average Submissions

For high schools, the Commission recommends that GPA certifications be completed as early in the year as possible since the calculation is based on coursework that was completed in the previous academic year. Since college GPAs include all completed work, the Commission recommends that colleges choose one date to perform GPA extracts in order to provide consistent data for their students.

Any GPA received for the March 2 award selections that does not lead to an award offer is automatically included in the September 2 award selection. However, if additional terms have been completed, it is recommended that schools resubmit GPA files using the most up-to-date GPA data.

### Late Institutional GPA Submissions

The Commission may accept, on a case-by-case basis, the submission of GPAs from institutions after the established deadline if, in the opinion of the Executive Director, circumstances beyond the control of the applicant delayed or prevented the timely submission of the GPAs by the reporting institutions by the established deadline. In such cases, any request to the Executive Director to accept GPAs after the established deadline shall be received by the Commission no later than twenty (20) days after the established deadline and the computed GPAs shall be included with the request.

The Commission will notify applicants who submit an incomplete application prior to the deadline and allow a grace period of ten (10) days for the applicant to file a corrected or completed GPA. A corrected or completed submission postmarked within the 10-day period shall be treated as received by the deadline.

## Chapter 4, The Cal Grant Application Process

### Multiple Grade Point Averages

Due to the exceptional nature of the reestablished GPA, some Cal Grant applicants may legitimately be in a situation where both a high school and reestablished GPA or college GPA could be submitted. This would occur for students who are still in the Entitlement two-year application "window," yet who have already earned enough college units to have a reestablished GPA or college GPA submitted.

Community colleges should be aware that in order to act in the best interests of a Cal Grant applicant it would be preferable, if both a high school GPA and a reestablished GPA could be submitted for the student, that the reestablished GPA should *not* be submitted if:

- ▶ the student is within the two year "window" for Entitlement consideration, has a high school GPA high enough for Entitlement purposes and meets the other Entitlement selection criteria
- ▶ the reestablished GPA is below 2.00 which therefore would disqualify the applicant from Cal Grant B, or
- ▶ the student's course of study length is less than one year and would therefore disqualify the applicant from Cal Grant B consideration

### 4.5 Submitting Test Scores

Test scores can be submitted in lieu of a GPA in any of the following circumstances:

- ▶ the applicant does not have a GPA
- ▶ the applicant's GPA was earned at a high school that does not meet the secondary school GPA submission requirements
- ▶ the applicant's GPA was earned at a foreign school or the foreign school does not meet the institutional GPA submission requirements
- ▶ the applicant's GPA is more than 5 years old as of the March 2 or September 2 filing date (optional)

If test scores will be submitted in lieu of a verified GPA, students must take the test in sufficient time to meet the appropriate postmark deadline required for program submission. When submitting test scores, students should attach a properly completed GPA Verification Form to the test results (excluding the GPA certification). This will ensure that students are fully considered in all award selection categories.

To submit SAT, ACT or GED test results, applicants should complete the *Student Aid Commission Grade Point Average Verification Form* (except for the GPA certification) and then attach a copy of their test scores to the form.

### 4.6 Completion of the Free Application for Federal Student Aid (FAFSA)

The Free Application for Federal Student Aid, or FAFSA, is available online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov) and on paper, in both English and Spanish. In addition to income—taxable and nontaxable—the FAFSA takes into consideration the current net value of savings, stocks, mutual funds, college savings plans, real estate investments and trusts when calculating a student's expected family contribution.

The information provided on the FAFSA is used to determine a student's eligibility for a Cal Grant, as well as other Federal and State aid. Specifically, income and asset information, Expected Family Contribution (EFC), dependency status, and school choice are factors in the Cal Grant selection process. In addition, responses to the Parent's Education Level and Orphan/Ward of the Court questions are included as part of the Cal Grant Competitive scoring. More information regarding the selection process is discussed in Chapter 5.

## Chapter 4, The Cal Grant Application Process

Only one FAFSA needs to be submitted for each school year, and photocopies or faxes of the form are not accepted.

Each year the Commission produces a variety of information designed to assist students and parents with the completion of the FAFSA.

Students and financial aid administrators should be aware that the awarding of a Cal Grant might be delayed or forfeited if FAFSA applications or GPA verification forms are completed incorrectly or if required information is not provided. Students who become aware of an error or omission on their FAFSA should send corrections directly to the processor by the application cycle deadline. The use of a PIN code to submit corrections online can speed this process considerably.

### Timely Filing

Applicants must complete a FAFSA, either online or paper, and submit it between January 1 and March 2 in order to be considered for a Cal Grant A, B, or C during the March 2<sup>nd</sup> Entitlement and Competitive Cycles. There is also a second round of Cal Grant competitive awards (C2) with a September 2 deadline for students attending a California Community College. Applicants must also have their GPA certified by a school and submitted by the deadline. March 2 is the absolute postmark deadline to file for any new Cal Grant award. Students are encouraged to obtain a US Postal Service Certificate of Mailing as proof of filing by the deadline date. Any FAFSA dated or mailed prior to January 1 will be returned to the applicant.

### FAFSA on the Web

The easiest and fastest way to apply for federal and state student aid is by using *FAFSA on the Web* at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). The site is available in both English and Spanish. Students can apply 24 hours a day, seven days a week starting January 1.

*FAFSA on the Web* uses skip logic, so students are asked only those questions that apply to them. Built-in prompts and on-the-spot corrections mean significantly fewer errors. There is also online help for each question. *FAFSA on the Web* has a feature that lets students exchange live messages with a customer service representative. The FAFSA can be saved for up to 45 days after each time the application is opened, so it does not need to be completed in one sitting. In addition, the FAFSA will be transmitted to the federal processor within seconds, and students could receive their SAR within 72 hours, if they provide their email address. To learn more, go to [www.fafsa.ed.gov](http://www.fafsa.ed.gov) or call 800.4FED.AID.

### 4.7 Cal Grant C Supplement

Each year after the March 2 competitive cycle has been completed, the Commission reviews applicants who were not awarded to determine potential eligibility for Cal Grant C. The Commission mails a Cal Grant C Supplement to these applicants. The supplement requires:

- ✓ Information about the student's educational plans
- ✓ Information about the student's education and work experience, *and*
- ✓ A recommendation from a professional person who knows the student and can comment about the student's interest and/or achievement in the occupational or technical area for which they plan to pursue

At the same time the supplements are mailed, the student is placed on a list that will be made available via WebGrants to the first eligible school listed on the student's FAFSA. Schools are encouraged to contact these applicants to help them understand the importance of completing and returning the supplement to the Commission.

## Chapter 4, The Cal Grant Application Process

The supplemental application must be returned to the Commission for the student to compete for a Cal Grant C award. The deadline is May 15.

### **4.8 Enrollment Disk for September Deadline – Community Colleges**

To receive consideration for a September 2 Community College Cal Grant A or B, the student must submit a FAFSA and GPA Verification using the same processes as for the March 2 deadline. In addition, the student must be enrolled at a California Community College.

#### ***Only Confirmed Community College Students-***

The major difference between the September 2 and March 2 competitive selection pools is the requirement that only confirmed community college students can participate in the September 2 award selection. The Commission requires that community colleges submit attendance data to allow the selection of only those students actually in attendance at a community college. Each year, a Commission Operations Memo will provide the information that community colleges will use to release attendance data, including the attendance data submission deadline. That deadline will be approximately September 9 each year.

***Data for All Students-*** When preparing the attendance census, data for *all* students in attendance should be submitted. Even though half-time attendance is required for Cal Grant payment eligibility, no filtering based on the number of units a student is enrolled in should be done when preparing attendance data.

***Show Each CCC Separately-*** In some cases, a community college district may choose to report fall enrollment information for all colleges in the district. If the district does plan to report enrollment data from multiple colleges, separate files should be created.

# 5 Cal Grant Award Selection Process

## 5.1 Overview

Each January, the Commission begins receiving ISIR records from the FAFSA Central Processor. ISIRs for the Commission are placed in a "mailbox" set up by the USED. The Commission's mailbox is populated with all ISIRs generated from FAFSAs that matched at least one of the following profiles:

- ✓ Completed by a California resident
- ✓ California school listed in FAFSA Step Six

Once the Commission begins receiving ISIR records, the annual Entitlement award processes begin. ISIR records are reviewed, matched with GPA records and then processed for Cal Grant Entitlement eligibility. The Cal Grant Entitlement Program selection process runs weekly throughout the year. Previously unawarded Entitlement applicants are re-evaluated each time updated information is received, provided that the initial application data were submitted by the March 2 deadline.

Applications for Cal Grant Competitive applicants are held and processed all at one time. The date for the Competitive run is based on information received from the Central Processor that applications postmarked by the March 2 deadline have been processed through their system. The Commission uses the most recent ISIR record on file when the competition is run.

## 5.2 Cal Grant A & B Selection Process

There are six basic steps to the Commission's selection process. Applications are first checked for potential eligibility for a Cal Grant High School Entitlement award.

### Step 1: Filter

All ISIR records are first reviewed for a matching high school GPA within the correct graduation date range for a high school Entitlement award. If no graduation date is listed, an age proxy is used to determine potential Entitlement eligibility. Applications meeting the filter criteria are also checked for a valid Social Security number and to determine if an Expected Family Contribution (EFC) has been calculated.

Applications not meeting the criteria for the high school Entitlement are then checked for a matching CCC GPA within the correct graduation date range for a Transfer Entitlement award. If no graduation date is listed, an age proxy is used to determine potential Entitlement eligibility. The date of birth is also checked to exclude applicants over 24 years of age. Applications are also reviewed to see if the applicant has listed at least one baccalaureate degree-granting institution. Applications meeting the filter criteria are checked for a valid Social Security number and to determine if an EFC has been calculated.

Applications that were not already processed through either the High School Entitlement process or the Transfer Entitlement process are held until the Competitive Cal Grant process is run. When the Competitive process runs, applications are first screened to determine if an EFC has been calculated. Applications without an EFC or a valid Social Security number are not processed further.

Student notifications: Blank EFC letters (Entitlement applicants only)

School access: None, students do not yet appear on WebGrants

## Chapter 5, Cal Grant Award Selection Process

### Social Security Number Edits

All new grant applications are edited for a valid SSN through a range check of the three sections of the Social Security number. The edit requires that the first three digits meet the following range criteria:

- Greater than or equal to 001 and less than or equal to 587 or
- Greater than or equal to 589 and less than or equal to 649 or
- Greater than or equal to 700 and less than or equal to 728

The edit also requires that the middle two digits be greater than 00 and that the last four digits be greater than 0000.

### Step 2: Validation

The ISIR records are next matched with the Commission's database to determine if the name, date of birth and Social Security number match existing records. The database is also checked to see if the student has an existing Cal Grant award. New student records are added to the database. Those with mismatched data or those who were previously awarded, are held for manual review; however, only Entitlement-eligible students are given the opportunity to correct their application data.

Student notifications: None

School access: None, students do not yet appear on WebGrants

### Step 3: Match GPA/Test score

The system next looks for a GPA or test score for the applicant, and the database record is updated with the specific GPA or test score data. If multiple GPA records are found for a student, the highest appropriate GPA is used. (See Chapter 4 for more information.) Test scores are converted to a GPA equivalent. In order to provide a general idea of the

conversion, the following chart summarizes the test score equivalents for a 2.0 and a 3.0 GPA.  
Student notifications: None

School access: None, students do not yet appear on WebGrants

### Minimum Required Test Scores

	2.0 Equivalent	3.0 Equivalent
SAT (Composite)	854	968
ACT	16	26
GED	45	63

### Step 4: Non-financial Edits

**Common Edits-** The application is first reviewed for overall Cal Grant eligibility. These are called common edits as described in Chapter 3. The following fields are checked:

- ✓ California residency
- ✓ California residency at time of HS graduation (Entitlement applicants only)
- ✓ Eligible California School listed
- ✓ No bachelor's degree received
- ✓ Education level < 5
- ✓ Remaining Cal Grant eligibility

All students are subject to these edits.

**Program Edits-** Next, the specific program eligibility is checked. These are called program edits. The following factors are reviewed:

- ✓ Eligible school (for specific program)
- ✓ GPA (2.0 for Cal Grant B and 3.0 for Cal Grant A) (2.40 for transfer Entitlement A&B)
- ✓ Degree objective (for Cal Grant C)
- ✓ Remaining eligibility by program

Student notifications:

Entitlement: "Application on-hold" letter and correction form

Competitive: "Application disqualification" letter sent

## Chapter 5, Cal Grant Award Selection Process

**School access:** Schools can view the reason(s) why an application rejected due to the common edits on the WebGrants Student Award Summary screen in the "C/E Reason" column. Program edit disqualifications can be viewed on the same screen in the "P/E Reason" column. The Award Status column will display either "C/E DISQ" or "P/E DISQ." Further detail can be viewed in the Student Award Detail screen.

### Step 5: Financial Edits

Applications passing all the non-financial edits are then reviewed to determine if the applicant meets the financial eligibility requirements. There are four financial edits: income, assets, financial need and minimum need.

**Income Ceilings-** The application is checked to ensure that the applicant does not exceed the income ceilings.

**Dependent students:** The parent's total income, as calculated by the federal processor, is checked against the maximum amount for Cal Grant A and Cal Grant B based on family size.

**Independent students:** The student's total income, plus those of their spouse (if applicable), as calculated by the federal processor, is checked against the maximum amount for Cal Grant A and Cal Grant B based on family size.

**Asset Ceilings-** The application data is checked to ensure that the applicant does not exceed the asset ceilings. The parent's net worth, as calculated by the federal processor, is checked against the maximum amount for dependent students. For independent students, the student's net worth, plus that of their spouse (if applicable), is reviewed.

**Financial Need-** The financial need amount is then checked using the cost of attendance reported by the first eligible California school

listed on the applicant's ISIR. The calculation method uses the following formula:

$$\begin{aligned} & \text{Cost of Attendance} \\ & - \text{EFC} \\ & - \text{Veteran's Benefits} \\ & \hline & = \text{Need} \end{aligned}$$

If the result of the calculation is zero or less, then the application will fail with a reason code, "No Financial Need."

**Minimum Need Not Met-** Using the formula above for calculating need, Cal Grant A and C applicants must have financial need equal to or greater than the maximum Cal Grant tuition award at the school listed first on their ISIR, plus \$1,500. For Cal Grant B selection, an applicant must show at least \$700 in need to pass this edit.

### Student notifications:

**Entitlement:** "Application disqualification" letter and correction form

**Competitive:** "Application disqualification" letter sent

**School access:** Schools can view the reason(s) why an application rejected due to the financial edits on the WebGrants Student Award Summary screen in the column "P/E Reason." The Award Status column will display "FIN INEL" and the "P/E Reason" column will display the reason(s) the application failed. Further detail can be obtained from the Student Award Detail screen.

### Step 6: Scoring and Selection

Students who are eligible for a Cal Grant A or B Competitive award based on successfully passing all of the non-financial and financial edits are then scored based on criteria set by the Student Aid Commission. California statute directs the Commission to establish selection criteria for Cal Grant Competitive A and B awards that give special consideration to



## Chapter 5, Cal Grant Award Selection Process

disadvantaged students, taking into consideration those financial, educational, cultural, language, home, community, environmental, and other conditions that hamper a student's access to, and ability to persist in, postsecondary education programs. These criteria are reviewed annually and updated as needed. See chart below.

### Scoring Categories

Category	Maximum Points
Grade Point Average (GPA)	70
Parent's Educational Level	18
Access Equalizer	18
Family Income & Household Size	76
Applicants can receive points in one of the following categories:	
- Single Parent Household	18
- Married/single independent student	18
- Ward of the court if unmarried with no dependents	22
<b>Maximum Total Points</b>	<b>200</b>

\*A ward of the court if unmarried with no dependents can receive only up to a maximum of 22 points in this category. As a result, no applicant can score higher than 200 points.

**Top 2% Students-** The scoring process described above is used for Cal Grant B Entitlement recipients to select the top 2%. Those students scoring in the top 2% are eligible for a tuition and fee award, in addition to the access award, during their freshman year. This process is run in June after the majority of Entitlement recipients have been selected.

**GPA-** The GPA score is obtained using the GPA verified by school officials. Points range uniformly from 0 to 70, depending on the verified GPA.

**Parents' Educational Level -** For each parent, an applicant receives:

- 0 points for any college educated parent,
- 5 points for each high school educated parent,
- 9 points for a parent with middle school/junior high education, or
- 9 points for applicants indicating the parent educational level is other or unknown.

**Access Equalizer-** This process awards points to Competitive applicants who had a "disadvantaged high school experience." Points are assigned based on one of the following categories:

- Submitted a General Equivalency Development (GED) test score (18 points),
- Has a GPA verified by a California continuation high school (18 points),
- Attended a high school in the upper quartile based on number of participants in the federal Title I program (18 points), or
- Ranks in the lowest quartile for university-going rates and has at least 25% participation rate in the federal Title I free or reduced-price lunch program (18 points)
- If the student is a late or reentry student, the number of assigned Access Equalizer points will vary depending upon the educational level of the student and the number of years since the student has attended high school per the following chart.

Late or Reentry Student Access Points

# of Years Out of High School	Educational Level				
	No College	1	2	3	4
2-3	9	6	3	0	0
4-5	12	9	6	0	0
6-7	15	12	9	3	0
8 or more	18	15	12	6	3

awarded receive a California Aid Report (CAR) and non-recipients receive a letter notifying them that their score was too low to receive a Cal Grant award.

School access: Schools can view an applicant's final award status on the Student Award Summary screen, the Student Award Detail screen and the California Aid Report screen. An applicant's score can also be viewed on the Student Award Detail screen. All three screens are located in the Student Info Main Menu on WebGrants.

**Family Income/Household Size-** Points are assigned uniformly from 30 to 76 depending on family income and size of household. Wards of the court who are unmarried and without dependents can only receive up to a maximum of 72 points in this category.

**Student or Parent Household Status-** Applicants can receive points in one of three categories:

- Dependent applicants: Receive 0 points if their parents are married or 18 points if their parents are single, separated, divorced or widowed.
- Independent applicants: Receive 18 points if unmarried with dependents. Independent applicants who are married and/or have no dependents received 0 points.
- Wards of the court: Applicants who are unmarried, without dependents and indicate they are or were orphans or wards of the court receive 22 points.

Once the applications are scored, the top 11,250 for each Competitive cycle are selected.

Student notifications: All applicants who go through the selection process with a complete application (FAFSA + GPA) receive a notification letter. Students who have been

**No (Other) Scoring for Entitlement-** There is no scoring process for Entitlement Award applicants (other than the top 2% of Cal Grant B Entitlement recipients, described previously). All applicants meeting the general eligibility and financial requirements receive an award. Eligible applicants are selected for either a Cal Grant A or B based on their GPA and income. Applicants eligible for both a Cal Grant A and a Cal Grant B Entitlement are awarded based on which award will be most beneficial at the school they are most likely to attend. Students may switch their program preference, with consent from their school's financial aid office, prior to the time they receive their first Cal Grant payment.

