

**CALIFORNIA STUDENT AID COMMISSION
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**Proposed Amendments to Article 15, of Chapter 1, Division 4, of Title 5,
Ca Code of Regulations
California Military Department GI Bill Award Program
(Formerly California National Guard Education Assistance Award Program)**

INITIAL STATEMENT OF REASONS

I. INTRODUCTION AND BACKGROUND

Assembly Bill 12 of the Fourth Extraordinary Session, the local government trailer bill to the 2009 Budget Act Amendments, was signed by the Governor and chaptered into law on July 28, 2009. It established the California National Guard Education Assistance Award Program (CNG EAAP) to be jointly administered by the Office of the Adjutant General (OTAG) and the California Student Aid Commission (Commission).

Based on the authority provided in Education Code Section 69999.22, Commission staff, in consultation with the California Military Department staff, adopted Article 15, Chapter 1, of Division 4, of Title 5, of the California Code of Regulations, Sections 30730 et seq. to implement, interpret, and construct the requirements established in Education Code Sections 69999.10 to 69999.30. These regulations became effective on January 10, 2011.

The Legislature's stated intent for the CNG EAAP was to maintain the strength of the California National Guard, and affiliated militia members, by providing an educational inducement for various members. Thus, the CNG EAAP is a state-funded program designed to provide an educational incentive to improve the skills, competencies, and abilities of service members, and encourage service members to remain active in the California Army or Air National Guard, the California State Guard (formerly the State Military Reserve), or the California Naval Militia.

The OTAG may select up to 1,000 participants for the program in any fiscal year. The program authorizes the Commission to make payments to eligible program participants who attend qualifying institutions. Participants can receive up to the amount of the Cal Grant A award for attending the University of California, California State University, or a non-public institution; and up to the Cal Grant B award for attending a California Community College.

Award amounts are not to exceed the difference between a participant's cost of attendance and Federal educational benefit programs available for veterans. Participants are not eligible to receive a benefit under this program and a Cal Grant award for the same academic year.

Assembly Bill 2722

Assembly Bill 2722 (Medina, Chapter 547, Statutes of 2018) was signed by the Governor and chaptered into law on September 19, 2018. Assembly Bill 2722 (AB 2722) amended Sections 69999.10 through 69999.24, and repealed Sections 69999.26 and 69999.30 of the Education Code, and makes the following modifications to the prior CNG EAAP, which will apply to new or renewal applicants first accepted to the program during or after the 2020-2021 academic year:

- Revises the name of the CNG EAAP, to the “California Military Department GI Bill Award Program” (CMD GI Bill);
- Deletes a two-year prior service requirement for participants;
- Adds a post two-year service commitment for participants;
- Limits participants to obtaining one undergraduate, graduate, or doctoral degree;
- Requires participants to complete their studies within ten years, unless extended due to military activation or other unexpected circumstances;
- Removes an allowance for books and supplies for graduate school participants;
- Extends the program indefinitely; and
- Deletes a provision to prepare a 2016 report by the Legislative Analyst.

Commission Direction

Staff prepared these draft regulations in response to direction provided by the California Student Aid Commission at its July 23, 2020 meeting, where it discussed the revised Education Code provisions and requirements for the CMD GI Bill Award Program established under AB 2722. The proposed regulations contained in this document were developed to satisfy the amended Education Code requirements and to provide appropriate regulatory amendments and additions to the California Code of Regulations necessary to implement the amendments in AB 2722 to the CMD GI Bill Award Program. The proposed regulation developed by staff to achieve this objective is shown in Appendix A: “Proposed Regulatory Order”.

II. THE PROBLEM THE PROPOSAL INTENDS TO ADDRESS

The Commission, in conjunction with the OTAG, is proposing certain regulatory amendments to the provisions set forth in Article 15, of Chapter 1, of Division 4, of Title 5, of the California Code of Regulations, Sections 30730 et seq. (“proposed amendments” or “proposed regulation”). As noted above, AB 2722 introduced several

statutory amendments to the CNG EAAP and renamed the program as the CMD GI Bill Award Program. The AB 2722 provisions became effective on January 1, 2019. The proposed regulation includes several amendments to sections of the California Code of Regulations to incorporate the AB 2722 legislative changes and allow for continued joint administration by the OTAG and the Commission.

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

The purpose of each proposed amendment under the regulatory order, along with the rationale for the amendment for determining that each amendment is reasonably necessary to carry out the purpose for which it is proposed, is outlined below.

Section 30730. Definitions.

Summary and Purpose of Section 30730

Section 30730 includes the programmatic definitions that will apply to the revised and renamed CMD GI Bill Award Program. The proposed regulation includes several amendments to existing program definitions, including new definitions and acronyms, which affect program eligibility requirements and participant responsibilities contained in the California Code of Regulations. These proposed amendments and additions to the Section 30730 program definitions include the following:

“Active Member” Proposed amendments to the definition clarify that program eligibility applies to uniformed service members within various branches of the currently designated California Military Department. These service branches currently include the California Army or Air National Guard, the California State Guard, or the California Naval Militia.

Rationale for the amendment

The proposed amendments are necessary to establish and clarify the eligibility of service members assigned to currently designated branches of the California Military Department to participate in the program.

“CMD GI Bill”

The acronym “CNG EAAP” is deleted throughout the article and is replaced with “CMD GI Bill,” which is more broadly defined as the California Military Department GI Bill Award Program.

Rationale for the amendment

This change is necessary because AB 2722 amended CEC Section 69999.12, and officially changed the name of the program from the currently expired California National Guard Education Assistance Award Program to the California Military Department GI Bill Award Program. CMD GI Bill, will serve as the acronym for the revised program name.

