

AMENDED IN ASSEMBLY MAY 25, 2012  
AMENDED IN ASSEMBLY FEBRUARY 9, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1501**

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**Introduced by Assembly Member John A. Pérez**

**(Coauthors: Assembly Members Alejo, Allen, Ammiano, Atkins, Beall, Block, Blumenfield, Bonilla, Bradford, Brownley, Buchanan, Butler, Charles Calderon, Campos, Carter, Cedillo, Chesbro, Davis, Dickinson, Eng, Feuer, Fuentes, Furutani, Fong, Galgiani, Gatto, Gordon, Hall, Hayashi, Roger Hernández, Hill, Huber, Hueso, Huffman, Lara, Bonnie Lowenthal, Ma, Mitchell, Monning, Pan, Perea, V. Manuel Pérez, Portantino, Skinner, Solorio, Swanson, Torres, Wieckowski, Williams, and Yamada)**

*(Coauthors: Senators Alquist, Corbett, De Leon, DeSaulnier, Evans, Hancock, Lowenthal, Pavley, Price, and Yee)*

January 10, 2012

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An act to add Article 22 (commencing with Section 70020) to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, relating to student financial aid, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1501, as amended, John A. Pérez. Student financial aid: Middle Class Scholarship Program.

(1) Existing law provides for a public postsecondary education system in this state. This system consists of the University of California, the California State University, and the California Community Colleges. Existing law authorizes these institutions to require that mandatory

systemwide fees, among other fees, be paid by students at these institutions.

This bill would establish the Middle Class Scholarship Program under the administration of the Student Aid Commission. The bill would provide that, commencing with the 2012–13 academic year, undergraduate students enrolled at the University of California or the California State University would receive a scholarship award that, combined with other financial aid received by an eligible student, would be at least  $\frac{2}{3}$  of the amount charged that student for mandatory systemwide fees in that academic year if the student meets the following conditions: annual household income does not exceed \$150,000; is a resident of this state or exempt from paying nonresident tuition; files specified financial aid forms; and makes timely application or applications for publicly funded student financial aid, as defined, for which he or she is eligible.

The bill would provide that a student whose annual household income exceeds \$150,000, but does not exceed \$160,000, and who otherwise meets the requirements, would receive a scholarship that is reduced by 10% for each \$1,000 by which his or her annual household income exceeds \$150,000.

The bill would require, in order for students enrolled in their respective segments to remain eligible to receive financial aid under the bill, the University of California and the California State University to maintain their respective institutional student financial aid programs at a level that, at a minimum, is equivalent to the level maintained during the 2011–12 academic year.

The bill would continuously appropriate from the Middle Class Scholarship Fund to the Student Aid Commission an amount determined by the Student Aid Commission to be sufficient, when combined with financial aid received by eligible students from other sources, to cover the cost of at least  $\frac{2}{3}$  of the amount of mandatory systemwide fees charged to resident students and students who are exempt from nonresident tuition in the 2012–13 academic year and subsequent academic years. These funds would be allocated to the Regents of the University of California and the Trustees of California State University for implementation of this bill.

The bill would authorize the Student Aid Commission, in the event that, in any academic year, there are funds remaining in the Middle Class Scholarship Fund after funds have been allocated to all eligible students of the respective universities, to expend these remaining funds

for purposes of the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program.

The bill would appropriate \$150,000,000 from the Middle Class Scholarship Fund to the Chancellor of the California Community Colleges for allocation to community college districts based on calculations of full-time equivalent students. The funds allocated to a community college district pursuant to this provision would be expended for the provision of scholarship grants to students to reduce the impact of enrollment fees on, or to help cover the cost of textbooks and other educational expenses.

(2) This bill would become operative only if AB 1500 of the 2011–12 Regular Session is chaptered and establishes a Middle Class Scholarship Fund.

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

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

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

1 SECTION 1. Article 22 (commencing with Section 70020) is  
2 added to Chapter 2 of Part 42 of Division 5 of Title 3 of the  
3 Education Code, to read:

4  
5 Article 22. Middle Class Scholarship Program

6  
7 70020. The Middle Class Scholarship Program is hereby  
8 established under the administration of the Student Aid  
9 Commission.

10 70021. (a) (1) Commencing with the 2012–13 academic year,  
11 an undergraduate student enrolled in the California State University  
12 or the University of California who meets the requirements of  
13 paragraph (2) is eligible for a grant award as described in paragraph  
14 (2).

15 (2) Each academic year, a student shall receive a scholarship  
16 grant in an amount that, combined with other financial aid received  
17 by an eligible student, is at least two-thirds of the amount charged  
18 that student in that academic year for mandatory systemwide fees,  
19 if all of the following requirements are met:

1 (A) The student’s annual household income does not exceed  
2 one hundred fifty thousand dollars (\$150,000), except as provided  
3 in paragraph (3). For purposes of this article, annual household  
4 income shall be calculated in a manner that is consistent with the  
5 r e q u i r e m e n t s a p p l i c a b l e t o t h e  
6 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program  
7 (Chapter 1.7 (commencing with Section 69430)) and Section  
8 69506.