### 5.3 Student Notifications

#### Notification of New Recipients

The Commission uses the CAR to notify new recipients of their Cal Grant award. The CAR explains the student's award status at the first three eligible California schools the student listed on the Free Application for Federal Student Aid (FAFSA). If the student is a Competitive applicant and found ineligible for the first school reported, no other eligible California schools will be considered for eligibility.

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**CAR Enclosures-** Included with each CAR is a New Recipient Cal Grant Reference Manual and a New Cal Grant Recipient Change Form. The Recipient Change Form should be filled out and returned only if the student's current information, as shown on the CAR, is different from the Commission's records. Although the CAR lists up to three schools, the student will be included only on the Cal Grant roster for the first school listed on the CAR. Participants are instructed to report to the Commission if they attend any school other than the one listed first on their CAR.

**Examples of CAR Use-** As stated above, the CAR lists eligibility information for up to three schools in the same order listed on the FAFSA. Only those California schools at which the student has eligibility in at least one Cal Grant program are listed. The school and grant program for which a dollar amount is listed is the "auto accept" (or automatically accepted) award. If the student qualifies for more than one grant program at a given school, the "auto accept" grant is the grant the school or the Commission has determined would be the most advantageous to award to the student.

**Second \$\$ amount on CAR?** The recipient may be eligible for an award in a different grant program, as indicated by a second dollar amount or an appropriate reason code on the CAR. The student should review all the information provided on the CAR to determine if a change of school and/or grant program choice is needed.

**Student attends second school listed.** If the student decides to attend a school other than the first one listed on the CAR, the student should immediately return the *New Recipient Change Form* to report their actual school of attendance or have their school submit a school change through WebGrants.

Additional examples and a description of the codes used on the CAR are included in Appendix XX.

### Notification of Non-Recipients

All applicants submitting complete applications for a Cal Grant, by the appropriate filing deadline, will receive notification of their grant status. As described above, there are various stages during the awarding process that generate correspondence.

Students who submit incomplete or late applications will not receive notification.

**"Blank EFC" Letter-** Applicants whose ISIR record could not be processed further because an Expected Family Contribution (EFC) was not calculated by the federal processor will receive a "Blank EFC" letter. These letters are only produced for applications being processed through the Entitlement cycle. Entitlement applicants should make corrections to their Student Aid Report (SAR). The Commission will continue to process the new ISIR records and will update the student's record when the EFC is received.

The reasons for a missing EFC usually include a failure to provide parents' income(s) or a failure to complete required sections of the FAFSA. The ISIR information from an incomplete (no EFC) ISIR cannot be viewed by Commission Customer Service staff. Therefore, applicants without an EFC, who require more information on their status, must contact the Federal Student Aid Information Center at (800) 433-3243 to determine why no EFC could be produced.

**"Application on-hold" letter and correction form-** Applicants not selected as recipients receive notification letters explaining the reason(s) they were not awarded. The letter

## Chapter 5, Cal Grant Award Selection Process

lists the specific disqualification reason(s), and includes an *Entitlement Non-Recipient Fact Sheet* and an Application Correction Form (G-23).

**"Application disqualification" letter-** Ineligible Competitive award applicants with complete applications will receive a letter and a *Competitive Non-Recipient Fact Sheet*. No correction form is supplied to ineligible Competitive award applicants. Although the Commission will respond to any correspondence received from a student, parent or school, appeals for Competitive award applicants will be reviewed only for Commission procedural compliance. Information on student and institutional appeal procedures is described later in this chapter.

### 5.4 School Notifications

All new Cal Grant recipients will appear on the Cal Grant payment roster of the first school listed on the CAR. Rosters are generated beginning in January of the award year. Schools may process school changes for new recipients using WebGrants at any time after they are awarded.

Schools can view a student's award status and the CAR data using the Student Info screens on WebGrants. The CAR is retrieved by using the student's Social Security number and the year of the CAR. On WebGrants, the 2004-05 year will be entered as "2005." If the student has had more than one CAR issued, a new window will open allowing the selection of the desired CAR. Since the CAR represents the original award offer made to a student, it does not necessarily reflect the student's current Cal Grant status.

Schools wishing to check the status of a group of students who have been admitted to their

institution can upload a file of Social Security numbers through the Award Status Extract process and receive a report listing Cal Grant recipients.

### 5.5 Cal Grant C Selection Process

In addition to the basic Cal Grant program requirements, applicants are considered for a Cal Grant C award if *all* of the following are true:

- The applicant is not Cal Grant A or B eligible.
- The FAFSA indicates a Cal Grant C eligible school.
- The applicant indicates on the FAFSA that he or she will be working toward a vocational degree or certificate.
- The applicant shows financial need of at least the maximum Cal Grant C tuition payment payable for the school segment the student is attending, plus \$1,500, and is below program income and asset ceilings.

**Student notifications:** If all of the above are true, the applicant is mailed a *Cal Grant C Supplement* following Step 6 of the selection process described in the previous section. Cal Grant C recipients are selected according to a composite score based on responses to questions on the *Cal Grant C Supplement* plus the initial GPA information, if received. A GPA is not required, but may provide a higher score for the student. *Cal Grant C Supplements* are evaluated and scored based on a student's past performance, e.g., work history, experience, educational history, vocational/educational recommendation, and GPA (see below). The *Cal Grant C Supplement* must be completed and returned by the May 15 deadline to be included in the competition.

**School access:** Schools may view a list of Cal Grant applicants that listed their institution as

## Chapter 5, Cal Grant Award Selection Process

the one they are most likely to attend using the Cal Grant C Supplement Recipient Report located on the Data Transfer Report Download screen on WebGrants. This report is generated once a year and is only available online.

### Cal Grant C Scoring Criteria

Other than the GPA (if submitted), the Cal Grant C scoring factors are all taken from the *Cal Grant C Supplement*. Once submitted, no changes to the *Cal Grant C Supplement* information will be accepted.

*Cal Grant C Scoring Criteria*

Weighted Factors	Maximum Points
Work History	25
Educational History	25
Recommendation	36
GPA	15
Total	100

### 5.6 September 2 Competitive Selection Process

The selection of September 2 deadline Competitive awards is similar to the March 2 Competitive award process. Applicants who applied for, but did not receive, an award during the March 2 processes are automatically considered during the September selection process. The primary difference between the two Competitive processes is the initial filter. In addition to filing a FAFSA and a GPA by the September 2 deadline, the applicant must also appear on a California Community College enrollment file. The process for submitting an enrollment file is described in Chapter 4.8.

The filter checks that a FAFSA, GPA and Enrollment Verification were received. Any applications not meeting these criteria are not processed further.

The same scoring matrix is used and Competitive grants are awarded to those meeting the selected cutoff score.

### 5.7 Correction and Appeal Process ISIR Drawdown Process

Between January 1 and March 2, corrections made to the SAR, either on-line by the student or school or on the paper SAR, will be applied by the federal processor. Upon processing, another SAR version will be created and made available to the student, the schools listed on the SAR and the Commission. Early filing of the FAFSA allows the maximum time to submit any changes to SAR data.

After the March 2 or September 2 deadlines, ISIR corrections sent through the federal processor will still be accessible for Cal Grant purposes because the Commission is still drawing down the ISIRs and corrected ISIRs on a daily basis.

### ISIR Data Corrections

After the competitive process runs, only corrections to ISIR data for Entitlement non-awarded applicants will be accepted. Schools can submit these changes via the *Grant Record Change Form for Schools (G-21)* or on-line through WebGrants. Schools should submit only those corrections that will lead to an award notification. In instances where the school cannot make this determination, assistance can be obtained from the Commission.

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### Entitlement GPA Corrections

GPA corrections for Entitlement applicants should be made by the school that originally supplied the GPA. Properly certified Entitlement GPA corrections will be accepted after the filing deadline with a tentative final correction date of November 30 of the award year. GPA corrections should be made on school letterhead with the GPA and a statement that the GPA was calculated in accordance with the requirements of the Cal Grant program. Transcripts will not be accepted as means of correcting a Cal Grant GPA.

**Competitive GPA Corrections-** Once the award selection has been made, GPA corrections for Competitive applicants are not accepted. Should an unsuccessful March 2 Competitive applicant wish to submit a newly calculated GPA for the September 2 award competition, this is done in the same manner as any regularly submitted September 2 GPA and is not considered a correction.

### Demographic Corrections

Once an applicant's record is loaded to the Commission's system, demographic changes such as name, address, phone number and Social Security number must be made directly to the Commission. Students can make these types of corrections on a *Grant Record Change Form for Students (G-10)* with appropriate documentation submitted for name and Social Security number changes. Schools can submit demographic changes using the WebGrants Demographics screen located under the Student Info menu.

Address changes for Entitlement recipients may be possible as early as January. Since Competitive award applications are not loaded to the system until shortly before the award

selection, it will not be possible to update address changes directly to GDS until after the award selection process is complete. The Commission will use the most recently processed ISIR so demographic changes should be made through the SAR correction process until the final drawdown occurs.

### Appeals

A new or renewal applicant who was denied a Cal Grant, withdrawn from the program, or who believes that he or she received less than the maximum amount of award eligibility, may appeal his or her status to the Commission. Presentation of an appeal does not guarantee that an award offer will be made, but it will assure that a Commission analyst reviews the applicant's situation.

Funding is guaranteed for all eligible Cal Grant Entitlement applicants who meet the filing deadline. Appeals and data corrections are encouraged for students who met the filing deadlines, yet did not receive Entitlement award consideration. For Cal Grant Competitive award applicants, however, no guarantee of funding is made and it is unlikely, *even upon appeal*, that an award offer will be made due to the limited number of available awards.

Prior to sending an appeal, students are advised to carefully review the correspondence sent to them and to visit the Commission's Web site to obtain as much information as possible on the eligibility criteria for the Cal Grant program to determine if an appeal is appropriate.

All appeals should be made in writing and mailed to the Commission at the following address:



California Student Aid Commission  
Grant Services Division  
P.O. Box 419027  
Rancho Cordova, CA 95741-9027

## Chapter 5, Cal Grant Award Selection Process

The appeal letter should clearly state the reason for the appeal and should contain at least the following information:

- ✓ Student's complete name
- ✓ Student's Social Security number, or CSAC ID
- ✓ Student's complete address
- ✓ Student's phone number
- ✓ A photocopy of all Commission correspondence that relates to the student's appeal

**Professional judgment at school-** Information on special circumstances regarding the student's financial or family situations should be resolved by the financial aid office; the Commission has no authority to exercise professional judgment. Schools may send application corrections to the Commission if exercising their professional judgment following the correction process described above.

For reconsideration of an award due to the Commission's non-receipt of a form, a photocopy of the properly completed document and an authoritative proof of mailing dated by the due date should be included with the appeal letter.

Acceptable documentation includes:

- ✓ US Postal Service Certificate of Mailing (preferred)
- ✓ US Postal Service Certified Mail Receipt
- ✓ US Postal Service Registered Mail Receipt
- ✓ Federal Express, UPS or other private mailing service receipt showing the item was delivered to the correct address on time
- ✓ For *FAFSA on the Web* applicants, a printout of their "confirmation" page, along with the application confirmation number, can be used as proof of timely submission


A proof of mailing that displays any "mailed to" address other than the Federal Student Aid Programs- for FAFSA applications, or the

Commission- for a GPA certification, cannot be used to show proper mailing of the application. Although the mailing may be timely, the Commission will not accept responsibility for mail addressed incorrectly.

Appeals that are otherwise complete may be denied if the appeal was not received in a timely manner. The Commission cannot release funds for past year awards.

### Commission Review of Appeal Letter

Commission Customer Services Branch staff will review the applicant's situation to determine whether the current status of their application is consistent with Commission procedures, policies and program regulations. Although, formal appeals cannot be accepted via e-mail, questions on the student's situation can be answered via e-mail at the Customer Service e-mail address: [custsvcs@csac.ca.gov](mailto:custsvcs@csac.ca.gov).

 A telephone inquiry to Commission Customer Service staff at (888) 224-7268 can also answer any questions.

The Commission will examine the following to determine the validity of each appeal letter:

- ✓ The documentation enclosed with the appeal letter (checking for completeness, validity, and timeliness of submitting the appeal letter)
- ✓ The student's record on the Grant Delivery System (GDS)
- ✓ The appropriate reference manuals, fact sheets, guidelines and other materials pertaining to the student's appeal (program regulations and Commission policies may also be examined)

# 6 Renewal of Cal Grant Awards

This chapter covers the process by which Cal Grants are renewed, including notifications to both students and schools and the role of the school in determining a student's eligibility for continued payment.

Each year in early July the Commission begins the renewal process. The Commission's process automatically renews all students who are active program participants (see below) and have remaining Cal Grant eligibility. It is the school's role to determine the student's actual payment eligibility.

## 6.1 Commission's Renewal Process

### Cal Grant A and B

Cal Grant A and B awards are automatically renewed each year for students who satisfied a minimum number of terms and have at least 10 percent remaining program eligibility. (The Commission does not review a student's ISIR record or verify that an ISIR has been filed for the renewal year when determining renewal eligibility.)

*"Satisfy a Term"* - as defined by the Commission, means, for the minimum number of terms of the previous academic year, to have a Cal Grant payment reported, have a leave of absence applied for the term, or to have another payment type transaction reported, such as not making satisfactory academic progress.

### Minimum Number of Terms

The following shows the minimum number of terms, for the previous academic year, that must be satisfied for renewal purposes:

Semester or Trimester	1 term
Quarter	2 terms

### Cal Grant C

Cal Grant C awards are awarded for a specific program length and are not included in the renewal process. Awards are automatically carried over from year to year, provided there is remaining program eligibility. Students then receive a "continuing eligibility" letter.

### Cal Grant T

From 1998-99 through 2002-03, Cal Grant T awards were made for the equivalent of one full-time academic year of attendance in an eligible program. Therefore, Cal Grant T recipients who were paid for one full-time year were not eligible to renew the grant. Cal Grant T recipients who attended part-time had eligibility remaining and were renewed for a subsequent year. The procedure for renewing a Cal Grant T participant with continuing program eligibility is the same as the procedure for Cal Grant A and B.


## 6.2 Notification to the Student

### Eligible for Renewal

Following the Commission's internal renewal process, the Commission sends a renewal letter to eligible students informing them that their Cal Grant has been renewed. The notification explains that the Commission has determined that the student is eligible for renewal and that the school is responsible for determining their eligibility for payment. The letter advises students that they must complete and file a FAFSA for the upcoming year, if they have not already done so, and to check with their school to determine if any additional documentation is required. The letter does not contain any indication of a potential award amount. The letter also provides instructions on filing a leave of absence and activating a Cal Grant A CC Reserve Award.



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 A *Renewal Cal Grant Reference Manual*, and a *Recipient Change Form* are enclosed with each letter. Participants can use the *Recipient Change Form* to notify the Commission of changes in school attendance and/or demographic information for the upcoming school year. Students can also use the form to withdraw from the Cal Grant program.

### **Unable to Determine Renewal Letter**

Students whose Cal Grants cannot be renewed due to unreported terms from the prior year are sent an "Unable to Determine" renewal eligibility letter by the Commission around August 1. The letter suggests the student request that their school notify the Commission of their payment eligibility status, or submit a leave of absence if the student was not enrolled. If a payment transaction or leave of absence remain unreported for the minimum number of terms, the student's award will be withdrawn. Several letters are sent to a student prior to withdrawal of a Cal Grant.

### **Ineligible for Renewal and Limited Remaining Eligibility**

During this period, the Commission also sends a letter to recipients whose eligibility for grant benefits has expired and to those who will be expected to use up their eligibility by the end of the upcoming academic year, assuming full-time attendance. The letter also provides specific directions to renewal Cal Grant A and B recipients who plan to enroll in a mandatory five-year program or a teaching credential program, and instructs them regarding how to extend their benefits for an additional academic year.

## **6.3 Notification to Schools**

### **Students Eligible for Renewal**

As students are renewed, they are added to the *Cal Grant Roster* of the school that they most recently attended. This process starts in July and continues through December. Schools are notified via an *Operations Memo* when the renewal process has been completed.

### **Renewed With Outstanding Transactions**

Beginning with the 2003-04 renewal process, schools may view or download a supplemental report, the *Renewed With Outstanding Transactions* report. This report lists all Cal Grant participants whose awards were renewed with an unsatisfied term for the prior year. The report serves to alert schools about any students who may have been eligible for additional payments in the prior year.

### **Unable to Determine Renewal Eligibility Report**

Along with the *Renewed With Outstanding Transactions* report, a report is produced that lists all Cal Grant participants that were on their roster the prior year, for which the Commission was unable to determine renewal eligibility because the student did not meet the minimum term requirements.

The report serves to alert schools of those participants whose grants may be withdrawn unless their status is clarified. The students may have been eligible for payment, or perhaps no leave of absence was reported to the Commission. The report is mailed one month prior to sending the students their *Unable to Determine* letters. This allows the school time to correct any non-payment issues prior to students being notified.

### **Working the Reports**

The Commission advises schools to review both the *Renewed with Outstanding Transactions Report* and the *Unable to Determine Report* and report any outstanding transactions as quickly as possible. This will enable students who should have received payments for the prior year to receive those payments, or file a leave of absence and become eligible for renewal.

### **Withdrawal Date**

The Commission will withdraw the Cal Grant award as of December 31 for all students who appear on the *Unable to Determine* report with

less than the minimum number of terms satisfied for the prior year.

**Student Examples/Actions To Be Taken**

Below are some situations that may cause inclusion on the *Unable to Determine* and *Renewed with Outstanding Transactions* reports with suggested or required actions for the student, school and/or the Commission:

a. The student was not enrolled at all for the term in question:

**Student** – Report a leave of absence.

b. The school forgot to report a payment for one or more terms:

**School** – Report the missing term payment.

c. The student was enrolled at a school other than the one listed on Commission records:

**Student** – Request school change to school of attendance.

**Roster school** – Take no action

**Actual school of attendance** – Report payment if student is eligible.

d. The student was not enrolled for the term(s) in question and was unaware they had a Cal Grant, but is considering attending the next year:

**Student** – Take a leave of absence for the missing school term(s) and inform the Commission where s/he hopes to enroll for the next year. File a completed FAFSA.

e. The student never informed the school that s/he had a potential Cal Grant and the school has now "closed its books" for that year:

**Student** – Take a leave of absence for the missing school term(s) and inform the Commission where s/he will enroll for the next year.

f. The school requested verification documentation from the student; it was not received, so the school could not report payment:

**Student** – Take a leave of absence for the missing school term(s) and inform the Commission where s/he will enroll the next year.

**Roster school** – Report nothing if student did not submit required documentation.

g. The student was eligible for payment at a community college and no payment was reported. Student wants to save eligibility for future use:

**Student** – Request a Leave of Absence for the term(s) in question. (The student is only required to report one leave of absence if attending a semester-based school. The other term will be an automatic leave.)

**6.4 School Determination of Renewal Eligibility**

The school reporting payment makes the determination of a renewal participant's eligibility.

Once an ISIR for the next year is received, schools must review the student's:

- ▶ general eligibility;
- ▶ unmet financial need;
- ▶ remaining program eligibility; and
- ▶ major or academic program

**Citizenship and Residency**

Students must continue to meet United States citizenship and California residency requirements to retain eligibility for their Cal Grant award.