“Discretionary Summer Term” Proposed amendments to this definition clarify that the determination of a discretionary summer term would be based on an institution’s establishment of summer term attendance requirements and other terms of program participation established with the Commission.

Rationale for the amendment

This proposed amendment is necessary to clarify that, in practice, the basis for determining whether an academic summer term is considered discretionary or mandatory for program participants varies by institution and is dependent on how various institutions establish attendance terms with the Commission. Designation of whether the summer term is mandatory or discretionary determines if funding is set aside for the term. Funding is set aside for mandatory summer terms when participants are awarded for the academic year. Funding is only allocated for discretionary summer terms if there is funding left over at the end of the academic year.

“DOD ID” This proposed acronym means the Federal Government’s Department of Defense Identification Number as it applies to each person registered with the Defense Enrollment and Eligibility Reporting System.

Rationale for the amendment

This acronym addition to the Section 30730 definitions is necessary because this military identifying number for potential program applicants is proposed to be added to the program application requirements of Section 30731. Inclusion of this ID number in applications is necessary to facilitate the administrative ability of the Military Department to cross-reference and monitor applicant participation in this and other educational funding programs.

“Eligible Applicant” Proposed amendments to the definition address new program requirements for new applicants accepted to the program during or after the 2020-2021 academic year. Several of the proposed amendments address new program eligibility requirements and conditions for participation. Proposed amendments also serve to clarify existing program requirements as they would apply to the revised program and remove obsolete ones. Proposed amendments reference the current designations of various service branches within the California Military Department. The following amendments are proposed for the following subparagraphs of the “eligible applicant” definition:

Amendments to subsection (b)

Delete a requirement for program applicants within the California Military Department to have completed two years of service prior to applying to the program. This proposed modification allows active service members to immediately apply for the program, consistent with the new provisions under AB 2722. Add a requirement for applicants to agree to serve two additional years in the California Air or Army National Guard, the California State Guard or the California Naval Militia upon completion of the last term the participant uses program assistance.

Rationale for the amendment

These proposed amendments are necessary because AB 2722 amended CEC Section 69999.16 to eliminate the two-year prior service requirement for eligible applicants that existed under the prior CNG EAAP program, and to add a post two-year service requirement for participants upon completion of the last academic period for which they used funding assistance under the revised CMD GI Bill Award Program. These proposed amendments are necessary to address and incorporate these legislative modifications in the California Code of Regulations.

Amendments to subsection (c)

Modifies a requirement for program applicants to have been accepted, enrolled, or registered at an institution; and instead allows applicants to indicate their intent to register or enroll at an institution for the academic year for which they are applying.

Rationale for the amendment

Current program language developed for the CNG EAAP program unduly discourages program applicants because, in practice, there is a need to apply well in advance of a projected college start date and before actual acceptance, enrollment, or registration at a specific institution may have occurred. This subdivision is being amended to clarify that under the revised program, applicants may apply to the program before acceptance, registration, or enrollment has occurred because a participant's eligibility to receive award payments under the CMD GI Bill Award Program remains contingent on enrollment at a specific qualifying institution. This modification would improve the efficiency of the program for service members while maintaining appropriate accounting controls over fund disbursements.

Amendments to subsection (g)

Specify that "permanently" withdrawn participants from the program, as redefined by Section 30736, will not be allowed to re-apply. This proposed amendment also specifies "withdrawn" participants, as redefined by Section 30736, will be allowed to re-apply. The proposed amendments to 5 CCR Section 30736 discuss the distinguishing reasons and conditions that constitute "withdrawal" versus "permanent withdrawal".

Rationale for the amendment

Prior to these amendments it was unclear under what circumstances prior participants would be allowed to reapply. These proposed modifications are necessary to clarify the circumstances under which participants may reapply for program benefits, versus when they are permanently removed from the program. These amendments provide the specific scenarios when a prior participant will and will not be allowed to re-apply for program benefits.

Amendments to subsection (h)

Delete the reference to prior program participants who have completed a certificate, degree, or diploma as a potential condition for program eligibility. Previously, returning program applicants could include those who had already obtained a certificate or

degree under the program. Such applicants were potentially eligible for additional program funding towards an additional certificate, degree, or diploma as long as they had remaining eligibility to use. Under the CMD GI Bill Award Program, only returning applicants who have not obtained a baccalaureate, graduate, or doctoral degree under the program may reapply for benefits.

Rationale for the amendment

This amendment is necessary because AB 2722 amended CEC Section 69999.16 (b)(1)(D) to limit program participation to applicants who agree to only obtain a baccalaureate, graduate, or doctoral degree; and have not previously obtained a degree through the program. Under these legislative modifications, new program participants are eligible to reapply or continue in the program only until they complete one such undergraduate or graduate degree.

Amendments to subsection (i)

Add a program specification that program applicants agree to maintain at least a 2.0 annual grade point average.

Rationale for the amendment

This amendment is necessary to clarify current program eligibility requirements. This addition also provides consistency with proposed program application requirements under Section 30731.

Amendments to subsection (j)

Add a program specification that program applicants for the CMD GI Bill agree not to receive a Cal Grant program award for the same academic year. This addition also provides consistency with proposed program application requirements under Section 30731.

Rationale for the amendment

This proposed amendment is necessary to clarify that applicants are not eligible to receive both Cal Grant award and CMD GI Bill award payments for the same academic year.

Amendments to subdivision (k)

Add a program specification that applicants agree to complete their course of study within ten years of acceptance into the program.

