

**CALIFORNIA STUDENT AID COMMISSION
P. O. Box 419026
Rancho Cordova, CA 95741**

Title 5. Education
Division 4. California Student Aid Commission
Chapter 1. California Student Aid Commission
Article 2

Amend Article 2, Sections 30023 and 30026, California Code of Regulations.

California Community College Expanded Entitlement Program

ADDENDUM TO THE INITIAL STATEMENT OF REASONS

I. INTRODUCTION AND BACKGROUND

This document presents proposed regulatory amendments to the California Code of Regulations regarding certain applicant qualification provisions as they relate to the newly established California Community College Expanded Entitlement Program. Specifically, the proposed amendments are designed to establish an appropriate grace period for submitting applicant grade point averages and other corrections, the circumstances under which in-lieu test scores may be used, and the process for applicants to reestablish a grade point average for this new entitlement award program.

Education Code Section 69435.5 was added by Assembly Bill 132 (AB 132), Chapter 144, Statutes of 2021, and amended in 2022 by Assembly Bill 183 (Chapter 54, Statutes of 2022). One of the stated purposes of AB 132 was to: *“establish a California Community College Expanded Entitlement Award for students who were not awarded a Cal Grant A or B award at the time of the student’s high school graduation but who will be enrolled at a California community college during the award year and who meet all of the criteria, as specified.”*

With respect to this goal, Education Code Section 69435.5(c)(1) now provides that: *The commission shall use the standardized student financial aid application described in Section 69432.9.* Education Code Section 69432.9(a) requires: *A Cal Grant applicant shall submit a complete official financial aid application pursuant to Section 69433 and applicable regulations adopted by the commission.* Included within the statutory requirements is that an applicant must include information related to their grade point average.

Education Code section 69432.9(c)(2)(B)(iii) provides: *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.*

The proposed regulatory amendments were developed to satisfy these provisions of the Education Code as they apply to the newly established California Community College Expanded Entitlement Program pursuant to Education Code Section 69435.5. The proposed regulatory amendments developed by staff to achieve these objectives are shown in Appendix A: Proposed Regulatory Order.

II. THE PROBLEM THE PROPOSAL INTENDS TO ADDRESS

The proposed regulations are designed to establish certain administrative requirements for the newly established California Community College Expanded Entitlement Program, administered by the California Student Aid Commission. The Commission is charged with establishing an appropriate grace period to allow applicants to submit delayed grade point averages, in-lieu test scores, and other corrected information to their financial aid packages. Establishing a workable and clear applicant grace period is necessary for the efficient and effective administration of the program, and the timely award of grants, by the Commission on behalf of student applicants. The proposed regulations would clarify the timeline and grace period by which applicants may submit grade point average information for each academic year, and the circumstances under which in-lieu test scores could be submitted as part of an applicant's financial aid application.

III. THE SPECIFIC PURPOSE AND RATIONALE OF EACH ADOPTION, AMENDMENT, OR REPEAL

This section provides a summary of the specific purpose of each section of the proposed regulations, along with Commission staff's determination of why each proposed section is reasonably necessary and appropriate to achieve the purpose of the proposed regulatory action.

Sections 30023. In Lieu Test Scores; Grace Period

Summary and Purpose of Section 30023(a)

This existing section generally requires a grade point average or in lieu test score to be submitted as part of a Cal Grant Application and prescribes the circumstances under which in lieu test scores may be used by program applicants. This section is proposed to be modified to clarify that these provisions apply to all Cal Grant competitive and entitlement programs, including the newly established Community College Expanded Entitlement Program. The existing reference to Article 5 of the Ortiz, Pacheco, Poochigian, Vasconcellos Cal Grant Act is proposed to be removed.

Rationale for Section 30023(a) amendments

These proposed modifications are necessary to apply the existing statutory provisions of the Cal Grant program, relative to the submittal of grade point averages or in lieu test scores, and the circumstances under which test scores may be used, to the newly established Community College Expanded Entitlement Program. The amendments are also designed to clarify that all Cal Grant competitive and entitlement programs are subject to these same provisions. Under the proposed modifications, reference to Article 5 of the Ortiz, Pacheco, Poochigian, Vasconcellos Cal Grant Act is unnecessary. Without amending the language as proposed, it would not be clear to applicants for entitlement grant programs, including the California Community College Expanded Entitlement Program, what circumstances would apply for submitting test scores in lieu of a grade point average.