**Satisfactory Academic Progress**

Students must be making satisfactory academic progress before grant funds can be disbursed. Schools may use the *Grant Record Change Form for Schools (G-21)*, available through WebGrants, or report the appropriate adjustment reason code on the *Grant Roster* to notify the Commission of students who are *not* making satisfactory academic progress.

**Minimum Financial Need**

Students must have a minimum unmet financial need of at least \$100 to remain eligible for a Cal Grant payment. Minimum financial need is

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calculated as Cost of Attendance (COA), less the Expected Family Contribution (EFC), minus any Pell Grant amount. The income and asset ceilings used for the initial award do not apply to renewal recipients. For more detail on need calculations, see Chapter 6.

### Proper Course of Study

Schools should verify students' remaining Cal Grant program eligibility as well as ensure that students are enrolled in a course of study consistent with the type of Cal Grant award they have.

### School Notification to Students

Schools are required to notify renewal Cal Grant recipients of their status in the program. Financial aid offices must send the participant a letter, or other confirmation, to notify financially eligible renewal applicants of their Cal Grant eligibility, the amount of the award and any school-specific disbursement timelines and information. Schools must retain evidence of this notification.

Cal Grant participants who contact the Commission about their renewal financial aid eligibility will be referred to their campus financial aid office.

### Qualifying for a Cal Grant and a Pell Grant Are Not the Same

Schools should be aware that although many of the application and eligibility determinations for the federal financial aid programs and the state Cal Grant program are the same or similar, there is no direct correlation between the federal Pell Grant and state Cal Grant eligibility.

*A student can be eligible for a Cal Grant but not eligible for a Pell Grant.*

It is important that students not disqualify themselves from Cal Grant and other financial aid program consideration based on selection criteria for other programs that do not apply to Cal Grant programs.

# 7 Program Administration

“New Cal Grant maximum annual award amounts may vary each year depending on the level of funding provided in the Annual State Budget.”

This chapter describes the types of awards available through the Cal Grant program. It also explains the maximum award amounts available, how students may use their Cal Grant eligibility and how schools may activate awards through WebGrants reports.

## 7.1 Award Types

### Cal Grant A

**Purpose** – Cal Grant A is a tuition assistance program. Awards are for students enrolled in a program of instruction of not less than two academic years that leads to an associate or baccalaureate degree requiring 48 semester units or that results in eligibility for transfer from a community college to a baccalaureate degree program.

There are three Cal Grant A awards available to students: Entitlement, Transfer Entitlement and Competitive. Please refer to Chapter 3, “Program Descriptions and Eligibility” for more information regarding these awards and the Cal Grant A Reserve program.

**Eligible Schools** – University of California and the California State University, independent colleges and some occupational and career colleges are eligible schools for this program.

§§ **Maximum Award Amount** – The grant will pay tuition and fees up to the annual award amount for recipients attending tuition charging schools. Award amounts are determined through the state budget process and may change annually.

New Cal Grant maximum annual award amounts may vary each year depending on the level of

funding provided in the Annual State Budget. Annual award amounts will not exceed the maximum annual award amounts for each type of school. For example, if a student is attending a California State University (CSU), the maximum annual award would be \$2,520 (the maximum annual award amount for the 2005-06 academic year at a CSU). If the student is attending a UC, the maximum annual award amount would be \$6,141 (the maximum annual award amount for the 2005-06 academic year at a UC).

**Tuition and Fees** – Cal Grant A benefits cover up to full systemwide fees at the University of California and the California State University. It provides tuition and fees at independent colleges in California. Cal Grant A awards cannot be used to pay Community College fees. Students who are awarded a Cal Grant A and attend a California Community College will be placed in *Community College Reserve* status and will not receive payment until they transfer to a four-year college.

### Cal Grant B

**Purpose** – Cal Grant B is also a tuition assistance program that has the added component of a living stipend, called “Access.” This program is for students from disadvantaged or low-income families. Coursework must be for at least one academic year, and students must be enrolled at least half-time.

**Eligible Schools** – University of California and the California State University, California Community Colleges, independent colleges and some occupational and career colleges are eligible schools for this program.

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**§§ Maximum Award Amount** – The maximum award amount for the Cal Grant B program for most first-year students covers living expenses, books, supplies and transportation, but not tuition and fees is \$1,551. When renewed or awarded beyond the freshman year, the grant covers tuition and fees. The tuition and fee award amounts are the same as those for Cal Grant A. Award amounts are determined through the state budget process and may change annually.

New Cal Grant B recipients awarded through the Entitlement program or the March 2 competition process may transfer to a tuition charging school at any time during their first year of the Cal Grant program and are still eligible to receive the Access portion of the grant at the tuition charging school.

**Student "Access" (living expenses, books & supplies) Payment Option** – Schools are required to establish and publish a policy that informs students of their options regarding receipt of their Cal Grant B award and their subsequent ability at any time to rescind their existing instructions. Many schools ask students to authorize the school to apply a Cal Grant B Access payment to their tuition/fees or other school accounts. This practice is satisfactory; however, the terms and conditions must be provided in writing to all students. Students have the right to rescind the authorization at any time up to the date the fund transaction actually occurs.

If a student rescinds the authorization after the school has applied the Access payment to his or her tuition/fees or school account, the school would no longer apply the Access payment in the future but does not have to refund disbursement made prior to any rescission.

There are three Cal Grant B awards: Entitlement, Transfer Entitlement and Competitive. Please refer to Chapter 3, "Program Descriptions and Eligibility" for more information regarding the Cal Grant B program.

### Cal Grant C

**Purpose** – Cal Grant C is a tuition assistance grant for vocational students and includes an additional amount for their books and supplies. Students must be enrolled at least half-time in a course of study at least four months in length. Funding is available for up to two years, depending on the length of the program; as long as the student's academic progress is satisfactory.

**Eligible Schools** – Cal Grant C recipients may attend occupational, career, or technical training course at any California Community College. In addition, the award may be used for nursing and allied health programs at a hospital school, selected courses at several independent colleges and specialized courses at eligible proprietary colleges.

**§§ Maximum Award Amount** – Students can receive up to \$576 for training-related costs, including required tools, special clothing, books, equipment and supplies.

Students who plan to attend a school other than a California Community College may also receive up to \$2,592 in tuition assistance.

Please refer to Chapter 3, "Program Descriptions and Eligibility" for more information regarding the Cal Grant C program.

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### 7.2 Payment Periods for Non-traditional based schools

The Commission recognizes that not all schools operate within the traditional payment period (i.e. quarter or semester terms). Since payment periods vary, schools should contact Cal Grant Operations Branch staff to determine the most appropriate maximum payment period for their students.

### 7.3 Using Eligibility in the Cal Grant Programs

The Cal Grant programs were designed to give students an opportunity to complete a postsecondary education through a vocational program, a community college program, or a four- or five-year degree program. Upon receipt of a Cal Grant award, students are assigned a level of eligibility based on their grade in college. The level of eligibility represents the total amount of time the student may receive payment in the Cal Grant programs. One hundred percent (100%) represents one year of full-time payment at a traditional term-based school (i.e. quarter or semester terms).

#### Level of Eligibility

- Freshman (EL 1) 400%
- Sophomore (EL 2) 300%
- Junior (EL 3) 200%
- Senior (EL 4) 100%

For example, a student who enters a Cal Grant program as a freshman will receive 400% eligibility. While eligibility usage is tied to attendance status, eligibility is used for each term the student receives payment and the amount of usage is determined by the type of term. For instance:

- if a student attends a semester or trimester term school, 50% of eligibility will be used for each full-term payment, or

- if a student attends a quarter term school, 33.33% of eligibility will be used for each full-time term payment.

Eligibility is also adjusted for part-time attendance. The following is a breakdown of eligibility based on term type:

Type of Term	Eligibility Used
▶ Semester or Trimester	
Full-time	50%
Three-quarter time	37.5%
Half-time	25%
▶ Quarter	
Full-time	33.33%
Three-quarter time	25%
Half-time	16.67%

Once a school reports a payment of a student and the Commission's WebGrants system accepts the payment, the system automatically reduces the student's eligibility according to the breakdown listed above.

### 7.4 Award Activation

#### New Cal Grant Awards

A new recipient is a student who has been newly awarded a Cal Grant in the current year. New recipients' award amounts are determined by the type of school and the Cal Grant program awarded.

In January, the Commission begins making Cal Grant Entitlement awards. Schools may view the awards online through WebGrants. Schools may begin adding students to their roster by

## Chapter 7, Program Administration

reporting school change (SC) transactions or reporting students who are not in attendance (NA) transactions through the WebGrants Cal Grant Roster screen. The school change, not attending and yes attending (YA) codes will be the only transactions available at this time.

As each successive Cal Grant award process is completed, new students will continue to be added to the roster. All records will appear with a message "Payment Transaction is in HALT PAY STATUS - No payments allowed" until such time as the Commission authorizes payments for the new fiscal year.

**State Budget/Fall Advances** - The Commission begins sending initial award notifications to students in January. However, schools may not begin processing Cal Grant payment transactions for initial and renewal awards until the Governor signs the State Budget Act and after the Commission has issued the fall fund advances. Fall advances are sent to schools in August and October. Schools can select which month (either August or October) is best for their administration of the Cal Grant program.

New Cal Grant recipients must activate their awards to remain eligible for payment. Either a payment or a leave of absence must be processed for the initial fall term.

**On or After July 1** - New Cal Grant A and B recipients receive their first Cal Grant award payment in the fall term of the award year and not prior to July 1 of the award year. New Cal Grant C recipients may receive their Cal Grant C payments for summer term course work which begins on or after July 1.

For information regarding the selection process for new Cal Grant recipients, please refer to Chapter 5, "Cal Grant Award Selection Process."

### Renewal Cal Grant Awards

A renewal recipient is a student who has been awarded a Cal Grant in a previous award year and has remaining eligibility. The first Cal Grant roster for renewing recipients will assume maximum eligibility based on need and remaining eligibility. After a school reports a renewal student's Cal Grant need and the Cal Grant roster is processed, any adjusted award amount and the amount a student may be paid for each term will appear on the school's next Cal Grant roster. It is not required to wait until the need amount is processed to report a payment to a renewal student.

Renewal students are notified by mail and are added to the Cal Grant roster the beginning of July. Schools may process school changes, at this time, for students who are transferring to their institution for fall term. Renewal students must have a minimum financial need of \$100 in order to receive payment in the Cal Grant program.

For information regarding the renewal process, please refer to Chapter 6, "Renewal of Cal Grant Award."

### 7.5 Report Activation

The Commission provides reports such as the *Unable to Determine* report, the *Automatic Leave* report and the *Unclaimed Awards* report to assist schools in determining which students have potential Cal Grant eligibility. These reports are available on WebGrants on the Data Transfer Report Download screen. Schools are not required to work these reports. However, these reports are produced to assist schools in locating students who may have payment eligibility. The "User Guide" and record layout information for these reports are available on WebGrants in the "Help Center."

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### **Unable to Determine Report**

The "Unable to Determine" report is available to schools each year at the beginning of July. The report lists Cal Grant recipients whose awards cannot be renewed for the next academic year because the Cal Grant Roster has not been updated with the required number of terms from the prior academic year. The report is generated one month before recipients are contacted by the Commission. This allows schools time to review the report and determine which students require payment(s).

**Minimum number of periods-** The minimum number of payment periods that the Commission needs a transaction for is one semester for schools set up for semester payments and two quarters for schools set up for quarter payments. The types of transactions that will activate renewal consideration include any dollar amount of a Cal Grant payment or a leave of absence. If a payment or a leave of absence transaction is reported for the minimum number of payment periods, the award offer will be renewed, assuming the student has sufficient remaining program eligibility.

Students whose awards cannot be renewed due to unreported terms from the prior year are sent an "Unable to Determine" renewal eligibility letter in August. The letter instructs students who were enrolled in school to request that their school report their payment eligibility status to the Commission. For those students who were not enrolled in school, the student is instructed to submit a leave of absence to the Commission. If a payment transaction or leave of absence remains unreported for the minimum number of terms, the student's award will be withdrawn. Two "Unable to Determine" letters are sent to a student prior to withdrawal of a Cal Grant award.

### **Automatic Leave Report**

The Automatic Leave report lists those students whose Cal Grant award was renewed for the next academic year, but has at least one payment period missing on the Cal Grant Roster transaction. A student attending a semester school who wishes to retain Cal Grant eligibility until attending a higher cost school, for instance, may be renewed by simply having one leave of absence reported for the year. The student will be considered to be on "automatic leave" for the other two terms of that award year. The Commission automatically calculates the student's eligibility for leave.

### **Unclaimed Awards Report**

To assist schools in identifying Cal Grant recipients who may be enrolled at their institution, the Commission has developed the Unclaimed Awards Report.

An unclaimed award is any new or renewal awards for which no positive dollar amount has been reported and accepted by the Commission for a specific academic year. New Cal Grant recipients will appear on the report for any school that was listed on their ISIR (up to six eligible California institutions) or their current school of record. Renewal students will only appear on the report for their school of record.

This report is available on WebGrants and is produced quarterly beginning in October of the award year. The report is available on the Data Transfer Report Download screen in both a report and a data file format. Each time the report is run it will replace the previous report and data file. The dates on which this report is available appear on the WebGrants production calendar.



# 8 CAL GRANT PROGRAM PAYMENTS

**T**he confirmation and verification of Cal Grant payment eligibility to students and the accurate reporting of that eligibility by schools to the Commission is an important step in the Cal Grant payment process. Accurate and on-time reporting of payment ensures that schools are delivered sufficient funds to pay their Cal Grant students.

## 8.1 Confirming Cal Grant Eligibility

### Overview

Before releasing Cal Grant payments to students, schools must confirm that students meet the following eligibility criteria before students can receive their Cal Grant award.

**Citizenship-** Cal Grant recipients must meet the same federal citizenship guidelines used to determine federal Title IV eligibility. The federal citizenship guidelines can be found on the Free Application for Federal Student Aid (FAFSA) Web site at [www.fafsa.ed.gov](http://www.fafsa.ed.gov).

**Residency-** Cal Grant recipients must be legal California residents as determined by the school. Refer to Chapter 3, "Program Description and Eligibility" for more information regarding California residency requirements.

**Loan Default or Grant Repayment-** Cal Grant recipients cannot be in default on a student loan or owe a repayment on a state or federal financial aid grant. Schools must verify that students are not in default. Previously defaulted Cal Grant recipients who have re-established eligibility in the Family Federal Educational Loan (FFEL) or the Federal Direct Student Loan (FDSL) programs are eligible to receive Cal Grant payment.

**Enrolled at least Half-time-** In order to receive a Cal Grant payment, students must be enrolled at

least half-time. Attendance status is determined by the school.

**Undergraduates-** Cal Grant A, B, and C recipients must be undergraduates. Except for those continuing Cal Grant A and B recipients who have received their bachelor's degree and are now working on a California K-12 teaching credential.

**Financial Eligibility-** The Commission uses two formulas to determine financial need for Cal Grant participants. These two formulas are used to determine which new students will enter the program and which renewal students will remain in the program.

### New Recipients

Eligibility for new recipients is initially determined by the Commission using the following formula:

$$\text{COA} - \text{EFC} - \text{Veteran's benefits} = \text{New Cal Grant need}$$

*(Cost of Attendance minus Expected Family Contribution minus Veteran's benefits = New Cal Grant need)*

This formula is used to select new participants into the program. This formula does not take into account other financial aid the student is receiving. It is possible that a student can be selected into the program using this formula based on FAFSA information, but not have any payment eligibility due to other aid received. This student may remain in the program but will not be paid.

### Renewal Recipients

Schools must calculate and report renewal recipients' Cal Grant need. To remain in the program, renewal Cal Grant recipients must

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have a financial need of \$100 or more using the following formula:

$$\text{COA} - \text{EFC} - \text{PELL} = \text{Cal Grant need}$$

*(Cost of Attendance minus Expected Family Contribution minus Pell Grant equals Cal Grant need)*

This formula is used to determine which students will remain in the program. It is possible that a student can remain in the program based on the renewal need formula but not have any payment eligibility. Schools must consider other sources of financial aid the student is receiving.

Students who have enough need using the renewal formula, but not enough need when other aid is considered, will remain in the program but will not be paid.

Schools must report the maximum annual need amount for renewal students even if the student may only be attending the school for one term.

Schools may use the Commission's annually established Student Expense Budgets to confirm the financial need of renewal applicants or may use their own student expense budgets to determine renewal eligibility.

Cal Grant C renewal participants are automatically renewed and no reported financial need is required.

### Verifying Eligibility for New Cal Grant Recipients

The Commission initially selects financially eligible Cal Grant applicants based on the information reported on the student's FAFSA. To be eligible for a Cal Grant A or C, new recipients who attend a public college must have a minimum financial need of the maximum annual award amount for their segment plus \$1,500. To be eligible for a Cal Grant B new recipients who

attend a public college must have a minimum financial need of \$700.

**CSU, UC examples:** For the 2005-06 academic year, recipients awarded at the CSU had to have a minimum financial need of \$2,520 plus \$1,500, or \$4,020. Recipients awarded at the UC had to have a minimum financial need of \$6,141 plus \$1,500, or \$7,641.

Recipients who are awarded at a private or independent college must have a minimum financial need of the Cal Grant annual maximum tuition amount for the program of study plus \$1,500, or the maximum annual segmental award amount, plus \$1,500, whichever is less. To be eligible for a Cal Grant B new recipients must have a minimum financial need of \$700.

### Cal Grant Award Minimum Financial Need

*New Cal Grant A recipients -*

Maximum annual award amount + \$1,500

New Cal Grant B recipients - \$700

Renewal Cal Grant A & B recipients - \$100

### Verifying New Transfer Entitlement (E2) Recipients

In order to receive a Transfer Entitlement award, an applicant must:

- have graduated from a California high school after June 30, 2000, or have received the equivalency of a high school graduation within the specified time frame; *High school equivalency* means students who successfully pass the General Educational Development Test (GED) or pass the California High School Proficiency Examination any time after June 30, 2000;
- be a California resident at the time they graduated from high school;
- have attended a California Community College prior to transferring to a qualifying four-year college;

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- have a verified community college grade point average (GPA) of at least 2.40 If the student's verified GPA did not include the high school graduation date, the student's date of birth is used as a proxy for the graduation date;
- be under 24 years old as of December 31 of the award year;
- meet all basic eligibility requirements;
- apply by March 2.

To receive payment (including a discretionary summer term payment) students must:

- attend a qualifying four-year college during the award year; *and*
- have a verified high school graduation date after June 30, 2000;
- be a California resident at the time they graduated from high school.

All students whose date of birth was used as a proxy for the graduation date will be identified on the payment Roster with a special identifier (asterisk) and payment transactions will not be accepted until the high school graduation has been confirmed.

Students selected into this program who cannot activate the award at a qualifying four-year college during the award year will have their award offer withdrawn.

**"On Hold" flag:** Schools are notified through WebGrants that verification of a student's graduation date is required through a Transfer Entitlement "On Hold" flag that appears next to the program code on the payment screen.