Rationale for the amendment

This amendment is necessary because, prior to the AB 2722 legislative changes, participants could use the program indefinitely if program eligibility was maintained in accordance with 5 CCR Section 30734 (h). This addition also provides consistency with proposed program application requirements under Section 30731.

Amendments to subsection (l)

Add a program specification that applicants agree to only obtain either a baccalaureate, graduate, or doctoral degree while participating in the program.

Rationale for the amendment

This amendment is necessary because AB 2722 amended CEC Section 69999.16 (b)(1)(D) to limit program participation to applicants who agree to only obtain a baccalaureate, graduate, or doctoral degree. Prior to this change, program participants could pursue multiple degrees and maintain program eligibility provided they had eligibility remaining.

“Enrollment Status” This proposed amendment to subsection (c) of this definition would allow graduate program participants to enroll in less than three units if an institution considers a participant to be at least one quarter-time status. This would allow individual institutions to define one quarter-time status, since graduate programs have varying quantitative thresholds for attendance status. This modification replaces the existing three-unit minimum requirement for program eligibility specified in CEC Section 69999.16 (b)(1)(D), which currently applies to undergraduate and graduate participants.

Rationale for the amendment

This proposed amendment is necessary because certain institutions consider graduate participants taking less than three units as meeting a one quarter-time status threshold. Because of the variation among institutions, it is appropriate for the issuance of payments to graduate program participants to reflect the institution’s time status criteria rather than a unit threshold.

“Excess Awards” This proposed amendment updates the definition to include the informal name “first-come, first-serve awards” and specifies excess awards are made to applicants who completed the application process after the April 30 priority deadline.

Rationale for the amendment

Proposed amendments to various sections of the regulation make clarifying changes to the Military Department’s consideration of and process for the issuance of excess awards to late filing applicants. The proposed amendment to the definition is necessary to rectify existing regulatory unclarity, which suggests that any award issued after the deadline established by Section 30731 would be considered an “excess award”. All awards are issued after the deadline. This amendment clarifies that those who complete the application process after the April 30 deadline are considered for an excess award. This clarification is needed because application requirements differ before and after the April 30 deadline. Applicants who apply after April 30 do not need to submit a letter of recommendation. Additionally, recipients of excess awards may be given additional time to complete the renewal application process.

“Mandatory Summer Term” This proposed amendment would clarify that determination of mandatory summer terms is based on an institution’s establishment of

summer term attendance requirements and other terms of participation with the Commission.

Rationale for the amendment

This proposed amendment is necessary to clarify that in practice, the basis for determining mandatory summer terms is established by the institution and is dependent on how various institutions establish attendance terms with the Commission. This clarification of institutional determinations of mandatory summer terms also provides consistency with the proposed definitional for “Discretionary Summer Term” described above.

“Program” This proposed amendment would establish the applicability of the term from the prior CNG EAAP program to the revised CMD GI Bill Award Program consistent with AB 2722.

Rationale for the amendment

This amendment is necessary due to the transition of the CNG EAAP program to the CMD GI Bill Award Program under AB 2722, to which all provisions of this article would apply.

“Qualifying Institution” This proposed amendment removes a double entry of the definition for “qualifying institution” and its provisions that were made functionally obsolete when the regulation was last amended. Presently, a qualifying institution is defined as one that has met the requirement of California Education Code Section 69432.7(i) and has entered into an institutional participation agreement with the Commission.

Rationale for the amendment

This proposed amendment is necessary to remove an obsolete and confusing reference to what constitutes a “qualifying institution” and to clarify the correct definition of a qualifying institution as it will apply to the establishment of the CMD GI Bill Award Program.

“Renewal Statement of Understanding” This proposed definition refers to an annually updated internal acknowledgement form members of the California Military Department complete as part of their renewal application, to confirm their understanding and agreement with all program conditions and requirements and Department expectations.

“Statement of Understanding” This proposed definition refers to an annually updated internal acknowledgement form members of the California Military Department complete as part of their initial application, to confirm their understanding and agreement with all program conditions and requirements and Department expectations.

Rationale for the amendment

These two proposed definition additions to Section 30730, outline internal management

provisions exclusive to service members employed with the California Military Department. These forms are updated annually based on the needs of the California Military Department. It is necessary to reference and define these internal acknowledgement forms of military personnel expectations as they are components of active service member applications for the program.

Section 30731. Application to Participate in the Program

Summary and Purpose of Section 30731

Section 30731 lists and describes the information, representations, eligibility conditions, and funding sources to be provided in initial and renewal application submissions for participation in the CMD GI Bill Award Program. This Section includes several proposed amendments to the informational contents of applications (and the application forms in Appendices A and C of the Regulations) to address the AB 2722 program changes. Proposed modifications to this Section also serve to clarify how the Military Department will classify applications received prior to and after the regulatory submittal deadline.

Other proposed additions to the application contents and application forms include descriptions of the new AB 2722 program provisions and participant obligations. These include the two-year service commitment; acknowledgement the applicant has not received a degree under the program that would exclude them from further participation; and agreement to complete the course of study within ten years.

Rationale for the amendment

These proposed amendments to the application and application materials are necessary to outline the revised program requirements under AB 2722; to inform and allow applicants to agree and commit to the new program participation requirements; and to clarify and describe the Military Department's proposed administrative procedures for the revised program. The specific changes to major subsections of the program application are discussed in detail below.

Amendments to subsections (a)(9) and (12)

Proposed amendments request applicants to identify the type of eligible certificate or degree program sought by an applicant.

Rationale for the amendment

Because the AB 2722 provisions limits participation in the program towards obtaining a single degree of a baccalaureate or higher within a specified period of time, it is necessary to clarify an applicant's program objectives and to facilitate the Military Department's monitoring of participant progress in the program.