Summary and Purpose of Section 30023(c)(2)

This existing section generally specifies the grace-period deadline by which any grade point average received after an application deadline for an entitlement award must be received by the Commission. This section is amended to require that requests to accept a grade point average after the application deadline, be submitted or postmarked by a specified date, rather than the date in which the material is received by the Commission. In addition, this section was amended to correct an existing sentence syntax error in the existing California Code of Regulations relative to the State's Cal Grant Program, and which would extend to the California Community College Expanded Entitlement Program. The Commission made a non-substantive amendment to this section by removing the word "not" from the phrase "and shall not notify them that they have until May 16..." contained in the last sentence of this section.

Rationale for Section 30023(c)(2) amendments

This proposed modification is appropriate and necessary to allow applicants from various regions of California equal flexibility and opportunity to submit or mail such supplemental application information to the Commission's centralized office in Sacramento. The correction to the existing syntax error in the California Code of Regulations is necessary to correct, affirm, and clarify that the Commission will notify students when their grade point averages had not been received by the March 2 deadline and that students may request the Commission to accept late grade point averages consistent with the conditions specified on this section.

Summary and Purpose of Section 30023(c)(3)

This proposed section incorporates the newly established Community College Expanded Entitlement Program into section 30023 of the California Code of Regulations, in accordance with Education Code section 69435.5, and sets forth the Commission's grace-period for submitting a corrective grade point average or in-lieu test score by program applicants, in accordance with Education Code section 69432.9(c)(2)(B)(iii). This section establishes the grace-period deadline as September 22nd, or 20 days after the September 2nd application deadline, for each academic year.

This proposed section also identifies the permissible circumstances and required applicant certifications necessary to justify delayed submittal of the information by the September 2nd application deadline.

Rationale for Section 30023(c)(3)

Education Code section 69435.5, as amended by AB 132, establishes the availability of the Community College Expanded Entitlement Program commencing with the 2021-22 academic year, to be administered by the Commission. Education Code section 69432.9(c)(2)(B)(iii) provides that 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 therefore necessary for the Commission to: (1) incorporate this newly established program into the California Code of Regulations; (2) identify the permissible circumstances and applicant certifications to be provided to justify receipt of information after the program application deadline; (3) set forth the circumstances under which a specified test score may be used in lieu of a grade point average; and (4) establish a reasonable and workable grace period for the receipt of corrective or additional information.

Due to the late application deadline of September 2nd established under Education Code section 69435.5 (which coincides with the start of a fall academic year), staff proposes a grace period of no more than 20 days, to allow for efficient program administration and timely processing and awarding of grants to applicants. The application deadline required for other Cal Grant programs is March 2nd, well in advance of the start of the fall academic year.

Summary and Purpose of Section 30023(c)(4)

This existing section is proposed to be renumbered as section 30023(c)(4) to accommodate the proposed addition of information to revised section 30023(c)(3). This renumbered section generally specifies the grace-period deadline by which any grade point average received after an application deadline for a competitive grant award must be received by the Commission. This section is amended to require that requests to accept a grade point average after the application deadline, be submitted or postmarked by a specified date, rather than the date in which the material is received by the Commission

Rationale for Section 30023(c)(4)

This proposed modification is appropriate and necessary to allow applicants from various regions of California equal flexibility and opportunity to submit or mail such supplemental application information to the Commission's centralized office in Sacramento.

Summary and Rationale of Section 30023(c)(5)

This existing section is proposed to be renumbered from section 30023(c)(4) to section 30023(c)(5) to accommodate the proposed addition of new information in section 30023(c)(3) described above. In addition, this section was amended to provide that the 20-day window for the March and September application deadlines would apply to both Competitive programs and Entitlement programs, including the California Community College Expanded Entitlement program. The proposed modification to subsection (c)(5) would ensure that where a 20-day March or September deadline for an Entitlement program falls on a weekend or a State holiday, the deadline would shift to the next business day.

Rationale for Section 30023(c)(5) amendments

This proposed amendment would extend and make the provisions of Government Code section 6707 equally applicable to Competitive and Entitlement programs, including the California Community College Expanded Entitlement Program. The Commission believes this amendment is appropriate and necessary because the existing California Code of Regulations is silent on this weekend or holiday rollover provision for Entitlement programs. The Commission believes it's appropriate and fair to address and apply this rollover provision equally to Competitive and Entitlement programs, including the California Community College Expanded Entitlement program.

