

Action/Information Item

Fiscal Policy and Long-Range Planning Committee

**Update and Possible Direction on Issues Related to the
California Community College Transfer Entitlement Program**

During the 2006-07 budget process, Commission staff questioned the significant increase in the number of students qualifying for the California Community College Transfer Entitlement Program between 2004-05 and 2005-06. Upon further investigation, staff discovered that a portion of the Transfer Entitlement Program students had been awarded grants for which they may have been ineligible due to residency qualifications at the time of high school graduation due to a 2002 information technology programming decision during the implementation of the program.

In late November 2005, approximately 1,000 students (506 of whom had received payment from 2002-03 through 2005-06) were sent letters notifying them that they were no longer eligible for a Cal Grant because their information did not establish that they were California residents at the time of high school graduation, and requesting that they provide information on whether they were California residents at the time of high school graduation. In addition, Commission staff attempted to call the students who had received payment in 2005-06 to encourage their responses to the letter.

Commission staff has been working with the Administration and the Legislature on the issues regarding recovery of funds issued to these students and the affected students' continued eligibility. Assembly Bill (AB) 840, which will be heard by the Assembly Higher Education Committee on January 12, 2006, intends to "make a narrow retroactive change in current law to make it unnecessary to attempt to collect funds that have already been disbursed to students and to allow specified students who received their awards in error to complete their education according to the award commitment." Commission staff is currently reviewing the proposed legislation and preparing an analysis of AB 840.

In addition, to ensure the problem described here does not occur again, Commission staff is reviewing the Cal Grant application process to determine how to obtain the information necessary to ensure program requirements are met prior to awarding and payment of funds in this program.

Recommended Action: No staff recommendations at this time.

Responsible Staff: Max Espinoza, Chief
Program Administration and Services Division

John Bays, Chief
Information Technology Division

ASSEMBLY BILL

No. 840

**Introduced by Assembly Member Arambula
(Principal coauthor: Assembly Member Liu)
(Coauthors: Assembly Members Nava and Ruskin)
(Coauthor: Senator Speier)**

February 18, 2005

~~An act to amend Section 94802 of, and to add Sections 94735.7, 94740.1, 94906, and 94916 to, the Education Code, relating to private postsecondary education. Sections 69433.9, 69436, and 69517.5 of the Education Code, relating to student financial aid.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 840, as amended, Arambula. ~~Private postsecondary education accreditation. Student financial aid: California Community College Transfer Entitlement Program.~~

(1) Existing law, known as the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act, establishes, among other programs, the California Community College Transfer Cal Grant Entitlement program and the Competitive Cal Grant A and B award program, under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs. Existing law requires that a participant in the California Community College Transfer Cal Grant Entitlement Program, among other things, graduate from a California high school or its equivalent during or after the 2000-01 academic year.

This bill would exempt from this requirement a student who graduated from a high school outside of California due solely to orders received from a branch of the United States Armed Forces by

that student or by that student's parent or guardian that required that student to be outside of California at the time of high school graduation. The bill would also exempt from this requirement students for whom claims under this program were paid prior to December 1, 2005, students for whom a valid claim under this program for the 2004-05 award year or the fall term of the 2005-06 award year is received after December 1, 2005, but no later than June 30, 2006, and students who, on or before February 15, 2006, provided the Student Aid Commission with evidence that, prior to December 1, 2005, the student applied for admission for winter or spring terms at a 4-year program at an institution of postsecondary education in California that is a qualifying institution, as defined.

(2) Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education. Existing law requires the commission, with the assistance of the Attorney General's office, to seek refunds on any awards to students made under specified programs that resulted from the student or his or her parents, or both, reporting information concerning their status incorrectly, with the incorrect information leading to the establishment of the student's financial eligibility to receive an award.

This bill would extend the application of this provision to awards made to students under the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Act.

~~Existing law, the Private Postsecondary and Vocational Education Reform Act of 1989, generally sets minimum standards of instructional quality, ethical and business practices, health and safety, and fiscal responsibility for private postsecondary and vocational educational institutions, as defined. The act establishes the Bureau for Private Postsecondary and Vocational Education, which, among other things, is required to review and investigate all institutions, programs, and courses of instruction approved under the act. Numerous terms are defined for the purposes of the act, including "non-WASC regionally accredited institution," which is a degree-granting institution that is accredited by one of 4 designated regional accrediting agencies.~~

~~This bill would define "nationally accredited institution" to mean an institution that provides a degree, diploma, or certificate, and that is accredited by a recognized national institutional accrediting body.~~

~~The bill would define "recognized national institutional accrediting body" to mean an institutional accrediting agency that is recognized by the United States Department of Education pursuant to a specified provision of federal law as a reliable authority as to the quality of education and training offered by postsecondary educational institutions, and the scope of the recognition of which is not limited to a specific region of the United States. The bill would specify 5 bodies to which this definition would be limited.~~

~~The bill would exempt nationally accredited institutions and non-WASC regionally accredited institutions that meet prescribed standards from being required to apply to the bureau to issue degrees, diplomas, or certificates that were not previously included in the bureau's approval to operate these institutions.~~

~~The bill would specify standards and procedures through which a nationally accredited institution that maintains its accredited status throughout the period of a student's course of study, and that is approved by the bureau to operate, may issue degrees, diplomas, or certificates notwithstanding provisions of the act that relate to both degree programs and nondegree programs.~~

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

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

- 1 SECTION 1. (a) *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (1) *It has been, and it remains, the intent of the Legislature*
- 4 *that the California Community College Transfer Entitlement*
- 5 *Program established by Article 4 (commencing with Section*
- 6 *69436) of Chapter 1:7 of Part 42 of the Education Code provide*
- 7 *future opportunities for California high school pupils who*
- 8 *choose to begin their four-year baccalaureate education at a*
- 9 *campus of the California Community Colleges.*
- 10 (2) *Reflecting this intent, the Legislature enacted provisions in*
- 11 *the Statutes of 2000 to restrict eligibility for the California*
- 12 *Community College Transfer Entitlement program to students*
- 13 *who were residents of California at the time of high school*
- 14 *graduation or its equivalent.*
- 15 (3) *Subsequent to the enactment of that statute, the Student Aid*
- 16 *Commission failed to implement these provisions and granted*

1 California Community College Transfer Entitlement awards to
2 approximately 1,000 students who were not residents of
3 California at the time of high school graduation or its equivalent.