Amendments to subsection (a)(13)

Proposed amendment requires applicants to list prior degree to help the Military Department determine the applicant did not already complete a baccalaureate or higher

through the program.

Rationale for the amendment

Because the AB 2722 provisions limits participation in the program towards obtaining a single degree of a baccalaureate or higher through the program, it is necessary to clarify prior degrees to ensure an applicant has not already received said degree through the program.

Amendments to subsection (a)(14)

Proposed amendments clarify that applications may be completed prior to actual enrollment or registration at an institution, but eligibility for funding remains contingent on successful enrollment, among other requirements.

Rationale for the amendment

Current program language discourages applicants because there is a need to apply well in advance of a projected college start date and before actual acceptance, enrollment, or registration at a specific institution may have occurred. This subsection is being amended to clarify that applicants may apply to the program before acceptance, registration, or enrollment has occurred as eligibility to receive award payments under the CMD GI Bill Award Program remains contingent on successful registration or enrollment at a specific qualifying institution.

Amendments to subsections (a)(17) and (18)

Proposed amendments provide more extensive detail of currently available Federal veteran's education funding programs potentially available to applicants and requires applicants to provide greater detail on the expected receipt of any funding from these available programs.

Rationale for the amendment

Requiring additional details on anticipated Federal education funding will ensure each application contains sufficient information for program coordinators to accurately estimate potential awards as applicants often do not know the actual award amount they will receive for the upcoming terms. This information is necessary because an applicant's potential award is determined by reducing the cost of attendance reported by an institution by any Federal veteran's educational benefits received by the applicant. The program awards the lesser of the maximum award for the term or the remaining need.

Amendments to subsections (a)(21) and (22)

The proposed additions to these subsections address the new AB 2722 program eligibility provisions and participant obligations. These include the two-year service commitment; acknowledgement the applicant has not received a degree under the program that would exclude them from further participation; and agreement to complete the course of study within ten years. Proposed additions also reference the revised required components of the program application, including the Statement of

Understanding, Service Commitment Acknowledgement Form, and Letter of Recommendation.

Rationale for the amendment

These proposed amendments to the application and application materials are necessary to outline the revised program requirements under AB 2722; to inform and allow applicants to agree and commit to the new program participation requirements; and to clarify and describe the Military Department's proposed administrative procedures for the revised program.

Amendments to subsection (c)(13)

Proposed amendment requires applicants to list prior degree to help the Military Department determine if applicant has already completed a baccalaureate or higher through the program.

Rationale for the amendment

Because the AB 2722 provisions limits participants who entered the program in the 2020-21 AY or after to obtaining a single degree of a baccalaureate or higher through the program, it is necessary to clarify prior degrees to ensure an such applicant has not already received said degree through the program.

Amendments to subsections (c)(15) and (16)

Proposed amendments provide more extensive detail of currently available Federal veteran's education funding programs potentially available to renewal applicants and requires applicants to provide greater detail on the anticipated receipt of funding from these available programs.

Rationale for the amendment

Requiring additional details on anticipated Federal education funding by renewal applicants will ensure each application contains sufficient information for program coordinators to accurately estimate potential awards as applicants often do not the know the actual award amount they will receive for the upcoming terms. This information is necessary because an applicant's potential award is determined by reducing the cost of attendance reported by an institution by any Federal veteran's educational benefits received by the applicant. The program awards the lesser of the maximum award for the term or the remaining need.

Amendments to subsection (c)(17)

The proposed additions to this subsection address the new AB 2722 program eligibility provisions and participant obligations as they apply to renewal applicants first entering the program after the 2020-2021 academic year. These include the two-year service commitment; acknowledgement the applicant has not received a degree under the program that would exclude them from further participation; and agreement to complete the course of study within ten years. Proposed additions also clarify that renewal applicants first awarded prior to the 2020-2021 academic year, may obtain a subsequent degree under the program.

Rationale for the amendment

These proposed amendments to the application and application materials for renewal applicants are necessary to outline the revised program requirements under AB 2722; to inform and allow applicants to agree and commit to the new program participation requirements; and to clarify and describe the Military Department's proposed administrative procedures for the revised program.

Amendments to subsections (d) and (e)

Proposed subsection (d) addresses potential application deadline extensions for renewal applicants who received excess awards; and proposed subsection (e) addresses eligibility for subsequent degrees for renewal applicants who entered the program at or prior to the 2019-2020 academic year.

Rationale for the amendment

The proposed amendments are necessary to potentially allow for the extension of renewal application processing timelines for recipients of excess funding awards, and to clarify program benefits and requirements applicable to participants who first entered the program prior to the 2020-2021 academic year.

Amendments to the Initial Application Form (Appendix A)

Proposed amendments to the initial application form address the revised program provisions and applicant informational requirements discussed above. In addition, proposed amendments to Question 15 of the form request more detailed information regarding an applicant's GI Bill benefits in accordance with proposed amendments to Section 30731 (a)(17). Proposed amendments to Question 16 request more detailed information regarding an applicant's other Federal education benefits for veterans in accordance with proposed amendments to Section 30731 (a)(18).

Amendment to the Renewal Application Form (Appendix C)

Proposed amendments to the renewal application form address the revised program provisions and applicant informational requirements discussed above. In addition, proposed amendments to Question 14 request more detailed information regarding an applicant's GI Bill benefits in accordance with proposed amendments to Section 30731 (c)(15). Proposed amendments to Question 15 request more detailed information regarding an applicant's other Federal education benefits for veterans pursuant to proposed amendments to Section 30731 (c)(16).