Transfer Entitlement applicants who are not selected as recipients receive notification which explains the reason(s) they were not awarded. The notification states the disqualifying reason(s), and includes an *Entitlement Non-Recipient Fact Sheet* and an *Application Correction Form* (G-23).

Students can "self certify" their high school graduation date by contacting the Commission. Upon this certification, the Commission will remove the "On Hold" flag. However, if schools have conflicting information regarding the student's graduation date, schools must notify the Commission through the *Grant Record Change Form for Schools* (G-21) or on the "Grant Record Change" screen on WebGrants.

### Verifying Renewal Cal Grant Recipients

In order for recipients to renew their Cal Grant award at a semester or trimester term school, recipients must have at least one payment period satisfied through a payment or a leave of absence. For recipients to renew their Cal Grant award at a quarter payment term school, recipients must have at least two quarters satisfied by a payment or a leave of absence. Summer terms are not considered a term in this process.

Recipients who have not had their award renewed due to a missing term payment from prior year will appear on the "Unable to Determine Renewal Eligibility Report" as explained in "Chapter 7, Program Administration."

**Change of Financial Need** - If schools become aware of any change to a new or renewal recipient's financial need, and the change affects Cal Grant eligibility, the change must be reported to the Commission by completing a *Grant Record Change Form for Schools* (G-21) or through the "Grant Record Changes" screen on WebGrants

The Commission will recalculate the student's eligibility based on the new information and will notify the student of their eligibility or ineligibility.

### Verifying Attendance Status

A recipient's attendance status must be verified prior to making a Cal Grant payment and must be determined at the time it is reported to the Commission. Students must be enrolled at least half-time to receive payment.

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When reporting payments for a term that has ended, schools must base the attendance on the number of units completed for the term.

- If a recipient registers but never attends class, the Commission will not pay tuition/fee payments and schools should not report the tuition/fee payment.
- If a recipient registers but never attends class and a payment has already been reported, schools should report an adjusted payment to correct the previously reported payment.
- If a recipient registers who receives Access or books and supplies funds and never attends classes it must be reported to the Commission as owing a payment.

Recipients who enroll and attend classes, but then withdraw or drop to less than half-time before receiving payment of Access or books and supplies may still receive this award based on the amount of educational expenses incurred up to the date of their withdrawal or ineligibility. However, if a school's refund policy requires the return of funds, the funds must be returned to the Commission.

### Graduating Seniors

Seniors who are on their final term of a baccalaureate degree program and are attending less than half-time and still have remaining eligibility can be paid their full tuition charges up to the term maximum. No access will be paid.

For the tuition/fees payment adjustment, schools should use the adjustment reason code of "SR" for graduating seniors.

Cal Grant B Access would be prorated as usual based on the graduating senior's actual attendance status.

Report the Access payment adjustment reason code as follows:

- "ST" for graduating senior,  $\frac{3}{4}$  time, or
- "SH" for graduating senior,  $\frac{1}{2}$  time, or
- "SL" for graduating senior, less than half-

time and must be posted with a zero dollar amount

### Verifying Program Eligibility

Payment of Cal Grant program benefits is limited to students enrolled as regular students in an eligible program. A regular student is a student who is enrolled in an eligible institution for the purpose of obtaining a degree or certificate offered by the school.

Students ineligible for Cal Grant payment are those student's taking courses before being officially admitted to a program, as well as students enrolled in secondary school (high school) diploma programs or in programs designed to help a student pass the GED.

College extension coursework cannot be paid a Cal Grant award.

At the time of payment, a school certifies that recipients are enrolled in an eligible program (course of study). This is determined by the degree objective of the recipient.

*For example:*

- Cal Grant A awards are paid only to recipients enrolled in an associate or baccalaureate degree programs.
- Cal Grant B awards are paid to recipients enrolled in certificate, associate or baccalaureate degree programs.
- Cal Grant C awards are paid only to recipients enrolled in vocational certificate or associate degree programs.

Documentation verifying that a recipient is enrolled in an eligible program is based on school documentation such as a recipient's lesson plan or formal declaration of their major.

Cal Grant C recipients may receive payment for classes that are outside their primary program if the school can certify that the recipient is in a vocational program. A recipient's signed lesson plan or a formal declaration of their major certifies that they are enrolled in a vocational program.

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### Verifying Satisfactory Academic Progress

Schools must verify that the Satisfactory Academic Progress standards as established by their schools are met. Recipients who do not meet these standards are ineligible for Cal Grant payment and will not use eligibility during the terms they are ineligible for payment.

Refer to "Chapter 6, Renewal of Cal Grant Awards" for more information regarding Satisfactory Academic Progress.

### Mandatory Five Year Program – Fifth Year Extension Cal Grant Recipients

Schools must verify that the mandatory five-year undergraduate program requirements as described in "Chapter 3, Program Descriptions and Eligibility" are met.

### Teaching Credential Program (TCP) – Fifth Year Extension Cal Grant Recipients

Schools must verify that the Teaching Credential Program extension requirements described in "Chapter 3, Program Descriptions and Eligibility" are met.

## 8.2 Educational Level (EL) Verification Overview

To ensure that new Cal Grant A and B recipients receive the correct amount of initial program eligibility, schools must verify that Commission records reflect the recipient's correct educational level (EL) for the term in which the initial Cal Grant payment was made.

The actual number of years a student is entitled to receive Cal Grant payments is calculated based on the student's EL in the first term for which a Cal Grant award is paid. As a result, the EL designated by the eligible student's school corresponds to the student's EL for the term for which the student's first Cal Grant payment was paid, i.e., the term to which the Cal Grant payment is applied.

The Commission recommends that schools verify the EL for new recipients prior to making the fall payment.

In cases where a student's first payment is postponed, only the school where the student first receives Cal Grant payment can report the EL (i.e., the student is in Community College reserve and takes a leave of absence or periods of military deferment). If a situation occurs when a student has transferred and the EL has not been verified, schools must complete a *School Record Change Form (G-21)* or complete the Grant Record Changes Screen on WebGrants.

*EL Verification is not required:*

- If a student indicates on their FAFSA that they have never attended college
- for students attending a community college

*EL Verification is required:*

- If a student indicates on their FAFSA that they have attended a college.

Any student disagreeing with their initial EL will be referred to the school where they first received Cal Grant payment, even if that school was a community college.

### Online Verification

Schools may verify a recipient's EL through the WebGrants Display Roster (Online Roster) screen. Transactions are processed weekly and will appear on the next online Roster. Results will also appear on an EL Verification Accept/Reject report available through the WebGrants "Data Transfer Report Download" screen.

### Data Transfer

Schools may download the EL Verification Roster through the "Data Transfer Report Download" screen on WebGrants. New data files will be produced monthly during the Commission's month-end process.

## Chapter 8 Cal Grant Program Payments

Schools may also use the Data Transfer File Upload screen on WebGrants to return verification data to the Commission. The upload data file must include a header record, students' Social Security numbers, and the reported EL. Uploaded files will be processed during the Commission's weekly payment processing cycle. Results will appear on the online Roster and on a new EL Verification Accept/Reject report available through the WebGrants Data Transfer Report Download screen.

### Microsoft Excel Template

Schools may download the EL Verification Roster through the Data Transfer Report Download screen on WebGrants. Open the data file using the Excel template, key the EL for each student, and then upload the file through WebGrants. This template is located in the WebGrants Tools Menu.

## 8.3 Reporting Payments to the Commission Cal Grant Roster

Schools report payment transactions to the Commission by posting transactions on the Cal Grant Roster available on WebGrants.

For a listing and description of the data elements on the Roster for recipients, refer to the Cal Grant Record Layout available in the Help Center on WebGrants.

### Roster Availability

The Commission begins creating academic year specific Cal Grant Rosters during January preceding each award year. The following table illustrates when recipients are added to the Roster.

Each year, Cal Grant funding is subject to state budget appropriations. For this reason the Roster is available only for viewing and posting school changes. The Roster is *not* available for reporting payment transactions. Payments can be made after the final state budget is passed but never before the beginning of August.

### Weekly Processing

The Roster is updated throughout the award year on a weekly basis as information is reported to the Commission by students and schools.

## Roster Cycle

Type of Recipient	When added to Roster
New A & B Entitlement Recipients	As soon as students are awarded and throughout the award year as corrections are processed (no earlier than the January preceding the award year)
New Competitive A & B Recipients for March 21 award cycle	Approximately early April
New Cal Grant C Recipients	Approximately early June to early August
Renewal A, B, & C Recipients	Approximately early July
New Competitive A & B Recipients for September 21 award cycle	Approximate y early to mid October

The actual dates depend on Commission processing cycles and the signing of the year's state budget. *Operations Memos* are sent to schools announcing the actual dates.

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Reported transactions are either accepted or rejected through the weekly processing cycle and are reflected on the weekly *Accept/Reject Report*. Accepted transactions appear on the school's Roster beginning the first day following the weekly processing cycle (usually the following Monday).

Rejected transactions will appear on the school's *Accept/Reject Report* with a description of why the transaction rejected. Schools should review and correct these rejected transactions.

### Updating the Roster

The following actions (if applicable) must be reported to the Commission on the Roster before final reconciliation of the award year:

- school changes
- renewal recipient's financial need
- adjustments to the renewal recipient's financial need
- maximum term award payments to recipients
- adjusted term award payments to recipients

### Payment Reporting Deadlines

Schools should report on their most current Roster each term's payment transactions prior to the end of the term. Timely reporting of transactions guarantees timely advancement of funds and prevents fund offsets.

Processing of payment roster transactions occurs bi-monthly on WebGrants. Any WebGrants transactions made prior to the start of processing will be included on the next Roster.

The deadline to make payment to recipients is September 30 of the academic year following the award year. For example, for the 2005-06 academic year this would be September 30, 2006. The Commission expects payments by schools by September 30 but realizes that there may be some exceptions. Schools should

contact the Commission's Cal Grant Operations Branch for resolution to problem transactions.

### School Changes

When students are first awarded, their record will appear only on the Roster of the first California school listed on the FAFSA which was used to determine their eligibility. Renewal recipients transferring from another school will not appear on the Roster until a school change is submitted.

If a recipient will be attending a school, but they are not listed on the school's Roster, a school change must be entered either before, or at the same time as a request for payment.

Once the school has requested the school change, the Commission will verify the recipient's eligibility at the new school and calculate the recipient's maximum annual award amount. If the Commission determines that the recipient is eligible at the new school, the recipient and the recipient's award information will be added to the new school's Roster. Schools may only request school changes for their school.

**School Changes and EL Verification with Payments** – Reporting school changes and/or EL Verification transactions along with a payment transaction, may commit a student to a different grant that may not be the most beneficial for the student. Questions regarding such transactions can be forwarded to the Cal Grant Operations Branch for resolution.

## 8.4 Reporting Need

### Overview

The amount printed on the Roster under each term (FL [fall], WN [winter], SP [spring], or SU [summer]) is the amount the Commission expects

## Chapter 8 Cal Grant Program Payments

the school to disburse, unless it is determined by the school that an adjustment is necessary.

Schools must review the total term award payment amount listed for the term to be paid. If the recipient is eligible for the total term payment as listed on the Roster, no payment adjustment is necessary.

**Renewal Recipient's Financial Need** - A need amount must be reported for all renewal recipients before payments are reported—except for Cal Grant C renewals. The need amount must be reflected as full-time for the student's full year of attendance.

### **School Entered Payment Status Codes**

The status of a recipient's payment is indicated on the Roster in the "Pay Stat" field of the recipient's record. Schools may use one of the following three codes in the Pay Stat field depending on the transactions being reported:

#### **1. SC – School Change**

Requesting a school change only. Requesting a school change and reporting a renewal recipient's unmet need.

#### **2. PD – Paid**

Reporting a maximum term payment amount only. Requesting a school change for a new recipient and reporting a maximum term payment at the same time. Requesting a school change for a renewal recipient and reporting a maximum term payment and reporting the renewal recipient's unmet need at the same time.

**3. UN\* – Unmet Need** Reporting a renewal recipient's unmet need only. The "UN" code will automatically be entered into the Pay Stat Code field when a need is reported.

### **Not in Attendance (NA) and Yes in Attendance (YA) Codes**

Schools can remove students from the eligible section of the Roster by entering the "NA" (Not in Attendance) code in the Pay Stat Code field. This will "hide" the student's record in the "Not in Attendance" Section 5 of the Roster and generate a letter to a student to request the name of the school in attendance.

If a student was placed in the "Not in Attendance" section of the Roster and a school wants to recall them to the eligible section, the school can locate the student by entering their SSN or CSAC ID in the top search field on the school's Roster and then entering the "YA" (Yes in Attendance) code in the Pay Stat Code field.



## Chapter 8 Cal Grant Program Payments

### 8.5 GRANT ROSTER ADJUSTMENT REASON CODES

Following is a list of adjustment reason codes used by the Commission.

#### CODE FT

**DEFINITION** Recipient is attending full-time and payment is being increased to reflect full-time status.

**COMMISSION ACTION/RESULT** The Commission will pay the adjusted amount reported in the term adjustment field, but will not pay more than the recipient's maximum eligible amount for the term. Recipient uses full eligibility for the term.

**NOTE:** This adjustment reason code is necessary only when a recipient's payment is adjusted up to the full-time amount. It is not necessary to use this code when there is no change to a recipient's full-time status.

#### CODE TT

**DEFINITION** Recipient is attending three quarter-time, and payment is being adjusted (increased or decreased) to reflect three-quarter-time status.

**COMMISSION ACTION/RESULT** The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than a prorated three-quarter-time amount when applicable, based on the payment prorating requirements for the school. The recipient uses three quarters of the full eligibility for the term.

#### CODE HT

**DEFINITION** Recipient is attending half-time and payment is being adjusted (increased or decreased) to reflect half-time status.

**COMMISSION ACTION/RESULT** The Commission will pay the adjusted amount reported in the term adjustment field but will not

pay more than a prorated half-time amount when applicable, based on the payment prorating requirements for the school. The recipient uses half of the full eligibility for the term.

#### CODE AF

**DEFINITION** School makes a miscellaneous adjustment to a recipient's term payment, and the recipient is attending full-time. This code should only be used if a more specific code does not apply. The amount reported must be greater than 0.

**COMMISSION ACTION/RESULT** The Commission will pay the adjusted amount reported in the term adjustment field which can be more or less than the term amount displayed on the Grant Roster, but no more than the maximum for which the recipient is eligible. The recipient will use full eligibility for the term.

#### CODE AT

**DEFINITION** School makes a miscellaneous adjustment to a recipient's term payment, and the recipient is attending three-quarter-time. This code should only be used if a more specific code does not apply. The amount reported must be greater than 0.

**COMMISSION ACTION/RESULT** The Commission will pay the adjusted amount reported in the term adjustment field, which can be more or less than the term amount displayed on the Grant Roster, but no more than the maximum for which the recipient is eligible. The recipient will use three quarters of the full eligibility for the term.

## Chapter 8 Cal Grant Program Payments

### 8.5 GRANT ROSTER ADJUSTMENT REASON CODES- *continued*

#### CODE AH

School makes a miscellaneous adjustment to a recipient's term payment, and the recipient is attending half-time. This code should only be used if a more specific code does not apply. The amount reported must be greater than 0. The Commission will pay the adjusted amount reported in the term adjustment field, which can be more or less than what is displayed on the roster, but no more than the maximum for which the recipient is eligible. The recipient will use half of the full eligibility for the term.

#### CODE OF

DEFINITION (Tuition/Fees only) Recipient is receiving tuition/fee assistance from an outside source, and the recipient is attending full-time. Partial charges or \$0 charges, depending on the amount of other assistance, should be entered in the term adjustment field on the Grant Roster.

**COMMISSION ACTION/RESULT** The Commission will pay the amount reported in the term adjustment field whether partial charges or \$0 are entered, but will not pay more than the maximum for which the recipient is eligible. Recipients for whom the school reports \$0 payment for the term will not be withdrawn from their program regardless of whether they have a Cal Grant A, B, or C or Graduate Fellowship. The recipient will use full eligibility for the term. *Note:* Dollar amount greater than \$0 will use eligibility.

#### CODE OT

DEFINITION (Tuition/Fees only) Recipient is receiving tuition/fee assistance from an outside source, and the recipient is attending three-quarter-time. Partial charges or \$0 charges, depending on the amount of other assistance, should be entered in the term adjustment field on the Grant Roster.

#### COMMISSION ACTION/RESULT

The Commission will pay the amount reported in the term adjustment field whether partial charges or \$0 are entered, but will not pay more than the maximum for which the recipient is eligible. Recipients for whom the school reports \$0 payment for the term will not be withdrawn from their program regardless of whether they have a Cal Grant A, B, or C or Graduate Fellowship. The recipient will use three quarters of the full eligibility for the term. *Note:* Dollar amount greater than \$0 will use eligibility.

#### CODE OH

DEFINITION (Tuition/Fees only) Recipient is receiving tuition/fee assistance from an outside source, and the recipient is attending half-time. Partial charges or \$0 charges, depending on the amount of other assistance, should be entered in the term adjustment field on the Grant Roster.

**COMMISSION ACTION/RESULT** The Commission will pay the amount reported in the term adjustment field whether partial charges or \$0 are entered, but will not pay more than the maximum for which the recipient is eligible. Recipients for whom the school reports \$0 payment for the term will not be withdrawn from their program regardless of whether they have a Cal Grant A, B, or C or Graduate Fellowship. The recipient will use half of the full eligibility for the term. *Note:* Dollar amount greater than \$0 will use eligibility.

#### CODE RF

DEFINITION The RF code indicates a renewal recipient has a revised need and is attending full-time. The school has made a revision to a renewal recipient's unmet financial need, and the current Grant Roster does not reflect the new need amount or the correct payment for the term(s). The school must enter a revised need

## Chapter 8 Cal Grant Program Payments

### 8.5 GRANT ROSTER ADJUSTMENT REASON CODES- *continued*

amount in the Adjusted Need field on the Grant Roster and enter the adjusted term payment in the appropriate term adjustment fields for the individual award types (tuition/fees, subsistence, or book and supply). An adjusted annual need must be reported for renewal recipients when a revision to the need amount printed on the Grant Roster results in a change to the recipient's annual award amount, and therefore affects the term payments. This change can either result in a decrease or increase to the recipient's annual award. Note: Revisions to new recipients' need amounts must be reported on the Grant Record Change Form for Schools (G-21) and cannot be reported on the Grant Roster.

**COMMISSION ACTION/RESULT** The Commission will recalculate the recipient's annual award based on the adjusted need amount entered. The Commission will pay the amount entered in the term adjustment field(s), but no more than the maximum for which the recipient is eligible. If the recipient's payment should be \$0, the school must enter \$0 in the term adjustment field. The recipient will use full eligibility for the term. Subsequent Grant Rosters will reflect an updated annual award, the updated need amount, and updated term payments.

#### **CODE RT**

**DEFINITION** The RT code indicates a renewal recipient has a revised need and is attending three-quarter-time. The school has made a revision to a renewal recipient's unmet financial need, and the current Grant Roster does not reflect the new need amount or the correct payment for the term(s). The school must enter a revised need amount in the Adjusted Need field on the Grant Roster and enter the adjusted term payment in the appropriate term adjustment fields for the individual award types (tuition/fees, subsistence, or book and supply). An adjusted annual need must be reported for renewal recipients when a revision to the need amount

printed on the Grant Roster results in a change to the recipient's annual award amount, and therefore affects the term payments. This change can either result in a decrease or increase to the recipient's annual award.