4 (4) These students are qualified for a Cal Grant award in all
5 other aspects, including current California residency, minimum
6 community college grade point average, financial need, and
7 continuing satisfactory academic progress.

8 (5) These students were not notified of the residency
9 requirement related to their status at the time of high school
10 graduation or its equivalent.

11 (6) These students have accepted these awards and have relied
12 upon, or will rely upon, this assistance to make choices
13 regarding higher education and to enroll in, and pursue, a
14 four-year baccalaureate degree in California.

15 (7) These students, by virtue of receiving a California
16 Community College Transfer Entitlement Award, were not
17 considered for the Cal Grant competitive awards, for which some
18 of these students might have qualified if given the opportunity to
19 be considered, because these programs do not have a restriction
20 on residency at the time of high school graduation or its
21 equivalent.

22 (b) It is the intent of the Legislature to make a narrow
23 retroactive change in the eligibility criteria of the California
24 Community College Transfer Entitlement Program to make it
25 unnecessary to attempt to collect funds that have already been
26 received by students and to allow certain students who received
27 their awards in error to complete their education with the
28 support promised to them by the State of California, but to
29 further ensure that the original eligibility criteria are strictly
30 enforced for awards now being made for the 2006-07 academic
31 year and beyond.

32 SEC. 2. Section 69433.9 of the Education Code is amended to
33 read:

34 69433.9. To be eligible to receive a Cal Grant award under
35 this chapter, a student shall be all of the following:

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

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

3 (c) Not incarcerated.

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

6 (e) For purposes of Article 2 (commencing with Section
7 69434), Article 3 (commencing with Section 69435), and Article
8 4 (commencing with Section 69436)) *except as provided in*
9 *subdivision (d) of Section 69436*, at the time of high school
10 graduation or its equivalent, be a resident of California.

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

13 69436. (a) Commencing with the 2001–02 academic year,
14 and each academic year thereafter, a student who was not
15 awarded a Cal Grant A or B award pursuant to Article 2
16 (commencing with Section 69434) or Article 3 (commencing
17 with Section 69435) at the time of his or her high school
18 graduation but, at the time of transfer from a California
19 community college to a qualifying baccalaureate program, meets
20 all of the criteria set forth in subdivision (b), shall be entitled to a
21 Cal Grant A or B award.

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

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

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

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

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

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

1 (6) He or she is enrolled at least part-time.

2 (7) The student meets the general Cal Grant eligibility
3 requirements set forth in Article 1 (commencing with Section
4 69430).

5 (8) The student does not meet the federal definition of an
6 independent student, as set forth in subsection (d) of Section
7 1087vv of Title 20 of the United States Code, with the exception
8 of:

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

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

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

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

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

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

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

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

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

34 *(d) (1) A student meeting the requirements of paragraph (9)*
35 *of subdivision (b) by means of high school graduation, rather*
36 *than its equivalent, shall be required to have graduated from a*
37 *California high school, unless that California resident graduated*
38 *from a high school outside of California due solely to orders*
39 *received from a branch of the United States Armed Forces by*
40 *that student or by that student's parent or guardian that required*

1 that student to be outside of California at the time of high school
2 graduation.

3 (2) For purpose of this article, all of the following students are
4 exempt from the requirements of subdivision (e) of Section
5 69433.9:

6 (A) Students for whom claims under this article were paid
7 prior to December 1, 2005.

8 (B) Students for whom a valid claim under this article for the
9 2004-05 award year or the fall term of the 2005-06 award year is
10 received after December 1, 2005, but no later than June 30,
11 2006.

12 (C) Students who, on or before February 15, 2006, provided
13 the Student Aid Commission with evidence that, prior to
14 December 1, 2005, the student applied for admission for winter
15 or spring terms at a four-year program at an institution of
16 postsecondary education in California that is a qualifying
17 institution as defined in Section 69432.7.

18 SEC. 4. Section 69517.5 of the Education Code is amended to
19 read:

20 69517.5. The Student Aid Commission shall, with the
21 assistance of the Attorney General's office, seek refunds on any
22 awards to students ~~in this chapter which made under this part~~
23 that resulted from the student or his or her parents, or both,
24 reporting information concerning their status incorrectly, with the
25 incorrect information leading to the establishment of the
26 student's financial eligibility to receive an award.

27 ~~SECTION 1. Section 94735.7 is added to the Education~~
28 ~~Code, to read:~~

29 ~~94735.7. "Nationally accredited institution" means an~~
30 ~~institution that provides a degree, diploma, or certificate, and that~~
31 ~~is accredited by a recognized national institutional accrediting~~
32 ~~body.~~

33 ~~SEC. 2. Section 94740.1 is added to the Education Code, to~~
34 ~~read:~~

35 ~~94740.1. (a) "Recognized national institutional accrediting~~
36 ~~body" means an institutional accrediting agency that is~~
37 ~~recognized by the United States Department of Education~~
38 ~~pursuant to Section 496 of the federal Higher Education Act of~~
39 ~~1965, as it is amended from time to time, as a reliable authority~~
40 ~~as to the quality of education and training offered by~~