Rationale for the amendment

These proposed amendments to the initial and renewal application provisions and forms are necessary to make application submittals for the CMD GI Bill Award Program consistent with the modifications introduced by AB 2722. Requiring additional details on Federal education funding received will ensure each application contains sufficient information for program coordinators to accurately estimate potential awards. This is necessary because an applicant's potential award is determined by reducing the cost of

attendance reported by an institution by any Federal veteran's educational benefits received by the applicant. The program awards the lesser of the maximum award for the term or the remaining need.

Section 30732. Applicant Priority

Summary and Purpose of Section 30732

Section 30732 outlines the process by which the OTAG determines the service member knowledge, attributes and skills most desired by the California Military Department, and to prioritize applicant selection for the program based on attaining or improving such knowledge-based criteria and skill sets. Proposed subsection (b)(3) clarifies that in case of "tie" between applicants in the competitive selection process, the date in which the applicant completed all application steps will be used to prioritize applicants.

Rationale for the amendment

This proposed amendment is necessary to further clarify the objective process the Military Department follows to prioritize applicant selection explaining the criteria used when a tie occurs in the competitive selection process

Section 30733. Selection by the Adjutant General

Summary and Purpose of Section 30733

Section 30733 outlines the process by which the OTAG will assess and prioritize applicant eligibility and make selections among applicants for program funding. Proposed amendments would clarify applicant selection will be based on the receipt of complete application filings consistent with proposed Section 30731(a) and delete existing Section 30733(f).

Rationale for the amendment

This proposed amendment is necessary to facilitate applicant prioritizing and selection consistent with the desired skills and other criteria of Section 30732 as determined by the OTAG. Subsection (f) is proposed for deletion because this information is available to the Military Department through a shared database with the Commission.

Section 30734. Payments

Summary and Purpose of Section 30734

Section 30734 outlines the process by which the Commission, in consultation with the Military Department, determines payment amounts for initial and renewal program participants each academic year, based on specified eligibility requirements and funding availability. AB 2722 made several modifications to program eligibility requirements, which necessitate modifications to the payment provisions contained in the program's existing regulations. In addition to minor spelling, clarifying, and

grammatical edits, amendments to the following subsections of Section 30734 are proposed to improve program administration and financial controls:

Amendments to subsection (a)

Proposed amendments serve to clarify the Commission's responsibility for determining maximum payment amounts, and the Military Department's responsibility for determining academic term awards, based on the Department's collection of participant attendance information and assessment of all educational funding sources received by a participant.

Rationale for the amendment

The proposed clarification is necessary because, in practice, Military Department staff are responsible for contacting institutions to verify enrollment information and the receipt of Federal veteran's educational benefits by participants; and not the Commission as the current regulations indicate. The process of collecting this information is critical to the Military Department's ability to accurately calculate and determine participant award amounts.

Amendments to subsections (a)(2)(B) and (F)

Proposed amendments request information regarding any state and institutional grants and scholarships received. These benefits would be removed from "cost of attendance" estimates of the CMD GI Bill Award Program so participants do not receive benefits for costs covered by other funding programs. Proposed amendments add requirements for institutions to report participant enrollment in certificate, diploma, or degree programs, including the type of program or degree sought; and whether and when the participant completed the program or degree.

Rationale for the amendment

The proposed amendments are necessary to accurately calculate the benefits a participant is receiving and is eligible to receive, and to address the AB 2722 provisions, which limit program awards to completion of a single degree. Thus, the proposed amendments are necessary to allow the Military Department to more accurately determine if a participant's reported cost of attendance should be adjusted. Education Code Section 69999.16 (b)(1)(D), as amended under AB 2722, limits program participants to one baccalaureate, graduate, or doctoral degree, making it necessary to track the type of degree a participant is pursuing.

Collecting information on degree completion dates is necessary to determine if a degree was completed while participating in the program and when participants become ineligible for award payments. The Commission will determine who entered the CMD GI Bill Award Program before the 2020-2021 academic year, and therefore have program eligibility for subsequent degrees. The program should not solely rely on participant self-reporting, so it is necessary for institutions to report this information.

Amendments to subsection (a)(2)(G)

Amend to add a requirement for institutions to report participant appearance on rosters

that accurately represent enrollment, including the participant's enrollment in programs with discretionary or mandatory summer terms.

Rationale for the amendment

The proposed amendments are necessary because program funds are limited and verification of participant enrollment in programs with mandatory or discretionary summer terms is necessary to improve budgeting processes for the availability and allocation of program funding, and to disperse funding payments to program participants.

Amendments to subsection (a)(2)(H) and (I)

Proposed amendments would clarify the Military Department's ability to request institutions, including community colleges, to potentially gather and report information to the Department on a participant's receipt of veteran's educational benefits, attendance costs, and course enrollment information.

Rationale for the amendment

In the past, applicant estimates of veteran's program benefits often were not accurate or complete. The ability to request institutions to provide this information, to support the information reported by program participants, as outlined under proposed subsections (a)(2)(H) and (I) is necessary to improve and facilitate the Military Department's ability to accurately determine the benefits participants are receiving from other funding programs. This will enable the Department to correctly calculate the amount of additional funding participants are eligible to receive under the CMD GI Bill Award Program.

Amendments to subsection (a)(2)(J)

Proposed amendments would clarify the Military Department's ability to request institutions, where participants are enrolled in a teaching credential program, to potentially collect and report information to the Department on a participant's attendance costs and course enrollment information in a teaching credential program of study.

Rationale for the amendment

The ability of the Military Department to request institutions to provide this information, to support the information reported by program participants, is necessary to improve and facilitate the Department's ability to accurately determine the benefits participants pursuing an initial teaching credential are eligible to receive under the CMD GI Bill Award Program.