**NOTE:** Revisions to new recipient's need amounts must be reported on the Grant Record Change Form for Schools (G-21) and cannot be reported on the Grant Roster.

**COMMISSION ACTION/RESULT** The Commission will recalculate the recipient's annual award based on the adjusted need amount entered. The Commission will pay the amount entered in the term adjustment field(s), but no more than the maximum for which the recipient is eligible. If the recipient's payment should be \$0, the school must enter \$0 in the term adjustment field. The recipient will use three quarters of the full eligibility for the term. Subsequent Grant Rosters will reflect an updated annual award, the updated need amount, and updated term payments.

#### **CODE RH**

**DEFINITION** The RH code indicates a renewal recipient has a revised need and is attending half-time. The school has made a revision to a renewal recipient's unmet financial need and the current Grant Roster does not reflect the new need amount or the correct payment for the term(s). The school must enter a revised need amount in the Adjusted Need field on the Grant Roster and enter the adjusted term payment in the appropriate term adjustment fields for the individual award types (tuition/fees, subsistence, or book and supplies). An adjusted annual need must be reported for renewal recipients when a revision to the need amount printed on the Grant Roster results in a change to the recipient's annual award amount, and therefore affects the term payments. This change can either result in

### 8.5 GRANT ROSTER ADJUSTMENT REASON CODES, *continued*

a decrease or increase to the recipient's annual award.

**Note:** Revisions to new recipient's need amounts must be reported on the Grant Record Change Form for Schools (G-21) and cannot be reported on the Grant Roster.

**COMMISSION ACTION/RESULT** The Commission will recalculate the recipient's annual award based on the adjusted need amount entered. The Commission will pay the amount entered in the term adjustment field(s), but no more than the maximum for which the recipient is eligible. If the recipient's payment should be \$0, the school must enter \$0 in the term adjustment field. The recipient will use half of the full eligibility for the term. Subsequent Grant Rosters will reflect an updated annual award, the updated need amount, and updated term payments.

#### CODE LA

**DEFINITION** Recipient is taking a leave of absence from the Cal Grant. The school must enter a \$0 amount in the term adjustment field. The school should not use the LA code when a payment greater than \$0 is reported for a term.

**COMMISSION ACTION/RESULT** The Commission will place the recipient in a leave status for the term. The recipient will not use any eligibility for the term. The subsequent updated Grant Roster will reflect a \$0 term payment and a LA code in the Pay Status field. **NOTE:** Payments reported by any school for a term for which one school has reported a leave of absence will override the recipient's leave status for the term.

#### CODE NP

**DEFINITION** Recipient is not making satisfactory academic progress. The school must enter a \$0 amount in the term adjustment field.

**COMMISSION ACTION/RESULT** The Commission will place the recipient in an unsatisfactory progress status for the term, and the recipient will not use any eligibility for the term. The school must report a recipient's unsatisfactory progress for every term affected. The subsequent updated Grant Roster will reflect a \$0 term payment and an NP code in the Pay Status field. To clear a recipient's unsatisfactory progress status for a term, the school should report a payment adjustment for the term. Recipients who have an unsatisfactory progress status for consecutive terms beyond one academic year will be withdrawn from their program.

**Example:** A recipient who is reported as "NP" for both the fall and spring semesters must activate his or her award by re-establishing satisfactory progress during the subsequent term or the award will be withdrawn.

#### CODE LD

**DEFINITION** School is aware that the recipient is in default on an educational loan, and therefore, cannot disburse funds.

**COMMISSION ACTION/RESULT** Recipient's award will be withdrawn.

#### CODE GR

**DEFINITION** School is aware that the recipient owes a refund on a federal or state grant, and therefore, cannot disburse funds.

**COMMISSION ACTION/RESULT** Recipient's award will be withdrawn.

#### CODE IA

**DEFINITION** Ineligible course for Cal Grant A. Recipient is enrolled in an instructional program that is less than two academic years in length.

**COMMISSION ACTION/RESULT** Recipient's award will be withdrawn.

## Chapter 8 Cal Grant Program Payments

### 8.5 GRANT ROSTER ADJUSTMENT REASON CODES, *continued*

#### CODE IB

**DEFINITION** Ineligible course for Cal Grant B. Recipient is enrolled in an instructional program that is less than one academic year in length.

#### CODE IC

**DEFINITION** Ineligible course for Cal Grant C. Recipient is enrolled in an instructional program that is less than four months or greater than 24 months in length. Recipient is enrolled in a non-vocational course of study that does not qualify for the program. Recipient is taking all prerequisite courses that are not actually part of a technical/vocational program.

**COMMISSION ACTION/RESULT** Recipient's award will be withdrawn.

#### CODE MV

**DEFINITION** Unable to verify requirements for Cal Grant Fifth-Year benefits. Recipient is a graduate. Recipient is not enrolled in an undergraduate degree program that requires every participant more than four years to complete.

**COMMISSION ACTION/RESULT** Recipient's award will be withdrawn.

#### CODE TV

**DEFINITION** Unable to verify requirements for Cal Grant Teaching Credential benefits. Recipient is not enrolled in a teaching credential program approved by the California Commission on Teacher Credentialing. Recipient has already received an initial teaching credential. Recipient has not yet received a bachelor's degree.

**COMMISSION ACTION/RESULT** Recipient's award will be withdrawn.

#### CODE IP

**DEFINITION** Special code for Commission use only or for use by schools at the direction of a Cal Grant Operations analyst. For more

information, please call the Cal Grant Operations Branch at 1-888-294-0153.

#### CODE SR

**DEFINITION** (Tuition/Fees only) Recipient is a graduating senior enrolled less than full-time (three-quarter time, half-time or less than half-time). Actual tuition/fee charges, up to the maximum term award, should be entered in the term adjustment field.

**COMMISSION ACTION/RESULT** The Commission will pay up to the amount charged by the school, but no more than the maximum amount the recipient is eligible to receive, based on the recipient's remaining eligibility in the program. The recipient will be withdrawn from the program after payment is made.

#### CODE ST

**DEFINITION** (Access only) Recipient is a graduating senior enrolled three quarter-time. The Commission will pay the adjusted amount reported in the term adjustment field, but will not pay more than a prorated three-quarter-time amount. The recipient uses three quarters of the full eligibility for the term.

**COMMISSION ACTION/RESULT** The recipient will be withdrawn from the program after payment is made.

#### CODE SH

**DEFINITION** (Access only) Recipient is a graduating senior enrolled half-time.

**COMMISSION ACTION/RESULT** The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than a prorated half-time amount. The recipient uses half of the full eligibility for the term.

**COMMISSION ACTION/RESULT** The recipient will be withdrawn from the program after payment is made.

### 8.5 GRANT ROSTER ADJUSTMENT REASON CODES, *continued*

**CODE SL**

**DEFINITION** Access only Recipient is a graduating senior enrolled less than half-time. The Commission will not pay access for this recipient. The recipient will use eligibility for the term only if he or she is receiving payment for tuition/fees for the same term.

**COMMISSION ACTION/RESULT** The recipient will be withdrawn from the program after payment is made.

**CODE NS**

**DEFINITION** School originally reported a payment transaction for a recipient who ultimately is ineligible for payment. The school enters a \$0 payment in the term adjustment field.

**COMMISSION ACTION/RESULT** The Commission will pay \$0 for the recipient, and the recipient will not use any eligibility for the term.

**CODE PF**

**DEFINITION** School disburses payments to recipients more than once per term and the school is unable to disburse the entire term amount to a recipient. Recipient was verified as attending full-time.

**COMMISSION ACTION/RESULT** The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than the recipient's maximum eligible amount for the term. Recipient uses full eligibility for the term.

**CODE PT**

**DEFINITION** School disburses payments to recipients more than once per term, and the school is unable to disburse the entire term amount to a recipient. Recipient was verified as attending three-quarter-time.

**COMMISSION ACTION/RESULT** The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than the recipient's maximum eligible amount for the term. Recipient uses three quarters of the full eligibility for the term.

**CODE PH**

**DEFINITION** School disburses payments to recipients more than once per term, and the school is unable to disburse the entire term amount to a recipient. Recipient was verified as attending half-time.

**COMMISSION ACTION/RESULT** The Commission will pay the adjusted amount reported in the term adjustment field but will not pay more than the recipient's maximum eligible amount for the term. Recipient uses half of the full eligibility for the term.

## Chapter 8 Cal Grant Program Payments

### Commission-Generated Payment Status Codes

Code	Description
AP	Payment transaction has been accepted by the Commission and will be reconciled during the weekly processing cycle.
AA	The adjusted payment transaction has been accepted by the Commission and will be reconciled during the weekly processing cycle.
RP	The payment transaction has been processed and reconciled by the Commission during the bi-monthly processing cycle.
RA	The reported adjusted payment transaction has been processed and reconciled by the Commission during the bi-monthly processing cycle.
LA	Replenish award in a Leave of Absence status of the term.
NP	The school reported the replenish is not making Satisfactory Academic Progress for the term.
WD	Replenish award is withdrawn. After a student is withdrawn a WD will appear in the Pay Stat field for each term. A replenish will be processed for payment. Any term payment amounts that appear with a WD should not be included in the school's reconciliation.

\*Students will be withdrawn after three consecutive NP's from a semester term school and after four consecutive NP's from a quarter term school.

### 8.6 Leave of Absence

Students who postpone college or who will not be attending at least half-time during part of the school year must request a Cal Grant leave of absence. This policy is especially important for students who will be taking longer than four years to complete their program.

Students may leave their award on hold for up to one academic year, although exceptions may be granted through the Commission's appeal process.

**Active Duty Students-** Students who are on active duty in the U.S. Armed Forces may have their Cal Grant award deferred for up to three years by completing a *Deferment Request Form*, G-12, available at [www.csac.ca.gov](http://www.csac.ca.gov).

As long as students attend the minimum number of required terms each year, their grants will be eligible for renewal. Students attending semester term schools must attend at least one semester per year; those attending quarter term schools must attend at least two quarters per year.

Students whose schools report partial or full payment for a term in which they eventually request a leave of absence will have their eligibility for future benefits reduced accordingly.

**150% Leave Time Maximum-** Students will continue to have potential Cal Grant eligibility until they have exceeded a maximum 150% in leave time, excluding one "automatic" term per academic year. When the Commission has not received a payment transaction for any non-summer term, automatic leave is applied at the end of the academic year for up to one term.

## Chapter 8 Cal Grant Program Payments

### How Leave Time Accumulates

The following formula is used to calculate how total leave time accumulates toward the 150% term maximum:

### Leave Time Formula

Total leave time = total leaves - one leave per year

Quarter School = 33.33% Per Term

	Fall	Winter	Spring
2003-04	Paid	Paid	X
2004-05	LA	X	Paid
2005-06	Paid	Paid	X
2006-07	LA	LA	X
2007-08	Paid	Paid	Paid
2008-09	X	Paid	Paid
2009-10	Paid	Paid	X

**Chart Legend:**  
 LA Requested leave of absence  
 P Payment transaction  
 X Automatic leave

Semester School = 50% Per Term

	Fall	Spring
2003-04	Paid	Paid
2004-05	LA	X
2005-06	Paid	X
2006-07	X	Paid
2007-08	Paid	Paid
2008-09	LA	X
2009-10	Paid	Paid

### 8.7 Summer Enrollment

For Cal Grant purposes, two categories of summer enrollment exist—mandatory and discretionary.

**Mandatory Summer Term-** Recipients who are enrolled in a program that *requires* summer-term attendance, in addition to all other terms, are in a mandatory summer program. Schools with mandatory summer terms are identified from information reported on the school's College Cost Estimate.

Rosters for mandatory summer term schools are arranged to automatically accept summer term payments reported by schools. Summer term payments are reported the same way as any other term.

**Discretionary Summer Term-** Students who are enrolled in a program that does not require summer term attendance, in addition to all other terms, may receive discretionary summer Cal Grant payments.

Schools can request discretionary summer payments for their students by notifying the Commission's Cal Grant Operations Branch with the following information:

1. Student(s) name
2. Student(s) CSAC ID number
3. Name of school of summer attendance

Send requests for summer payments to:  
 California Student Aid Commission  
 Cal Grant Operations Branch  
 - Summer Request  
 P.O. Box 419028  
 Rancho Cordova, CA 95741-9028



## Chapter 8 Cal Grant Program Payments

Students requesting discretionary summer term payment may complete the *Summer Payment Request Form for Students (G-14)* available on [www.csac.ca.gov](http://www.csac.ca.gov).

### Discretionary Summer Payment Cycle

Schools may request a summer payment to be paid on behalf of students any time during the academic year. With the school's authorization, the Commission can "obligate" a summer payment on a student's file. These payments can be seen on the WebGrants' "Student History" screen and all WebGrants reports.

While schools can request a summer payment prior to the term's start date, the payment will not reconcile until after the summer term advance is sent during the first week of June.

*For example*, if in early April a school requests a payment to be reported for the upcoming summer term, the Commission can report a payment on the date requested but the payment will remain in accepted status until the first reconciliation period after the summer term advance in June. The earliest schools will receive funding by using this method is after June mid-month reconciliation.

When students submit a request for a summer payment, the student's WebGrants file is modified so a summer term appears on the Roster. This allows the school to report a summer payment for the student as they would any other term.

After a summer payment is reported, the payment information will be processed and displayed on the next weekly Accept/Reject Report. Altering a student's file in this manner, however, cannot occur until after the Commission runs the Cal Grant renewal process for the next academic year. The renewal process occurs in early July (See Chapter 6, "Renewal of Cal Grant Awards").

Prior to modifying the student's file, a notification is sent to students explaining the process and requests them to take the letter to their Financial Aid Office in mid-to-late July to determine if they are eligible for payment. This letter is sent in late May to early June.

When reporting payments, schools should remember that:

- Summer is the last term (trailer) or payment period of the academic year in the Cal Grant program.
- First year Cal Grant A and B recipients are eligible for summer term payment beginning with the summer following their first year in the Cal Grant program.
- Students, who accept Cal Grant payments for attending a summer term, will reduce their remaining Cal Grant eligibility, and they may not have enough eligibility remaining to carry them through graduation.

### Cal Grant B Summer Tuition and Fees Payments

Cal Grant B recipients attending a summer term after their freshman year can receive summer term tuition and fee payments only for terms that begin July 1 or later.

### New Cal Grant C Summer Payment

New Cal Grant C recipients receiving payment for a summer term preceding their first year in the program are paid through a different process. Schools may send a list of summer term students to the Commission's Cal Grant Operations Branch. Students may complete the Summer Payment Request Form for Students (G-14) available on [www.csac.ca.gov](http://www.csac.ca.gov).

Upon receipt of these requests, the Commission will prepare a manual claim form and send it to schools for completion. Schools must then complete and return the claim form to the Commission, with the student's enrollment status and requested payment amount. The Commission will then authorize funding the summer term.

## Chapter 8 Cal Grant Program Payments

### Delivery of Funds

The earliest schools will receive funding for a summer term is as follows:

#### Mandatory summer schools:

- The summer term advance is sent the first week of June. If a school requires more funding, for any term of the academic year, funds are sent approximately every two weeks until the end of December.

#### Discretionary summer schools:

- **Student requested** – Assuming a payment is reported on WebGrants in July, the school will receive funding the first week of August.
- **School requested** – Discretionary summer schools requesting summer payments on the student's behalf will receive funding beginning with the June mid-month reconciliation cycle.

## 8.8 Revising Payments

### Adjustments to Renewal Recipient's Financial Need

An adjusted need amount must only be reported for renewal recipients when a revision to the need amount previously reported on the Roster will result in an increase or decrease in the recipient's annual award. All changes should be reported immediately but must be reported no later than September 30 of the following academic year.

For new recipients, changes such as income, assets, or housing status that reduces a student's need amount, must be reported on the WebGrants Grant Record Changes screen or on the *Grant Record Change Form for Schools* (G-21). Students whose need is reduced below the minimum need required to retain the award must be reported to the Commission and will be withdrawn from the Cal Grant program.

**Outside Aid**- If students receive "outside aid" such as scholarships or employee tuition assistance that is not renewable (does not carry

over to the next school year), it is not necessary to adjust the student's need.

Students whose new Cal Grant awards are reduced due to the receipt of outside aid should be reported on the Roster for each term with a reason code of OF (outside, full time), OT (outside, three-quarter-time) or OH (outside, half time) and the appropriate term-adjusted amount.

Students who are not eligible to receive their Cal Grant award due to the receipt of outside aid should be reported on the Roster for each term with the reason code and term adjusted amount of zero. The student will not use eligibility for the reported term.

**NOTE:** Schools cannot modify payment activity for award years that have already passed final reconciliation.

### Adjusted Term Award Payments

If students are not eligible for the full term amount, the reported payment must be adjusted. Students are generally not eligible for the full term amount because of their part-time enrollment or an adjustment to the need amount that subsequently affected payment or their limited eligibility for the term.

An adjustment reason code is required for each award type for which a school has entered an adjusted payment amount. If an incorrect adjustment reason code is not entered, the transaction for the term will reject. Refer to the Grant Roster - Adjustment Reason Code chart located on page 9.

If a recipient has more than one component (i.e., tuition and fees and Access, or tuition and fees and books and supplies) to their award and one component is affected by a payment adjustment and the other is not, enter the adjustment amount and adjustment reason code for the affected one only.

## Chapter 8 Cal Grant Program Payments

**\$0 Adjustment-** Several adjustment reasons require the school to enter \$0 for the adjustment amount. For example, the use of such adjustment reasons codes as LA (leave of absence), NP (no progress) and NS (no show) always require that the school enter an adjusted amount of \$0. WebGrants will not assume \$0 if the field is left blank. The payment transaction will reject.

If a recipient withdraws from school within the school's refund period and is charged only a portion of the standard tuition and fees, enter the partial charges in the adjusted term field. Indicate the reason code AF (attending full time), AT (attending three-quarter-time), or AH, (attending half time) depending on the recipient's attendance status. If only partial Access or books and supplies payments were disbursed, enter the amount in the appropriate adjusted term field and indicate the reason code AF (miscellaneous adjustment, full time), AT (miscellaneous adjustment, three-quarter-time), or AH (miscellaneous adjustment, half time), depending on the recipient's attendance status.

### Overawards

Schools are responsible to ensure that no Cal Grant recipients are overawarded. The total of the Cal Grant award and all other types of aid (e.g., federal, state, institution, and private) may not exceed the student's cost of attendance (budget) less the calculated Expected Family Contribution (EFC).

When learning of an overaward, schools must report the overaward through the Grant Record Changes screen on WebGrants or by completing the *Grant Record Change Form for Schools* (G-21).

Changes reported on the G-21 or on WebGrants are not considered "payment transactions" and do not appear on the Accept/Reject Transaction Report.

Upon the Commission's receipt of the change, term payments will be calculated by dividing the reduced award amount (reduced need rounded down to the nearest \$10 increment) by the number of terms.