Sections 30026. Reestablishing Grade Point Average

Summary and Purpose of Section 30026

This existing section generally describes the methodology applicants are required to follow to reestablish a grade point average under the State's Cal Grant program. This section is amended to also reference Education Code section 69435.5(b)(2), relative to the newly established Community College Expanded Entitlement Program. Under this proposed amendment, the same methodology required to reestablish an applicant's grade point average under the existing Cal Grant program would be required and followed for this new program.

Rationale for Section 30026 amendments

For purposes of clarity and consistency, staff believes it's appropriate to apply the same, existing methodology required under the Cal Grant program to reestablish an applicant's grade point average to this new entitlement program. Without this amendment, the process for reestablishing a grade point average for the California Community College Expanded Entitlement Program would be unclear to applicants.

IV. BENEFITS ANTICIPATED FROM THE REGULATORY ACTION

As noted above, the proposed regulatory amendments will support the effective administration of the newly established California Community College Expanded Entitlement Program by the Commission on behalf of student applicants. The proposed regulations will add program clarity and specificity concerning the corrective

application grace period, the conditions under which in-lieu test scores may be submitted by program applicants, and the method to reestablish a grade point average. Efficient administration of this program should enable the Commission to increase the number of entitlement awards made available to Community College students, in a timely manner, to support student educational goals. There are no expected benefits to worker safety, and public health and safety resulting from this rulemaking.

V. JUSTIFICATION FOR ADOPTION OF REGULATIONS DIFFERENT FROM FEDERAL REGULATIONS CONTAINED IN THE CODE OF FEDERAL REGULATIONS

The regulation would only apply in California and specifically to the newly established California Community College Expanded Entitlement Program and would neither affect nor conflict with any federal regulations or federal education programs.

VI. PUBLIC PROCESS FOR DEVELOPMENT OF PROPOSED REGULATORY ACTION (Pre-regulatory Information)

These regulations were approved by the Commission at an open and public meeting in which the public was afforded the opportunity to comment on the draft regulations prior to Commission approval. The meeting was convened on September 8, 2022. Following approval of the draft regulations, the proposed regulations and supporting rulemaking documents were filed with the Office of Administrative Law to launch the public comment period.

VII. ECONOMIC IMPACT ASSESSMENT

The proposed regulations would clarify program provisions and application requirements for the California Community College Expanded Entitlement Program. Participating in this educational grant funding program is a voluntary option available to eligible students. As such, the proposed regulations place no new or substantial requirements on businesses, individuals, or government agencies within California.

The regulatory amendments are not expected to create or eliminate any jobs within the state. The regulation is not expected to create new businesses or eliminate existing businesses within the state or cause an expansion to businesses currently doing business within the state. Therefore, the proposed regulations have no potential for adverse economic or fiscal impact. Furthermore, there is no significant statewide adverse economic impact directly affecting businesses, including California businesses' ability to compete with businesses in other states or on representative private persons.

The benefits of this regulation, as discussed above, would be to improve the efficient administration of this program by the Commission on behalf of student applicants. This should enable more students to take advantage of this source of educational grant funding in support of their educational goals. The regulation is not expected to directly impact California residents' health and welfare, worker safety, or the state's environment.

VIII. EVALUATION OF REGULATORY ALTERNATIVES

Government Code Section 11346.2(b)(4) requires the Commission to consider and evaluate reasonable alternatives to the proposed regulatory action and provide reasons for rejecting those alternatives. This section discusses alternatives evaluated and provides reasons why these alternatives were not included in the proposed regulation. As explained below, no proposed alternative was found to be less burdensome and equally effective in achieving the regulation's purposes. The Commission has not identified any reasonable alternatives that would lessen any adverse impact on small businesses.

Staff evaluated a "Take No Action" alternative to the proposed regulation. A take no action alternative means the Commission would not establish a grace period for applicants to submit corrective or additional information to financial aid applications or prescribe the circumstances under which in-lieu test scores could be used, in accordance with the legislative direction provided by Education Code Section 69432.9(c)(2)(B)(iii). Under this scenario, no grace period would be available to applicants beyond the September 2nd deadline identified in Education Code section 300239(c) and applicant use of in-lieu test scores would not be permissible.

This alternative was rejected because staff believes establishing a reasonable and workable grace period for applicants to submit additional or corrective information (and establish the circumstances under which in-lieu test scores may be used) beyond the September 2nd application deadline is consistent with statutory direction and intent. The proposed amendments should also enable the Commission to approve more funding awards to eligible students under this new entitlement award program.

IX. APPENDICIES

A. Proposed Regulatory Order