Amendments to subsections (a)(2)(K), (L) and (M)

Proposed amendments would clarify the Military Department's ability to request institutions, including community colleges, to collect and report information to the Department on payment disbursements made to participants by academic term, including the reason for any returned disbursements to the Commission.

Rationale for the amendment

The proposed additions are needed because under agency accounting controls, check disbursement verification is required for subsequent payments to be processed. It is necessary to have institutions verify enrollment information because participants must maintain a three-unit minimum or equivalent each term to comply with program requirements. It is also necessary for institutions to report the reason any checks are returned so program staff can verify if participants are maintaining minimum program requirements and to keep Department staff apprised of other potential issues that may affect participant award amounts.

Amendments to subsection (a)(3)

Proposed amendments address the Military Department's ability to require participants to report current information on the actual type and amounts of veterans' educational benefits received for each academic term. This subsection also references the Record Change Request Form that will be used by the Department to consistently collect such information from participants.

Rationale for the amendment

The information reported by participants at the time of application is not always accurate. New applicants are usually on the Department's waitlist for 10 to 12 months before they are offered an award. When applicants complete their applications, they may have applied for veteran education benefits but are unaware if they will be approved. The information participants report on the program application is not always consistent with information provided by institutions. When the Department contacts institutions to verify award eligibility, they will sometimes report a participant is receiving benefits that were not reported on their initial application.

When determining the amount of funding a participant may be eligible for, it is necessary for the Department to have current and accurate information and verification of the various funding sources received by participants. Because a participant's award is determined by using the actual amounts of veterans' educational benefits that they are receiving, it is necessary for the Department to be able to request current information from participants to accurately determine their award eligibility and process the award.

Amendments to subsections (b)(2)(A), (C) and (D)

Proposed amendments provide details concerning funding award amounts and the basis for determining award amounts for program participants enrolled in upper division coursework in baccalaureate degree programs at community colleges.

Rationale for the amendment

Changes to CEC Section 66021.2 (b)(2)(B) now allow program participants enrolled in upper division coursework in baccalaureate degree programs at community colleges to receive unit fees for upper division coursework plus the access amount. Previously, participants only received the access amount for attendance at community colleges.

The proposed amendments closely match the requirements and provisions of the Cal Grant program. It specifies participants who are not enrolled in upper division coursework at the community college will only be eligible for the access award. These amendments are necessary to clarify:

- When participants are eligible for both the access amount and per unit fees;
- The courses to be included in determining charged unit fees; and
- The courses to be included in determining enrollment status.

Amendments to subsections (b)(4) and (b)(4)(D)

Proposed amendments delete a reference to a \$500 stipend for graduate students toward books and supplies under the revised CMD GI Bill Award Program and adds a provision that the stipend will remain available to participants that first entered the program during or prior to the 2019-2020 academic year.

Rationale for the amendment

The proposed amendments are necessary because the AB 2722 provisions remove the prior program stipend of \$500 towards books and supplies for graduate students. It is also necessary to clarify that graduate students who first commenced studies under the prior CNG EAAP program during or prior to the 2019-2020 academic year, and who continue their studies under the revised program, remain eligible for the book and supply allowance.

Amendments to subsection (b)(5)

Proposed amendments clarify and establish the basis for calculating eligible award amounts for participants who have received an extended program award for enrolling in a teaching credential program.

Rationale for the amendment

This clarification is necessary because a participant's enrollment may include coursework that is not needed for an initial teacher credential. Pursuant to Education Code Section 69433.6 (d)(2), this Section clarifies only tuition charges and credits for courses for an initial teaching credential will be used to determine a participant's award amount and enrollment status.

Amendments to subsection (c)(2)

Proposed amendments provide direction for institutions to subtract any State grant or scholarship funding received by a participant from the institution's calculated cost of attendance for the participant in reported information to the Military Department.

Rationale for the amendment

The applicant's potential award is determined by reducing the cost of attendance reported by an institution by any Federal veteran's educational benefits received by the applicant. The program awards the lesser of the maximum award for the term or the remaining need.

It is necessary to require institutions to subtract any State grant or scholarship funding received by a participant from the institution's calculated cost of attendance to prevent participants from receiving program funds for costs already paid by state grants or scholarships.

Amendments to subsection (e)

Proposed amendments would allow qualifying institutions to submit updates regarding a participant's veterans' educational benefits and enrollment status, which could make the participant eligible for more funds.

Rationale for the amendment

The proposed amendments are necessary because changes to a participant's Federal veterans' educational benefits can affect award eligibility, while changes to a participant's enrollment status can affect program eligibility. This amendment is necessary to clarify that fund eligibility is contingent on availability. Because program funding is limited, the timing of the receipt of such updates influences funding availability.

Amendments to subsections (i) and (j)

Proposed amendments would clarify that participants will not receive more than 400 percent of program eligibility when attending academic summer terms. Pursuant to California Code of Regulations Section 30734 (h), participants receive award percentages based on a maximum of four, full-time academic years and a traditional (nine-month) school year.

Rationale for the amendment

The proposed amendments are necessary because participants who attend a summer term may use more than 100 percent of funding eligibility for a given year and exhaust total eligibility in less than four years, or the time needed to complete an undergraduate degree.

Section 30736. Failure to Comply with Applicable Laws and Regulations

Summary and Purpose of Section 30736

Section 30736 outlines the conditions under which participants may be withdrawn from the program and continued program funding, for failure to meet applicable requirements.