If at least one payment is disbursed (but the Grant is not entirely disbursed) subsequent payment(s) are reduced so that the total term disbursements for the award year do not exceed the adjusted need. In addition, the school ensures that disbursements for any combination of terms do not exceed the proportional need during those terms.

### Overaward Example

A recipient's need and annual award are originally calculated to be \$8,000. The fall payment of \$1,000 (at a quarter payment period) school is made. The school determines that the student's revised Cal Grant eligibility based on information received after the fall payment had been made is actually \$1,800 and that an overaward exists. The school must reduce subsequent term payments in the following manner:

Fall	Winter	Spring	Total Award
\$1,000	\$400	\$400	\$1,800

If a school makes at least one payment of the award and an overaward exists even without disbursement of subsequent payments, the school may not release subsequent payments. The school reports \$0 payment for those remaining term(s), along with an adjustment reason code of OT (outside source, three-quarter-time), OF (outside source full-time), or OH (outside source, half time).

No school repayment is required if all payments for the award year have been made, and the

## Chapter 8 Cal Grant Program Payments

school subsequently learns of an overaward. However, the school must report the overaward to the Commission.

**NOTE:** All overawards, regardless of the dollar amount, must be resolved and no tolerance amount is allowed.

### 8.0 Refunds

Schools are required to have a refund policy that includes the Commission's Cal Grant program. The refund policy must assure that no Cal Grant tuition and fee payments are issued in excess of the actual tuition and fees charged to the student, even if the student does not complete the term.

If school records indicate that *at least one* of the circumstances listed below existed at the time funds were disbursed to a recipient, the school is required to report an adjusted payment transaction to the Commission or, if the determination is made after the final reconciliation for the award year, schools must refund the ineligible amount that was disbursed *if*:

- The recipient was not maintaining Satisfactory Academic Progress as defined by the institution's financial aid Satisfactory Academic Progress policy;
- The recipient was enrolled in fewer units;
- The recipient was not enrolled in an eligible program;
- The recipient was required to be enrolled in an approved teaching credential or mandatory fifth-year program but was not enrolled in such a program;
- The institution knew the recipient was in default on a Title IV educational loan or owed a refund or repayment on a federal or state grant administered by the Commission
- The recipient had less remaining eligibility than required to justify payment;
- The recipient was not a legal California resident; or
- The recipient's need was not sufficient to justify payment.

If Cal Grant program funds are disbursed to a recipient's account or otherwise retained by the school for payment of school charges and the recipient withdraws during the term for which payment is made, the school will determine whether a refund is due the Commission based on the school's refund policy.

**Recipient Drops Units-** If the recipient is eligible for payment at the time of disbursement, but drops below the required number of units applicable to the payment received for a term, the recipient remains eligible for the entire payment or school charges, whichever is less, unless a refund is due based on the school's refund policy.

If a refund is due, schools are responsible for repaying the Commission by reporting an adjusted payment transaction.

**Schools initiate refunds-** If a determination is made after the Commission's final reconciliation, the school is responsible for initiating a refund to the Commission.

**Refund Guidelines-** Schools should use the following guidelines when making a refund to the Commission:

- If a determination is made after the final reconciliation for the award year, payment of refunds must be made to the Commission within thirty (30) days upon the identification of an ineligible payment.
- The Commission will be responsible for recovery of funds from the recipient if the school or the Commission discovers that a recipient has received funds for which the recipient was not eligible due to reasons other than those stated above.

The school will initiate any payments of refunds determined after the final reconciliation.

## Chapter 8 Cal Grant Program Payments

When making a payment, include the student's name(s), SSN(s), CSAC ID(s), and academic year(s) with the refund and mail to:

**California Student Aid Commission  
Fiscal & Administrative Services Branch  
P.O. Box 419026  
Rancho Cordova, CA 95741-9026**

# 9 Cash Management and Disbursement

Any interest earned on Cal Grant funds in any account must be returned to the Commission on behalf of the state.

This Chapter covers the processes by which schools receive and disburse Cal Grant funds. The annual funding cycle begins in August, or upon the passage of the state budget, and ends on December 31 of the following year.

## 9.1 Cal Grant Funding Process

Each year in August, or after the annual state budget becomes law, whichever is later, the Commission advances money to participating Cal Grant schools. Each school's fall term advance is 95 percent of the total reconciled Cal Grant payments for the fall term of the previous year. If a school is a newly participating institution or has no reconciled payments from the previous fall term, the school must submit payment transactions in order to receive funds. See Example 1.

### Example 1- Fall Advance

A school reconciled \$105,000 in payments for fall 2002-03.  
Therefore, the school's 2003-04 fall term advance would be:  
 $\$105,000 \times 95\% = \$99,750$

Schools will receive an advance for each term during the award year. The amount of the advance is calculated as 95 percent of the amount that was reconciled for the same term of the previous year. However, the amount advanced for subsequent terms is offset by any funds still remaining in the school's account. See Example 2.

### Example 2- Advance, Minus Offset

A school is advanced \$95,000 for the fall term and has reconciled \$80,000 in payments before the spring advance.  
 $\$95,000 - \$80,000 = \$15,000$  of a remaining from the fall.  
Prior year spring payments were \$110,000.  
 $\$110,000 \times 95\% = \$104,500$  potential spring advance.  
However, the new spring advance is:  
 $\$104,500 - \$15,000 = \$89,500$

Once the advance is sent to the school, the institution uses the funds to disburse Tuition/Fee, Access and Books & Supplies payments to recipients or credit the recipients' accounts. The school also begins reporting payments to the Commission. The reconciliation process updates the school's account balance to reflect the total payments that have been reconciled. During the month-end process, if the amount of payments reconciled for the term exceeds the advance amount, additional funds will be sent to the school. See Example 3.

### Example 3- Additional Funds

A school was advanced \$95,000 for a term. The school reported \$105,000 in payments for the term. Therefore, the Commission will send an additional \$10,000 (\$105,000 - \$95,000) for the term.

Each month, the Commission produces a *Payment Activity Report* summarizing all funds sent to the school and the total of reconciled payment transactions received from the school for the academic year. This report is discussed in detail in Chapter 10, Reconciliation.

## 9.2 Delivery of Funds

When funds are authorized, the Commission submits a claim schedule to the State Controller's Office authorizing payment to the school. The State Controller's Office then issues either an Electronic Funds Transfer (EFT) to the school's designated account or a paper warrant.

**EFT is Quicker-** EFT allows schools to receive Cal Grant payments via direct deposit to a designated account. The paper warrant takes approximately five additional days for schools to receive funds.

### Process for Delivery of Funds to Schools

- 1) Each August, or after the state budget passes, the Commission calculates an advance amount for each school.
- 2) The Commission sends a claim schedule to the State Controller's Office.
- 3) Advance funds are sent to schools.
- 4) Schools can begin disbursements.

**EFT Participation-** To participate in EFT, the Commission requires that the school:

- ▶ provide valid bank routing and account numbers
- ▶ provide name and e-mail address of an EFT contact person
- ▶ participate in a test run to assure the validity of the provided accounts

The designated school contact will receive e-mail notice from the Commission when Cal Grant funds are scheduled for electronic transfer to the school's bank. The e-mail notice will indicate the scheduled dollar amount of funds to be issued and the day the school may expect funds to be deposited. As a convenience, the school can designate the e-mail to be sent to multiple addresses.

Participation in EFT is highly recommended, but is not mandatory. It is important that schools notify the Commission as soon as possible to update any changes in EFT contact, bank or e-mail information.



**Contact Us-** To contact the Commission regarding EFT transactions or information, use the following e-mail address: [eft@csac.ca.gov](mailto:eft@csac.ca.gov)

### 9.3 Institutional Cash Management gaap Account Maintenance

When agreeing to participate in the Cal Grant program, an institution agrees to maintain standards of administrative capability in accordance with state and federal laws and regulations as applicable. The institution shall maintain and document an accounting system that conforms to generally accepted accounting principles and practices that allows the Commission to determine adherence to fiscal responsibility and standards. Documentation requirements include items such as:

- ✓ Cash receipts and disbursement journals,
- ✓ Bank account reconciliation,
- ✓ Evidence of receipt of funds by recipients or credit of funds to recipients, and
- ✓ All other accounting records necessary to account for all transactions.

The institution must designate individuals who are responsible for Cal Grant account maintenance and the adherence to accepted accounting principles and practices. The institution also agrees to designate two separate individuals: one who is responsible for authorizing the payment of Cal Grant funds and one who is responsible for disbursing or delivering funds. No one person or office may exercise both functions for any student receiving Cal Grant funds. For additional information, please refer to **Chapter 2** and the Institutional Participation Agreement. A copy is included as **Appendix ?**

**Designated Account-** Schools are required to maintain all Commission Cal Grant funds in a designated account identified as the property of the state either by a ledger account or a bank account. The school may deposit funds from various sources including Cal Grant funds into one bank account, but must identify the Cal Grant funds by using subsidiary ledgers. If desired, the institution may establish a separate bank account designated for Cal Grant funds.

All activity (deposits and expenditures) of Cal Grant funds must be supported by appropriate accounting records in accordance with generally accepted accounting principles and practices. Any interest earned on Cal Grant funds *in any account* must be returned to the Commission on behalf of the state.

### Security and Confidentiality

Schools must establish and maintain written policies and procedures that provide security and confidentiality of all recipients' personal identification information, payments, financial history and other related confidential information and documents.



### Records Retention

The retention of comprehensive and accurate program and fiscal records documents the accuracy of reported grant payments and the right of the institution to receive or retain payments made by the Commission.

Commencing with the 2000-01 award year, the Commission moved to a three-year record retention requirement for Cal Grant records. All records related to an academic year (July 1-June 30) should be retained for three years following the end of that academic year. See Example 4.

#### Example 4 - Records Retention

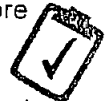
A student attends a school and exhausts his/her Cal Grant eligibility with a payment for the spring term that ends June 5, 2006. The student continues to be enrolled at the school but receives no further Cal Grant payments. The record retention requirement for the student's Cal Grant records is until June 30, 2006.

Records for award years prior to 2000-01 continue to be subject to the previous five-year requirement. The Commission policy is now generally aligned with the United States Department of Education records retention requirements.

The Commission emphasizes the importance of maintaining complete and accurate records. Program and fiscal records are critical to demonstrate the school's eligibility for participation in the Cal Grant Program and they provide a clear "audit trail" for Cal Grant Program expenditures. Records must be retained to demonstrate proper administration of Cal Grant Program funds. Records for each Cal Grant recipient must clearly reflect that the student was eligible for the funds received, and that the funds were disbursed in accordance with program regulations.

## 9.4 Disbursement of Funds

Schools are allowed to credit grant funds to recipients' accounts up to three weeks before the start of each term. Access or Books & Supplies payments may be released up to 10 days before the start of each term.



Schools are to establish a written disbursement policy consistent with the Commission's policies and guidelines. Schools must:

- ▶ Make available to students a written disbursement schedule consistent with the start dates of the institution's enrollment periods and in accordance with the requirements specified for each educational program.
- ▶ Determine course attendance according to the recipient's attendance status at the time Cal Grant funds are paid. Disburse "Access" and "Books & Supplies" payments within ten days of verification of enrollment status.
- ▶ Disburse funds only to recipients whose eligible payment statuses have been verified and for no more than that which the recipients are eligible to receive for the term.
- ▶ Use its institutional refund policy to determine the amount of Cal Grant funds to be returned to the Commission on behalf of the state. Cal Grant funds may not be used for reimbursement to the federal government.



## Chapter 9

- ▶ Regularly submit payment transactions through WebGrants, data files or the Grant Roster.
- ▶ Make all disbursements no later than September 30 following the end of the award year (e.g., September 30, 2004, for award year 2003-04).
- ▶ Establish and publish a policy that informs students of their options regarding receipt of Cal Grant funds and the student's subsequent ability to rescind their existing instructions at any time. This policy should be explicit on at least the following points:
  - ◆ Access or Books & Supplies payments are disbursed in accordance with school policy unless the student requests another action. For example, if the school normally applies Access funds directly to tuition, the student may request that the term amount be delivered direct to them.
  - ◆ The student may make this request at any time; however, any cancellation only affects future payments.
  - ◆ Access or Books & Supplies payments cannot be delivered to a third person



In addition, schools should be aware that:

- ▶ Cal Grant funds are to be disbursed in term order (i.e., disburse the fall term payment before the winter or spring term payment)
- ▶ Schools are not required to keep a separate recipient signature on file to verify that the recipient received payment for Access or Books & Supplies payments. However, canceled checks or warrants with recipient endorsement must be retained as verification.
- ▶ Schools may mail checks to students.
- ▶ Tuition/fee awards are disbursed in an amount not to exceed the maximum value of the tuition award for the term, or the maximum tuition/fees charged, whichever is less.
- ▶ In the event that the student is receiving benefits from another financial aid source that is also restricted to tuition and fees, the Cal Grant

- tuition/fee payment amount must be adjusted or the other tuition-paying award can be returned so as not to exceed, in total, the amount of tuition/fees charged. In the event of other tuition awards, attempts should be made to preserve Cal Grant eligibility, since Cal Grants are a renewable source of aid.
- ▶ In the event that other non-tuition restricted aid has already been applied to the student's tuition/fee charges, or if the student has already paid their tuition/fees from their own funds, then Cal Grant tuition/fee funds may be released to the student. This is assuming the student has sufficient financial need for the payment.
- ▶ Should a school disburse funds to a student prior to approval of a final state budget, any overpayment may be adjusted by reducing subsequent term payments for that academic year if the student was enrolled in later terms.

### Consortium Agreements

Schools may release funds for students attending other schools if a consortium agreement is in place. See Chapter 2 for more information regarding the establishment of consortium agreements.

For payment purposes, a student's enrollment status (full-time, three-quarter-time, half-time) can be determined based on the total units at both schools if a consortium agreement exists between the schools. If no consortium agreement exists, concurrent enrollment cannot be considered for Cal Grant purposes, and the participant's payment eligibility will be based only on the student's status at the school reporting payment.

### 9.5 Year-end Process

The Cal Grant participation agreement requires schools to make all disbursements for the year no later than September 30 following the award year. (e.g., For the 2003-04 award year, the deadline to make payments is September 30,

2004.) The Commission expects schools to also report all payment transactions for the year by that date, but preferably much earlier.

To resolve any subsequent payment transaction problems, Commission staff is available to work with financial aid administrators to help complete October and November processing and to assist schools with the reconciliation process.

**Return of Excess Funds-** In January, following the award year, schools that owe funds as a result of the Commission's final reconciliation will be sent an invoice. Payment of any invoice is due to the Commission within thirty (30) days of the invoice date.

#### **Why Wait?**

It is not necessary to wait, however, for an invoice at the end of the year. If at any time during the year a school identifies that excess funds exist, the funds can be returned to the Commission with a brief note of explanation.

#### **Mailing Address For Excess Funds**

Institutions should send excess funds to:  
Management Services Division  
California Student Aid Commission  
Fiscal and Administrative Services Branch  
P.O. Box 419026  
Rancho Cordova, CA 95741-9026

# 10 The Cal Grant Reconciliation Process

66 The Institution agrees to reconcile Cal Grant expenditures for each award year on a student-by-student basis. The Institution certifies that it has paid each student an amount that reconciles to the Commission's records for both Cal Grant funds expended and student attendance. 22

*Institutional Participation Agreement, Article IV, D:5*

## 10.1 The Reconciliation Process

Reconciliation is the process of comparing the transactions reported by the school with transactions accepted and reconciled by the Commission. Reconciliation is not accomplished until the school's records match the Commission's records exactly. The reconciliation process is ongoing throughout the year, not just an end-of-the-year function.

*The following are keys to a school's successful reconciliation process. Each school should:*

### 1 Account for funds received by the institution

The first step to successfully managing Cal Grant funds is ensuring that the cash management procedures, described in Chapter 9, are followed. The school must establish a separate accounting ledger for Cal Grant funds. A successful reconciliation process includes all offices that award, disburse or receive Cal Grant funds. Examples include Financial Aid, Registrar, Bursar and Accounting. Coordination between offices is essential to ensure that student records are consistent and that all systems are in balance.

### 2 Have documented procedures for transferring information between the Commission's database and the school's database

Each school must develop a system of accounting for Cal Grant funds. The reported attendance status and payment amount for each student must be the same on the Commission's records as it is on the institution's records.

When adjusting payments on either system, the school must ensure that a corresponding adjustment is made to the other. For example, if a student drops from full-time to half-time and his/her Cal Grant payment is adjusted, the adjustment must be reported to the Commission and also entered into the school's database.

### 3 Work Commission reports on a regular basis

The following is a list of the reports that should be used in the reconciliation process:

#### a. *Accept/Reject Report*

- Produced weekly, following payment processes
- Provides a detailed listing of each payment transaction processed and whether it was accepted or rejected by the Commission

#### b. *Payment Activity Report*

- Produced monthly, following the month end cycle
- Provides a summary of the funds reconciled by the Commission and the fund balance

#### c. *WebGrants Reconciliation Report*

- Partial update weekly; full update monthly
- Provides cumulative year-to-date student level data for all payment transactions

#### d. *Leave of Absence Report*

- Updated weekly, following payment processes
- Provides a cumulative year-to-date list of students who have a leave of absence transaction posted and the term(s) in which the leave of absence was used

#### e. *Withdrawn Student Report*

- Updated weekly, following payment processes
- Provides a cumulative year-to-date list of students who have been withdrawn from the Cal Grant program.

Samples of each of the above reports are contained in Section 10.6.

## 10.2 Weekly Reconciliation

The Commission processes payments at the end of each week. All payment transactions, including school changes, submitted during the week are processed. A new payment roster is created, both the Roster and Reconciliation screens on WebGrants are updated, and a summary of all transactions for each institution is produced as a result of the weekly cycle. The transaction summary is the *Accept/Reject Report*.

**The Accept/Reject Report-** payment transactions submitted through a data file, keyed directly into WebGrants, or entered by the Commission are all listed on the Accept/Reject report. The report represents weekly activity; it is not cumulative. The report is available on WebGrants in both a data file and a report format.

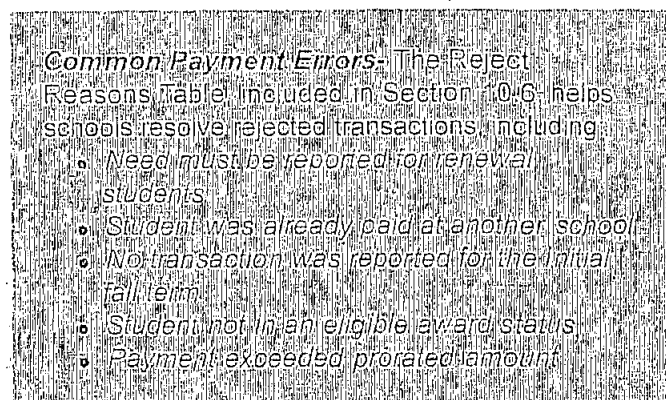
This report is divided into two sections:

- The *Rejected* section contains a list of transactions that rejected during the payment processing cycle. The reject reason is indicated on the report, along with the transaction detail.
- The *Accepted* section lists transactions that have been accepted and the transaction detail.