9 (B) The student is either a resident of the state or is exempt from  
10 paying nonresident tuition.

11 (C) The student completes and submits a Free Application for  
12 Federal Student Aid (FAFSA) application. If the student is not  
13 able to complete a FAFSA application, the student submits an  
14 application determined by the university he or she attends to be  
15 equivalent to the FAFSA application for purposes of this article.

16 (D) The student makes a timely application or applications for  
17 publicly funded student financial aid from programs for which he  
18 or she is eligible, other than the program established by this article.  
19 For purposes of this subparagraph, “publicly funded student  
20 financial aid” includes federal, institutional, and state student  
21 financial aid programs.

22 (3) The scholarship award under this article of a student whose  
23 annual household income is greater than one hundred fifty thousand  
24 dollars (\$150,000), but does not exceed one hundred sixty thousand  
25 dollars (\$160,000), and who otherwise meets the requirements of  
26 paragraph (2), shall be reduced by 10 percent for each one thousand  
27 dollars (\$1,000) that the student’s annual household income  
28 exceeds one hundred fifty thousand dollars (\$150,000).

29 (b) In order for students enrolled in their respective segments  
30 to remain eligible to receive financial aid under this article, the  
31 University of California and the California State University shall  
32 maintain their respective institutional student financial aid  
33 programs at a level that, at a minimum, is equivalent to the level  
34 maintained during the 2011–12 academic year.

35 (c) The University of California and the California State  
36 University shall report on the implementation of this article as part  
37 of the report made pursuant to Section 66021.1. The California  
38 Community Colleges shall report on the implementation of this  
39 article, including, but not necessarily limited to, the allocation and  
40 use of funds by community college districts, as part of the annual

1 report made pursuant to paragraph (2) of subdivision (b) of Section  
2 70901.

3 70022. It is the intent of the Legislature that all of the following  
4 occur:

5 (a) The program created pursuant to this article shall augment,  
6 and not replace, other state-supported financial aid and institutional  
7 aid programs and federal grants.

8 (b) That the amount of the student financial aid provided to  
9 students under this article be increased to accommodate increases  
10 in the cost of mandatory systemwide fees charged to students of  
11 the University of California and the California State University,  
12 respectively, that may occur during and after the 2011–12 academic  
13 year.

14 (c) That the University of California and the California State  
15 University do not raise mandatory systemwide fees that would  
16 decrease the value of a scholarship award under this article.

17 70023. The following amount is hereby appropriated:

18 (a) (1) Notwithstanding Section 13340 of the Government  
19 Code, an amount determined by the Student Aid Commission to  
20 be sufficient, when combined with financial aid received by eligible  
21 students from other sources, to cover the cost of at least two-thirds  
22 of the amount of mandatory systemwide fees charged to resident  
23 students and students who are exempt from nonresident tuition in  
24 the 2012–13 academic year and subsequent academic years is  
25 hereby continuously appropriated from the Middle Class  
26 Scholarship Fund established by Section 70026 to the Student Aid  
27 Commission for allocation to the Regents of the University of the  
28 California and the Trustees of the California State University for  
29 implementation of this article. The University of California and  
30 the California State University shall provide the Student Aid  
31 Commission with any information that is necessary for the  
32 determination of this amount.

33 (2) In the event that, in any academic year, there are funds  
34 remaining in the Middle Class Scholarship Fund after funds have  
35 been allocated to all eligible students of the respective universities,  
36 the Student Aid Commission is authorized to expend these  
37 remaining funds for purposes of the  
38 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program  
39 (Chapter 1.7 (commencing with Section 69430)).

1 (b) One hundred fifty million dollars (\$150,000,000) from the  
2 Middle Class Scholarship Fund established by Section 70026 to  
3 the Chancellor of the California Community Colleges for allocation  
4 to community college districts based on calculations of full-time  
5 equivalent students. Funds allocated to a community college district  
6 pursuant to this subdivision shall be expended for the provision  
7 of grants to students to reduce the impact of enrollment fees~~on~~,  
8 or to help cover the cost of textbooks and other educational  
9 expenses.

10 SEC. 2. This act shall become operative only if Assembly Bill  
11 1500 of the 2011–12 Regular Session is chaptered and establishes  
12 a Middle Class Scholarship Fund.

13 SEC. 3. This act is an urgency statute necessary for the  
14 immediate preservation of the public peace, health, or safety within  
15 the meaning of Article IV of the Constitution and shall go into  
16 immediate effect. The facts constituting the necessity are:

17 In order to provide urgently needed financial aid to California  
18 public postsecondary students in time for the beginning of the  
19 2012–13 academic year, it is necessary that this act take effect  
20 immediately.