Amendments to subsections (a) and (b)

The proposed amendments are designed to differentiate between existing program withdrawal reasons under subsection (a) and proposed "permanent withdrawal" reasons from the program, as proposed under subsection (b). The amendment also removes language concerning further Commission payments when a participant fails to meet program requirements.

Rationale for the amendment

The amendments are necessary to describe the conditions under which participants may be able to reapply for program benefits versus when they are permanently removed from the program. The proposed deletion concerning Commission payments is necessary because participants may still be owed payments for prior terms after having been determined ineligible for current or future payments due to a failure to maintain program compliance requirements.

Amendments to subsection (c)

This proposed subsection specifies that if a participant leaves any of the various service branches within the California Military Department, they must transfer to another service eligible branch within 60 days to retain eligibility for the CMD GI Bill Award Program.

Rationale for the amendment

It is necessary to define this service enlistment timeline because participants must remain active in a California Military Department service branch to continue to receive program benefits. If a participant allows more than 60 days to elapse before re-enlisting in an eligible service branch, a permanent loss of program benefits would occur.

Amendments to subsection (d)

This proposed subsection specifies that participants are to remain active in an eligible branch of the California Military Department throughout the term of the CMD GI Bill Award Program to receive payments.

Rationale for the amendment

It is necessary to add this provision because participants who leave service prior to the last day of an academic term will not be eligible for an award payment, even if they complete the term.

Amendments to subsection (e)

This proposed subsection specifies that if a participant is withdrawn from the program under subsection (a), the Commission will continue to make payments towards an eligible academic term.

Rationale for the amendment

This amendment is necessary because participants may be owed payments for a prior academic term, after it has been determined a participant no longer meets current program requirements and is withdrawn.

Amendments to subsection (f)

This proposed subsection would allow the Adjutant General to excuse a participant from the two-year service requirement under proposed Section 30741 of this Article due to extenuating circumstances.

Rationale for the amendment

There may be circumstances beyond a service member's control, such as medical

discharge, that may prevent a service member from fulfilling the two-year service requirement with the California Military Department. This subsection would allow the OTAG to review the circumstances and potentially excuse the remaining service requirement.

Section 30737. Leave of Absence

Summary and Purpose of Section 30737

Section 30737 describes the process and potential conditions and reasons under which participants may request a leave of absence from the program.

Amendments to subsection (e)

This proposed subsection would allow extension of the program renewal deadline for participants whose military service prevents them from submitting a renewal application by the program deadline.

Rationale for the amendment

This extension is necessary because members who are activated for various activities such as fighting fires, or who are deployed may have limited or no access to equipment necessary to complete the renewal application process.

Amendments to subsection (f)

This proposed subsection would allow the three-unit enrollment minimum to be waived, and a leave of absence approved, for an academic term that began prior to an applicant's acceptance into the program. Most applicants are not notified of their award status until several months into a year due to limited funding. Other applicants are not able to maintain the three-unit enrollment provision due to financial hardship.

Rationale for the amendment

This proposed amendment is necessary to expedite leave of absence approvals for participants, for a specific academic term, so that program funding can be redistributed to applicants on the program waitlist.

Amendments to subsection (g)

This proposed subsection would allow the OTAG to extend the 10-year program limit for completing a degree by an additional five years for certain conditions that may delay a student's completion of a degree such as active military deployment or other unexpected circumstances.

Rationale for the amendment

This extension is necessary because service members who are activated for various activities such as fighting fires, or service deployment may have their degree programs interrupted. Such military service interruptions should not prevent participants from receiving full program benefits towards completing a degree.

Section 30738. Appeal Process

Section 30738 outlines the process and conditions under which a withdrawn participant may request reinstatement into the program from the OTAG. Minor amendments to subsection (b) are proposed to specify the new program name and mailing address for program participants requesting appeals.

Rationale for the amendment

This update to the information contained in this Section is necessary because the program address referenced in existing regulations has changed and is no longer valid.

Section 30739. Request for Teaching Credential Program Benefits

Summary and Purpose of Section 30739

This proposed Section would create an opportunity, and establish a process, for participants in the CMD GI Bill Award Program to apply for additional funding towards pursuit of an initial teaching credential. The proposed Teaching Credential Program Benefits Form, included in Appendix D, describes the filing process and eligibility criteria for applicants to potentially receive additional program benefits while pursuing an initial teacher credential. In accordance with Education Code Sections 69999.18 (e) and 69433.6 (d), awards under the Cal Grant program may be renewed for an additional year for participants who pursue an initial teacher credential. This proposed amendment would establish a similar option for participants in the CMD GI Bill Award Program.

Amendments to subsection (a)

The proposed amendment outlines the conditions under which participants in the CMD GI Bill Award Program may apply for the teaching credential program. The criteria for additional teaching credential benefits closely match the requirements and provisions of the Cal Grant program. The Cal Grant program requires participants to enroll in a program within 15 months of the end of the term in which they last received payment. Proposed provisions would allow CMD GI Bill participants a further extension of time to enroll in an eligible teaching credential program.

Amendments to subsection (b)

This proposed Section outlines the information requirements and representations for participants requesting teaching credential program benefits. The Section also establishes the contents of the proposed application for the program as contained in the Teaching Credentials Benefits Form (Appendix D). The requested information is designed to formalize and facilitate the selection of program participants.