### Working the Report

Schools should regularly check the Rejected Section for transactions that were not accepted and should review the reject reasons and make the appropriate corrections. If the student is not eligible for payment, the school's records should be corrected. If the student is eligible for the payment, the payment transaction should be corrected and resubmitted to the Commission through the normal payment processes. Schools may call the Commission's Grant

Operations staff for assistance in resolving any problems that they encounter in posting payment transactions.



The Accepted Section of the report lists all of the transactions that were posted to the Commission's database along with a summary of the total number of transactions and the total dollar amount. Schools should review this section to check that the payments listed are reflected on the school's database and in their accounting records.

Student-by-student reconciliation is critical. It is possible for the total dollar amounts to match exactly and still have student-level errors. For example, a payment could have been inadvertently keyed for the wrong student (see *Figure 1*). The total number of transactions and the total dollar amounts included in the summary should match the institution's records.

Figure 1

**Reconciliation Example**

Payments Processed by CSAC		Payments Disbursed to Students	
Karen Banning	\$775	Karen Banning	\$775
Tim Chan	\$4,416	Tim Chan	\$4,416
Ali Hamiel	\$775	Ali Hamiel	\$775
Margaret Kith	\$5,191	Margaret Kith	\$775
John Smith	\$4,416	Julio Sanchez	\$4,416
		John Smith	\$4,416
<b>Total</b>	<b>\$15,573</b>	<b>Total</b>	<b>\$15,573</b>

In this example, the total dollar amounts match, but the student-level detail is not the same. The student Julio Sanchez received a payment of \$4,416 according to the institution's records, but this payment does not appear on the Commission's records. For the student Margaret Kith, the institution's records show a payment of \$5,191, a difference of \$4,416.

**10.3 Monthly Reconciliation**

Once a month, the Commission totals all of the payment transactions submitted by each institution and adjusts account balances accordingly. If additional funds are owed, payment is issued to the school. As a result of this process, the *Payment Activity Report* is produced. It provides schools with detail and summary information on:

- term advances
- reconciled and accepted payment transactions, and
- Cal Grant fund balance

*The Payment Activity Report* incorporates all of the accepted payment transactions for the previous month. The report consists of two parts-

- the Accounting Summary, and
- the Payment Transaction Summary

Both sections of the report are produced regardless of whether or not the school reported transactions during the previous month. *These reports are informational only and should not be returned to the Commission.*

**Working the Report**

*The Accounting Summary* provides the school with cumulative chronological information regarding the funds it has received from the Commission. Funds received and payment transactions are compared on the report and the resulting balance, or the amount of cash the school has "on hand," is calculated and displayed. The balance must match the school's Cal Grant fund balance exactly.

*The Payment Transaction Summary (Summary)* provides schools with detailed information regarding reconciled and accepted payment transactions. The Summary has two sections:

**a** The Payment Transactions Reconciled- section contains the total dollar amount of reconciled payment transactions for the month's activity.

**b** The Accepted Payment Transactions- Not Reconciled- section reflects payment transactions reported by the school for "future" terms, or terms for which the school has not already received advance funds. When the advance for that term has been disbursed, these transactions will be transferred to the Payment Transactions Reconciled.

Both sections of the Summary have two parts: current and year-to-date activity. Each part of the Summary contains detailed information regarding the amount of the school's reported payment transactions for each term, with column totals provided. Schools should compare the information contained in the Summary with institutional records and resolve any discrepancies. Schools may need to review previous Accept/Reject reports to determine where the discrepancies occurred.

## 10.4 Year End Reconciliation

Following the end of each academic year, the Commission runs a final payment cycle and produces a final account balance for each school. Any institutions that still have Cal Grant funds remaining will receive an invoice for these funds.

In preparation for this process, schools are expected to make final payments by September 30 following the award year and resolve any outstanding payment issues during the months of October and November. To assist in tracking final reconciliation activities, the school should develop a summary form to document the process. All documentation should be retained by the institution and be available during a compliance review.

Each payment amount reported to the Commission must match both the Financial Aid Office's record of disbursement and the actual amount released to the student or the student's account. Each institution must reconcile its records at the Financial Aid Office to the records of the Accounting Office and/or the Burser's Office. These records must then be exactly reconciled with the Commission's records.

**Sample Reconciliation Worksheet-** the Commission has designed a sample reconciliation worksheet that lists the basic steps a school can follow to perform the reconciliation of Cal Grant payments with school records.

## 10.5 WebGrants Reconciliation Reports

### Other tools for reconciliation

The WebGrants Reconciliation screens contain a variety of report options for schools to use in balancing institution records to Commission records. These reports are updated weekly. However, until the month-end process is completed, the transactions will show as "accepted" but not "reconciled." Schools may filter their reports to include only the reconciled payments. The Roster/Reconciliation Users Guide located in the Help Center on WebGrants contains additional information about the WebGrants reconciliation screens.

**The CSAC Standard Format-** contains all reconciled and accepted student records. The Basic Report Filter provides schools with the option of limiting the report to a specific term, program and/or award type. *For example*, if a school is reconciling payments and determines that the Cal Grant B Access amount for the fall term does not match, the school may create a list that contains only the students for whom the

Commission shows a fall Cal Grant B Access payment.

**Customize Roster Formats-** allows schools to sort and filter data to tailor reports to internal specifications. Schools may select which data elements are displayed, the order of those data elements, and then filter the records to be included.

**The Student on Leave Report-** is a cumulative list of all students who appeared on the institution's payment roster, for whom a leave of absence has been reported.

**The Student Withdrawn Report-** is a cumulative list of all students who appeared on the institution's payment roster, but were withdrawn during the academic year.

## 10.6 Report Samples and Field Descriptions

# 11 Compliance Review

The Commission provides the following general compliance review process information to help schools in evaluating their internal operations to determine compliance with the various requirements outlined in this and other Cal Grant Manual chapters.

## 11.1 Compliance Review Purposes and Methods

Compliance reviews are conducted at participating Cal Grant schools. The purposes of a Cal Grant compliance review are:

- ▶ to review and analyze the administration of the Cal Grant program at each participating school, and
- ▶ to provide information and feedback to school staff to assist them in taking corrective action, if necessary.

Through interviews and reviews of records, compliance staff analyzes the adequacy and enforcement of school-established internal controls. These controls help safeguard the operational and fiscal integrity of the Cal Grant program.

### Review Process Helps Schools

Although most of the areas of review are included in this chapter, it is not intended to be all-inclusive or to limit the scope of review. Therefore, the absence of compliance items here does not relieve the school of its obligation to comply with all applicable federal and state laws and regulations, the Institutional Participation Agreement, this Cal Grant Program Manual or any other written procedures and policies issued by the Commission.

### Purposes of a Compliance Review

A compliance review is conducted to:

- ▶ evaluate the school's administration of the Cal Grant program
- ▶ ensure compliance with applicable laws, regulations, Commission policies and procedures, and the Institutional Participation Agreement
- ▶ evaluate the school's controls and procedures

- ▶ document reasons for specific problems identified in the school's routine processing and exceptions monitoring
- ▶ initiate corrective action, including recovery of funds
- ▶ assist in the correction and/or prevention of future problems, and
- ▶ initiate any necessary administrative actions to encourage appropriate use of funds.

### ✓ School Selection for Compliance Review

Schools participating in the Commission's Cal Grant program are scheduled for compliance reviews, based upon, but not limited to, the following factors:

- ▶ no prior review
- ▶ timeframe of a date of last review
- ▶ findings noted in a prior review
- ▶ dollar volume and number of recipients of the Cal Grant program at the school
- ▶ non-payment of invoices
- ▶ reconciliation issues
- ▶ referral, such as from other Commission Divisions, or any other state or federal agency, or a pattern of inquiries about the school's financial aid or accounting practices.

### Compliance Review Methods

There are two methods of compliance review:

**On-site Review-** Schools with a large number of Cal Grant recipients are scheduled for an on-site review. On-site reviews typically take three to five days in the field, depending on the size of the school, the sample size, and the number of Commission programs in which the school participates. More time may be required if the scope of the review is expanded.

**Desk Review-** Schools with very few Cal Grant recipients are usually considered for a desk



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review. The desk review is similar to the field review, except communication is conducted via telephone, facsimile and electronic mail. A desk review may include a site visit, if deemed necessary by the compliance staff in charge.

## 11.2 Areas of Review

The principal objective of a compliance review is improved overall administration of the Cal Grant programs. The review encompasses the following general areas:


**General Eligibility-** The school's general Cal Grant program administrative capability is reviewed. The school's academic programs are reviewed to determine that they are appropriate for Cal Grant programs in which the institution participates.

**Applicant Eligibility-** The school is responsible for ensuring that only eligible students receive Cal Grant program funds. Individual student eligibility (California resident, U.S. citizen or eligible non-citizen, enrollment status, satisfactory progress, etc.) is reviewed through the examination of a sample of students.

### Fund Disbursement and Refunds

The school is responsible for establishing and complying with disbursement policies and requirements (authorization, payment amount, etc.).

**Completion of Rosters and Reports-** The school is responsible for the accurate completion of and timely submission of data (including reports, rosters and forms) that are used in the administration of the Cal Grant Programs. The school must also resolve and report any discrepancies found between the Commission's data and the institution's records.

 **File Maintenance and Record Retention-** Schools must retain all records pertaining to the Cal Grant programs for three years. Records may be stored on paper or in a machine-readable format.

### Fiscal Responsibility for Program Funds -

The Commission's review includes an assessment of the school's internal accounting processes, procedures and controls used in the administration of Cal Grant funds.

## 11.3 Review Process

The review process encompasses:

### School Notification

Schools are contacted to schedule a review date and establish a school contact person. An Engagement Letter will confirm the date, include the name of the compliance staff member who will perform the review, as well as request:

- ▶ policy and procedural material,
- ▶ student records, and
- ▶ other information required for the review.

The Commission reserves the right to perform unannounced program reviews when deemed necessary.

### Sample Size Determination

- ▶ A sample size of 40 students is developed for schools with 100 or more program recipients
- ▶ A sample size of 15 students is developed for schools with 16 to 99 program recipients
- ▶ For a school with 15 or fewer recipients, all students are examined

### Review Preparation


**Engagement Letter-** The Engagement Letter will request certain written material from the school prior to the on-site review. The information submitted by the school is reviewed by the compliance staff to become familiar with the school's operations in preparation for the on-site review.

### On-Site Review

The on-site review includes the following:

**Entrance Interview-** The on-site review begins with an entrance interview. The Commission compliance staff conducts an entrance interview with school staff that describes the Cal Grant program administration compliance review

process. Compliance staff also collects additional information on school policies and procedures to be used in conducting the review.

 **Document the Review-** Compliance staff reviews a sample of student records and other relevant information. The school must be prepared to give access to any paper or electronically stored institutional records. Interviews with various school staff from the different offices may be necessary to clarify or resolve any questions. During this phase of the review, the compliance staff analyzes the records and compiles review findings.

Documents compliance staff examines include:

- ▶ Academic records
- ▶ Attendance records
- ▶ Canceled checks (access and books & supplies)
- ▶ Citizen or eligible non-citizen documentation
- ▶ Class schedules and catalogues
- ▶ Disbursement policy and disbursement schedules
- ▶ Enrollment records
- ▶ Financial aid records, including need analysis documentation, ISIRs, budgets, award letters, renewal need calculations, etc.
- ▶ General ledgers and other accounting records that support Cal Grant fund transactions (e.g., Accounts Receivable reports, bank statements, etc.)
- ▶ Grant Roster transactions, Education Level Verification reports, and any other Commission reports that contain information the school reported to the Commission
- ▶ Individual student files
- ▶ Institutional refund policies
- ▶ Satisfactory academic progress documentation
- ▶ Student access and book & supplies authorizations
- ▶ Student account records
- ▶ Verification documentation
- ▶ Written policies and procedures describing the school's administration of the Cal Grant program, *and*

- ▶ Any other files the compliance staff deems necessary to conduct the review.

**School Offices Contacted-** the following school offices will be contacted during the compliance review:

- ▶ Financial Aid
- ▶ Admissions
- ▶ Registrar
- ▶ Accounting, *and*
- ▶ Additional offices and staff as necessary.

### Written Pre-Exit Document

Compliance staff provides a written "pre-exit" document that lists questions, comments and draft non-compliance issues to the school contact. The school contact person will have an opportunity to provide a written explanation and any necessary supporting documentation prior to the exit interview.

**Exit Interview-** Compliance staff conducts an exit interview with school staff to discuss findings, recommend corrective actions, and convey potential liabilities. The school is also given a preliminary timeframe for receipt of the Commission's draft report.

### Compliance Report

**Draft Report-** The Commission issues a written draft report after the compliance review is completed. The report summarizes the compliance staff's examination of records and procedures, and identifies specific findings, required actions, and recommendations. The school must respond to the report by:

- ▶ indicating the corrective actions taken,
- ▶ submitting payments,
- ▶ providing a clarifying response to any particular findings, and
- ▶ providing updated policies and procedures

**Recovery of Liabilities-** The Commission may assess liabilities against the school due to errors or omissions resulting from the disbursement of Cal Grant funds to students

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who do not meet program requirements or specific conditions of eligibility. The school is required to pay any school liability determined as a result of the program compliance review as detailed in the General Payment Instruction section of Chapter???

**Final Report-** Once the school has responded satisfactorily to all the draft report findings, and any liabilities have been paid, the Commission issues a final report to the school, closing the review.

### **!! Administrative Actions**


Non-compliance with any of the provisions of the Institutional Participation Agreement and the requirements set forth in the Cal Grant Program Manual may result in the termination of the Institutional Participation Agreement and privileges that are afforded under it.

# 12 Commission Communications


**T**he Commission releases Policy Bulletins, Operations Memos and Special Alerts to report changes in Commission practices, policy and procedures. These notices provide updated information and notify schools of changes. The Commission mails a copy to the Financial Aid Director at each campus and posts its notices to one or more of its List Services. The Commission advises school personnel to subscribe to its e-mail List Services to remain informed of new information.

The Commission may also post notices of policy changes and other information to the lists of the California Association of Student Financial Aid Administrators (CASFAA) and the California Community College Student Financial Aid Administrator's Association (CCCSFAAA).

## 12.1 Commission Web Site

 Schools may access the Commission's Web site at [www.csac.ca.gov](http://www.csac.ca.gov). Here, the Commission places information of importance to students, parents, schools and other interested parties about the Commission's programs and services. The Commission frequently changes Web site content and features, so it is advisable to visit the Commission's Web site regularly to review the changes.

### Communications Tools

 **Publications-** This section includes Commission publications stored in the Adobe Portable Document Format (.pdf) including the most recent *Fund Your Future Workbook* for students, the *Fund Your Future Counselor Guide* designed for counselors and other student advocates and the *Fund Your Future* brochure, which provides the basics of financial aid. The Commission's *Forms and Publications Order Form* is also available here.

**Operations Memos and Special Alerts-** Recent Commission Operations Memos and Special Alerts are located here in Adobe Portable Document Format (.pdf).

### Commission List Services

The Commission List Service feature was introduced to distribute Commission updates to school staff and others automatically.

There are four lists:

- ▶ College Financial Aid Professionals
- ▶ High School Professionals
- ▶ WebGrants Users
- ▶ CSAC News – Public

**How to subscribe-** To subscribe to any of these lists, log on to the Commission Web site at [www.csac.ca.gov](http://www.csac.ca.gov) and select the "Links" option. The "CSAC List Services" option will then become available. Selecting it displays both the professional and public list service options. Follow the instructions to subscribe.

**Professional Lists-** Of the four lists, three are designed specifically for college financial aid administrators and high school professionals. These three lists, "College Financial Aid Administrators (CAA)", "High School Professionals (HSP)" and "WebGrants Updates (WebGrants)" are secured with a generic ID and password.

Only college aid administrators and high school counselors or principals should subscribe to these three lists. The log-on ID and password should not be shared with students or parents. As of October 2003, the ID and password are:


Username: students  
Password: 1SEC2001

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This password is case sensitive and should be entered exactly as it appears. The Commission will periodically change the log-on ID and passwords. Schools will be notified of the changes via e-mail to participants and through a Commission Special Alert. Enter the log-on ID and password, then click on the "publications" link to bring up copies of all recent Commission Policy Bulletins, Operations Memos and Special Alerts.

**General Information List-** Students, parents, and the general public may subscribe to the public list service for general information relative to Cal Grants by subscribing to the "CSAC News" list service. Interested school staff may subscribe to this list as well. No ID or password is required to subscribe to "CSAC News."

### 12.2 Commission Publications

 The Commission, and its auxiliary EDFUND, annually publish a number of financial aid and educational publications. These include:

- ▶ *Fund Your Future Workbook* – The best overall guide to student financial aid available in California. There are several state versions, a national version and one just for California. Order the California version for students in California.
- ▶ *Fund Your Future Counselor's Guide* – The counselor's companion guide for the workbook.
- ▶ *Fund Your Future Brochure* – A brochure covering the financial aid basics.
- ▶ *Student Aid Commission GPA Verification Form* – March 2 (G-4) and September 2 (G-4.1) versions.
- ▶ *Cal Grant Flyer* – Available in English, Spanish, Chinese, Vietnamese, Korean and Russian.
- ▶ *Cal Grant Filing Deadline Posters* – To display in your financial aid office or other areas where students gather.
- ▶ *Specialized Programs Brochures* – Brochures are available for each of the Commission's Specialized Programs.
- ▶ *GED Brochure* – For GED graduates.
- ▶ *GPA Information Release Form* – Allows high school students to release GPA information. (Available on CSAC Web site only.)

### Publication Ordering Information

**Shipping Center-** Contact the Commission's Shipping Center staff to place orders.

*Write to:*

California Student Aid Commission  
P.O. Box 419027  
Rancho Cordova, CA 95741-9027

*Shipping Center Fax:*

(916) 526-8838

*Shipping Center Telephone:*

(916) 526-7282

A number of publications about the Cal Grant program and the application process for other kinds of California financial aid can be ordered through the CSAC and EDFUND Web sites. You can log on to [www.csac.ca.gov](http://www.csac.ca.gov) or [www.edfund.org](http://www.edfund.org) for lists of publications.

### 12.3 Outreach and Training

The Commission provides training on Cal Grants and general financial aid at numerous times throughout the year. Log on to the Commission Web site at [csac.ca.gov/schools/training](http://csac.ca.gov/schools/training) for training session information and a variety of training resources.

Schools may request specialized training on an as-needed basis. Commission training sessions can be scheduled to coincide with workshops and presentations at various education and outreach conferences.

#### Approved Certification Workshops

In accordance with the California Education Code, the Commission is responsible for the certification of seminars and workshops designed for financial aid office staff at private postsecondary educational institutions that do not grant degrees. Financial aid directors and officers at these schools must document completion, within the previous two years, of a training seminar or workshop certified by the Commission. (C.E.C. 94920 (b)(4)(B), (5)(A)).

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Contact the Outreach and Training Division for a list of those agencies and individuals who have been certified to provide such training.