Rationale for the amendment

This proposed amendment is necessary to provide an opportunity for participants of

the CMD GI Bill Award Program to be eligible for additional funding towards pursuit of an initial teaching credential, like the option available to participants in the Cal Grant Program. Without the establishment of the proposed teaching credential funding option, program participants of the CMD GI Bill would be ineligible for continued program funding once they had obtained a baccalaureate degree. The proposed extension to the 15-month limitation under subsection (a) is necessary because service members may be unable to meet this requirement because of obligations to the California Military Department. The proposed information requested under subsection (b), and as part of the proposed Teaching Credential Benefits Form, is necessary for the Military Department to:

- Identify potential applicants;
- Update applicant demographic information;
- Assess the eligibility of applicants for additional program benefits; and
- Provide an opportunity for applicants to acknowledge and agree to the requirements to receive program funding towards a teaching credential.

Section 30740. Discretionary Summer Term

Summary and Purpose of Section 30740

This proposed Section would establish a process and option for the Military Department to potentially allocate any remaining program funds from an academic year to finance participant enrollment in discretionary summer-term programs. These proposed “discretionary” summer funds would only be available when excess funds remain at year end and all mandatory academic term payments have been allocated to program participants.

This proposed amendment specifies that participants who attend a discretionary summer term must complete a “Summer Term Certification form”. Subsection (b) specifies that participants with the lowest priority numbers would be the first awarded, consistent with existing selection criteria for the CMD GI Bill Award Program.

Rationale for the amendment

This proposed Section is necessary to create a fair and formalized selection process by the Military Department to allocate and use any remaining program funds to finance academic summer terms for program participants. The completion of a Summer Term Certification form is necessary to create a pool of potential participants for selection. The collected information from participants would readily show participant interest in attending a discretionary summer term.

Section 30741. Two-Year Service Commitment

Summary and Purpose of Section 30741

This proposed Section specifies the requirement and conditions for program participants to satisfy a two-year service commitment within the California Military

Department, consistent with AB 2722. As amended, Education Code Section 69999.16 (b)(1)(E), requires participants who receive a CMD GI Bill award to agree to serve two years in the California National Guard, the Naval Militia, of the California State Military Reserve upon completion of the last academic period in which program educational assistance is used.

This proposed Section provides that the additional service commitment would commence the day after the last day of the academic term for which the participant received a program payment. Participants who fail to fulfill the service commitment or experience a break in service that exceeds 60 days, following receipt of the last program payment, could be subject to full repayment of received program funds.

Rationale for the amendment

This proposed Section is necessary to specify the criteria for when the additional two-year service commitment would commence; address potential breaks in service issues, such as those involving transfers among various branches within the California Military Department; and identify the ramifications of failing to satisfy the service requirement.

IV. BENEFITS ANTICIPATED FROM THE REGULATORY ACTION

The Commission is proposing to update the revised and renamed CMD GI Bill regulations to incorporate legislative changes introduced by AB 2722. The proposed regulatory amendments detail the procedures the Commission and the OTAG will use to administer this educational funding program for service members and increase program clarity and specificity. The proposed amendments are designed to bring greater efficiency and transparency to program administration, applicant eligibility requirements, and participant responsibilities. For these reasons, the proposed amendments are needed to better specify the procedural and substantive requirements of the CMD GI Bill Award Program jointly administered by the Commission and the OTAG. There are no expected benefits, to worker safety, public health and safety, or the State's environment 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 would neither affect nor conflict with any federal regulations. There are no federal regulations that address the same issues as this regulation.

VI. PUBLIC PROCESS FOR DEVELOPMENT OF PROPOSED REGULATORY ACTION (PRE-REGULATORY INFORMATION)

The California Student Aid Commission discussed the Education Code amendments made by AB 2722, relative to the establishment of the CMD GI Bill Award Program, at its July 23, 2020 meeting, and directed staff to pursue rulemaking activities to implement the program. The California Student Aid Commission published its Notice of Proposed Rulemaking January 22, 2021, in the California Regulatory Notice. A public hearing on the proposed rulemaking is scheduled for March 11, 2021. The last day for written comment on the Notice of Proposed Rulemaking is March 8, 2021. This Initial Statement of Reasons is being noticed to the public to provide opportunity for public review and comment on the proposed changes to the regulations.

VII. ECONOMIC IMPACT ASSESSMENT

The proposed amendments specify and update the procedures and requirements for administration of the CMD GI Bill Award Program by the Commission and the Military Department for eligible service members. The proposed amendments place no new or substantial requirements on businesses, individuals, or government agencies within California.

The regulation is 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 amendments have no potential for economic or fiscal impact. Furthermore, there is no significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states, or on representative private persons.

The benefits of this regulation as discussed above, would be to add greater clarity and specificity, thereby improving the overall administrative efficiency of the Commission and the Military Department for the CMD GI Bill Award program. The regulation is not expected to adversely affect the health and welfare of California residents, worker safety, or the State's environment.

VIII. EVALUATION OF REGULATORY ALTERNATIVES

Government Code Section 11346.2 (b)(4) requires an agency to consider and evaluate reasonable alternatives to a proposed regulatory action and provide reasons for rejecting those alternatives. Because the proposed action is limited to incorporating language and program administrative changes set forth under AB 2722 to an existing educational funding program within the California Code of Regulations, the Commission did not consider or evaluate other alternatives.

However, the Commission has determined that no reasonable alternatives exist, and none have been identified and brought to the attention of the Commission or to the attention of the California Military Department, that would be more effective in carrying

out the purposes of the proposed action, that would be as effective and less of a burden to affected parties than the proposed action, or that would be more cost-effective to affected parties and equally effective in addressing and implementing the statutory provisions of AB 2722. The Commission, in consultation with the California Military Department, has determined that the regulatory amendments proposed under this action represent the most cost-effective, efficient, and practical process to incorporate the AB 2722 modifications into the California Code of Regulations.

IX. APPENDICIES

Appendix A: Proposed Regulatory Order