### 12.4 Calendar, Division Hours and Contact Information

#### Calendar

Each year, the Commission publishes a list of observed holidays. Although normal Commission business will not be conducted on those days, the Grant Delivery System will continue to operate and WebGrants access will continue. A calendar of scheduled WebGrants processing periods is available on the WebGrants Web site. The calendar shows when the system will be available for update access.

#### Telephone Hours

Grant Services Division telephone hours are 8:00 a.m. to 4:55 p.m., Monday, Tuesday, Wednesday and Friday. On Thursday, the hours are 9:00 a.m. to 4:55 p.m.

#### Mailing Addresses

##### Regular mail:

California Student Aid Commission  
Grant Services Branch  
P.O. Box 419027  
Rancho Cordova, CA 95741-9027

##### Overnight mail:

California Student Aid Commission  
Grant Services Branch  
10811 International Drive  
Rancho Cordova, CA 95741

#### E-mail Addresses

Grant Services e-mail address:  
custsvcs@csac.ca.gov

Specialized Programs e-mail address:  
specialized@csac.ca.gov

Outreach and Training e-mail address:  
otdtraining@csac.ca.gov

Technology Help Desk e-mail address:  
csachelpdesk@csac.ca.gov

#### Telephone Numbers

##### Customer Service:

Students - (888) 224-7268  
(916) 526-7590  
Schools - (888) 294-0153

##### Customer Service Fax:

Students- (916) 526-8004  
Schools- (916) 526-8002

*Legal Services and Governmental Relations*  
(916) 526-8918

*Policy and Research*  
(916) 526-7991

*Technology Help Desk*  
(888) 294-0148  
(916) 526-8989

*Outreach and Training*  
(916) 526-8920





# OPERATIONS MEMO

Update of the California Student Aid Commission

October 31, 2008

GOM 2008-24

TO: Financial Aid Administrators

FROM: Catalina G. Mistler *Catalina G. Mistler*  
Chief, Program Administration & Services Division

CONTACT: Program Administration & Services Division  
Phone: (888) 294-0153  
Fax: (916) 464-8002  
E-mail: [schoolsupport@csac.ca.gov](mailto:schoolsupport@csac.ca.gov)

SUBJECT: 2009-10 Cal Grant GPA Verification for Colleges

This Operations Memo provides information for the financial aid community and college registrars who submit grade point average (GPA) verifications on behalf of students who are applying to the California Student Aid Commission (Commission) for 2009-10 Cal Grant program awards. Please review the enclosed "GPA Calculation Instructions" and the "Questions and Answers for Colleges" for details on preparing the GPAs for your students. The submission deadline is March 2, 2009.

## GPA Verification Form Availability

The 2009-10 Cal Grant GPA Verification Form is provided as an enclosure with this memo and it will also be available for download from the Commission's Web site at <http://www.csac.ca.gov/doc.asp?id=1177>. Pre-printed paper forms will not be available for ordering in bulk.

Applicants who complete the student section of the GPA Verification form must take it to their school for certification by a school official before sending it to the Commission. The GPA can be provided on the paper version of the form or submitted online by the school.

## Electronic GPA Submission

In mid-November the Commission will begin accepting GPA uploads from schools for the 2009-10 academic year Cal Grant awards. The WebGrants GPA function provides immediate feedback regarding the number of GPAs that have been accepted and identifies any errors in the upload. Electronic submission is secure, fast, and minimizes errors. Using the electronic upload option increases



State of California  
Arnold Schwarzenegger  
Governor

For more information you may contact us at:  
California Student Aid Commission, Program Administration & Services Division  
P.O. Box 419028, Rancho Cordova, CA 95741-9028 (888) 294-0153 Fax: (916) 464-8002  
Website: [www.csac.ca.gov](http://www.csac.ca.gov) E-mail: [schoolsupport@csac.ca.gov](mailto:schoolsupport@csac.ca.gov)



the probability that more of your eligible students will receive a Cal Grant award. Since these GPAs are certified electronically, there is no need to fax or mail a paper GPA form. A guide on electronically submitting GPAs is available on the WebGrants "Help Center" under *User Guides – GPA Screens*.

We strongly encourage all schools to upload GPAs electronically. This allows immediate confirmation that the GPAs were accepted and allows students to immediately view their submitted GPAs through "WebGrants for Students." As an alternative, schools may continue to use paper GPA Verification forms.

For further assistance, schools can contact the Commission's School Support Services staff at (888) 294-0153 or at [schoolsupport@csac.ca.gov](mailto:schoolsupport@csac.ca.gov). Students with questions should be directed to Student Support Services at (888) 224-7268 or [studentsupport@csac.ca.gov](mailto:studentsupport@csac.ca.gov).

Enclosures: 2009-10 Cal Grant GPA Verification Form  
2009-10 Cal Grant GPA Calculation Instructions  
Cal Grant GPA Questions and Answers for Colleges

*Working together to effectively promote education beyond high school!*



# Instructions for filling out the Cal Grant GPA Verification Form

## STUDENT INFORMATION SECTION. Please print clearly using black ink only.

1. **Your Social Security number:** Enter your Social Security number (SSN) as it appears on your Social Security card and your FAFSA. (Valid SSNs do not begin with 8, 9 or 000. If you believe your SSN begins with an 8, 9 or 000, then contact your local Social Security Office to verify your number.) Individual Tax Identification Numbers (ITIN) are not accepted.
2. **Month/year of high school graduation:** Enter the month and year you graduated, or plan to graduate from high school. Enter the month in a two-digit format (for example: January should appear as "01"; November should appear as "11"). Enter the year in a four-digit format (for example: 2009 should appear as "2009").
3. **Your name:** Print your full name as it appears on your Social Security card and your FAFSA. Enter last name, first name, middle initial.
4. **Your date of birth:** Enter your birth date. For example, June 25, 1991 would be entered as 06-25-1991.
5. **Telephone number:** Enter your area code and daytime telephone number.
6. **Your permanent mailing address:** Enter your permanent mailing address, city, state and five-digit zip code.
7. **Your e-mail address:** Enter an e-mail address where you can be contacted for questions. This is optional.
8. **Spring school code:** Enter the school code for the school at which you are in attendance for spring 2009. Students graduating from high school in spring 2009 should write in the College Board high school code number for their high school. This is the same code used for sending SAT score information to the high school. Students who are in college for the spring 2009 school term should write in the federal code number of the college at which you are in attendance in spring 2009. Students who are not in college or high school for the spring 2009 school term should leave this section blank.
9. **Submitting a test score instead of a GPA:** Complete questions 1 through 10, sign the form and attach a copy of the testing organization's score report and mail by the deadline. **TRANSCRIPTS ARE NOT ACCEPTED.**  
The results from the GED, SAT, or ACT tests must be submitted in lieu of a GPA if:
  - You participated in a home schooling program or attended an unaccredited high school.
  - You attended a high school or college outside of the United States and are unable to have those grades converted to a 4.00 scale or your school did not grade in a manner that can be readily converted to a 4.00 scale.
  - Students who have been out of school for five years can choose to submit either test scores or their GPA.
    - Scores from the California High School Proficiency Examination (CHSPE) cannot be accepted in lieu of a high school GPA, but passing the CHSPE does meet the high school graduation requirement of the Entitlement Cal Grant program. Also, grade reports, transcripts, and other proficiency certificates **WILL NOT BE ACCEPTED.**
10. **Student signature:** By signing this form, you certify that you have read these instructions and that the information you provided is correct. It is illegal to report false or misleading information on this form and doing so may result in any Cal Grant award being revoked.  
  
Once you have filled out the student information, take the form to your school and request that they verify your GPA. Be aware that if your school will be electronically submitting your GPA to the California Student Aid Commission, you do not need to submit this form. It is your responsibility to verify that the school will be submitting your GPA for you.

## FOR SCHOOL USE ONLY SECTION

- GPA IS BASED ON HIGH SCHOOL COURSEWORK:** Fill in this bubble ONLY if the GPA is based on high school coursework.
- CALIFORNIA COMMUNITY COLLEGE RE-ESTABLISHED GPA:** Fill in this bubble ONLY if the GPA being certified is based on at least 16 but less than 24 units completed at a California Community College.
- If the GPA is based on college units, and is not a reestablished GPA as described above, do not fill in any bubble.**
- GPA VERIFIER'S SCHOOL CODE:** High schools use their College Board school code; colleges use their USED OPE ID code.
- VERIFIED STUDENT GPA:** Fill in ALL three GPA spaces. Cal Grant GPAs are calculated on a 4.00 scale. High Schools certifying GPAs **MUST** be accredited or have a UC-approved course list in order to verify GPAs. Students not attending accredited high schools should provide either a GED, SAT or ACT score.  
  
GPA must be calculated in the manner described on the Commission's web site at <http://www.csac.ca.gov/doc.asp?id=1177>

After the school completes the GPA information, mail to:

California Student Aid Commission  
Cal Grant Operations  
P.O. Box 419077  
Rancho Cordova, CA 95741-9077

All GPA forms must be postmarked on or before March 2, 2009



CalGrants.org

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## ANSWERS TO HELP YOU!

### 2008 CASH FOR COLLEGE WORKSHOP REGISTRATION:

#### FREQUENTLY ASKED QUESTIONS

What is the Cash for College Workshop series?

What are Cash for College Regional Coordinating Organizations?

Who can register to host a workshop?

What are the requirements to host a workshop?

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What is the Cash for College Workshop series?

California Cash for College is a partnership effort which brings together high schools, community college and university financial aid experts and community organizations to offer low-income and first-generation college-bound high school seniors and their families hands-on help completing the FAFSA and other forms to apply for financial aid. Multi-lingual workshops are held each year starting in January through the March 2 Cal Grant application deadline at sites throughout the state. Many workshop sites also offer assistance for students who may not qualify for state or federal financial aid, volunteer assistance with tax forms and help researching private scholarships and other financial aid options.

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What are Cash for College Regional Coordinating Organizations?

Six regions in the state have established broad regional coalitions to plan, promote, coordinate and in many areas conduct Cash for College workshops. Regional Coordinating Organizations, or RCOs, include Cal-SOAPs, higher education, school district and community groups. Each offer a venue to include all stakeholders locally, to ensure resources are maximized and duplication of effort is avoided. If your area is not within these coverage areas, the statewide Cash for College office will be your point of contact, at [cashforcollege@casr.ca.gov](mailto:cashforcollege@casr.ca.gov).

Current regional coverage areas and corresponding contacts include:

- Far North State: Butte, Del Norte, Glenn, Humboldt, Lassen, Modoc, Plumas, Shasta, Siskiyou, Tehama, and Trinity Counties. Please contact Marylee Boales, Shasta Union High School District, [mboales@shsd.net](mailto:mboales@shsd.net)
- Capitol Area: Sacramento and Yolo Counties. Please contact Monica Roberts, Sacramento Cal-SOAP/ Cash for College Coalition, [mroberts@scpe.net](mailto:mroberts@scpe.net)
- East Bay Area: Alameda and Contra Costa Counties. Please contact Denise Little, East Bay Cal-SOAP/Cash for College Coalition, [denise@eastbayconsortium.org](mailto:denise@eastbayconsortium.org)
- South San Joaquin Valley: Kern and Kings Counties. Please contact Frank Ramirez, UC Merced, Bakersfield Center, [frmiraz7@ucmerced.edu](mailto:frmiraz7@ucmerced.edu)
- Los Angeles: Los Angeles County. Please contact Alma Salazar, Los Angeles Area Chamber of Commerce, [asalazar@lacheramber.org](mailto:asalazar@lacheramber.org)
- San Diego: San Diego and Imperial Counties. Please contact Linda Doughty, San Diego Cal-SOAP Consortium, [ldoughty@ucsd.edu](mailto:ldoughty@ucsd.edu)

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**Who can register to host a workshop?**

College and university campuses, high schools, Regional Coordinating Organizations, government and community organizations can offer workshops.

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**What are the requirements to host a workshop?**

Cash for College is a partnership effort which offers a series of tools and support to Cash for College organizers to organize, promote and conduct a financial aid workshop, and also asks Cash for College workshop organizers for assistance in outreach and evaluation to make the workshop and scholarship program a success. Below is a list of what Cash for College workshop organizers are offered and what is asked as part of the partnership.

**What we offer workshop organizers:**

- A \$1,000 scholarship to be offered at each qualifying Cash for College workshop (to learn more, see additional FAQs). Workshop organizers inform scholarship recipients of their award. Awards will be announced in May, 2008.
- Financial Aid Power Point presentations that provide a step-by-step guide on completing the FAFSA on the Web Worksheet;
- A collection of customizable planning tools (i.e. sign in sheets, templates, scholarship recognition letters, and student and parent surveys) to help coordinate and implement a successful event. You will have access to these tools under your organization's account;
- Follow up assistance or referrals for students requesting more assistance after the workshops;
- Increased coordination of local, regional and statewide marketing efforts to increase participant attendance;
- Access to marketing resources and tool kits;
- Access to specialized trainings and resources (i.e. volunteer financial aid training and AB540 presentation materials and guidebooks)
- Access to coalitions of Cash for College RCOs, where applicable, to help direct students and parents to your workshop. See FAQs for a list of coverage areas and regional contacts.
- Site support in the amount of \$300 is offered to the school or organization conducting the workshop. If more than 100 unduplicated student surveys are returned, the amount is increased to \$500. These funds are meant to help defray the costs of the workshops, including, but not limited to, materials, janitorial service, community site space rental, technology or assistance with computer lab set up.

**What we ask of workshop organizers:**

- Commit and plan to serve at least 25 students at each workshop.
- Complete the California Cash for College Outreach Action Plan.
- Use the California Priority High Schools targeted outreach list to guide selection of workshop sites. Or, if Priority High Schools are not identified in your area, prioritize outreach to low-income or disadvantaged students and first-generation college bound students. The Priority High School tool describes conditions which impact access to education beyond high school. Indicators used by the University of California ACCORD Research Center include family income, levels of poverty in schools, school counseling ratios, parent education levels, high school graduation rates, Cal Grant application rates and school or student submission of GPA Verification Forms. This tool is not meant to determine the level of outreach resources at each high school.
- Use the free California Cash for College/Cal Grant posters, adaptable regional and local flyers, PIN card and other tools as part of the organizer's student, school and community outreach.
- Aggressively promote the \$1,000 California Cash for College scholarship.
- Provide students and their parents/guardians line-by-line assistance on the FAFSA and direct students to verify their Cal Grant GPA during the months of January and February and up to the March 2nd Cal Grant deadline.
- Offer additional language support at workshops, as needed.
- Use attendance sign-in sheets at workshops and return copies to your regional or statewide office.
- Distribute the California Cash for College workshop evaluation/ scholarship entry form at each workshop, gather all surveys and return to the statewide or regional office. If you are participating in the 2008 Online Evaluation Project, evaluation forms will be made available online.
- Following the March 2 deadline, to apply for site support funds, provide a summary of student and parent attendance and other relevant workshop information to help evaluate the workshop series.

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**How do I register to conduct a workshop?**

It only takes a visit to the [Cash for College Registration Site](#) to create your online account, read through and accept the Partnership Agreement, create your outreach plan, request your dates, locations and time of workshops, and order materials. We will confirm your registration and activate your dates and times for the online listing so that students and parents can locate workshops nearest to them. Activation may take a few days or up to a week, depending on the volume of requests received. You will receive an email from

us confirming when your workshops are activated and posted online. Our goal is to confirm and activate all workshops for the online listing prior to the December holidays.

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**When does the workshop series begin?**

The 2008 Cash for College workshop series begins in January and runs up to the March 2 Cal Grant deadline. In some areas serving year-round high school schedules may offer workshops in mid December. Please note the Cal Grant March 2 deadline falls on a Sunday this year, which allows for one more weekend to offer workshops! Cal Grant GPA Verification forms will be accepted by the California Student Aid Commission on Monday, March 3, 2008.

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**What is the new Web-based Evaluation Pilot Project?**

Each year, Cash for College tabulates all student and parent evaluations from each workshop to evaluate our progress in helping students successfully apply for as much financial aid as possible. Up to now, we have relied on a paper evaluation process. An Internet-based survey increases the quality of survey data so that Cal Grant application and awards for Cash for College participants can be tracked. An Internet-based survey can also ensure that email addresses are valid or that certain questions are answered. If you are interested to learn more about this new web-based feature, please contact the statewide Cash for College coordinator at [cashforcollege@csac.ca.gov](mailto:cashforcollege@csac.ca.gov).

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**Where do I order materials?**

When you've logged into your account, you can click on the Orders link to place your orders. Most all materials will be shipped to you from the CSAC/EDFUND warehouse. Some materials will be shipped from CSAC Headquarters or your Regional Coordinating Organization where appropriate.

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**How long will it take my materials to reach my school, campus or organization?**

CSAC/EDFUND Publications staff is very efficient in filling materials requests. This year, we are asking organizers to tell us your "need to receive by" date. Please build in time you'll need to assemble your materials, as shipments will be targeted for receipt in time for your "need by" date.

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**Where can I get workshop tools such as presentations and required survey forms?**

2008 survey forms will be posted under Account Settings closer to the workshop series start date, in December. Please do not use old surveys or presentations. If you cannot locate the current materials on the website, please do not hesitate to contact the regional or statewide office to obtain updated information. 2008 Presentation materials can be accessed at the [Cash for College Organizer](#) page.

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**What is the Cash for College Scholarship?**

The Cash for College Scholarship is a \$1,000 scholarship offered through a third year of generous grant funding from the College Access Foundation of California. Up to 500 scholarships will be awarded statewide in 2008. The Foundation is the largest private non-profit foundation of its kind in California; its mission is to help students in California who have financial need attend college.

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**How do students qualify for Cash for College scholarships?**

High school seniors who attend a Cash for College workshop, complete a student exit evaluation, and complete and send the required FAFSA and Cal Grant GPA Verification forms by the March 2 Cal Grant deadline, could qualify for a scholarship. After the March 2 deadline, one high school senior at each qualifying workshop who applies by the Cal Grant deadline will be randomly selected to receive a scholarship. Awards will be announced in May of 2008. To claim the scholarship, scholarship recipients must attend a 2-year public or 4-year public or private degree granting institution in Fall 2008 (within our outside of California).

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**What qualifies a workshop to offer a Cash for College scholarship?**

A workshop must be registered prior to the workshop date. The student survey serves as the entry form to qualify for the scholarship. Student surveys must be returned to the regional or statewide office as soon as possible following each workshop. For sites participating in the Web-based Evaluation Pilot project, evaluations will be completed online at the workshop.

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**How many scholarships are offered at a Cash for College workshop?**

Each workshop is offered up to two scholarships.

One (1) scholarship is offered per workshop with 25 or more returned, unduplicated student evaluations. If a workshop has fewer than 25 returned, unduplicated student evaluations, we will consider rural and remote area workshops in determining whether student evaluations are combined with another small workshop or whether the workshop will receive one (1) scholarship. An additional (1) scholarship is offered to workshops with 75 returned unduplicated evaluations.

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**Who can I contact if I have more questions?**

You can contact your Cash for College Regional Coordinating Organization described in the above FAQs. If you are not working within those coverage areas, or have general questions, please send an email message to the statewide coordinator, Despina Castopoulos, at [cashforcollege@csac.ca.gov](mailto:cashforcollege@csac.ca.gov).

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