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EDUCATION CODE - EDC**TITLE 3. POSTSECONDARY EDUCATION [66000 - 101149.5]** (Title 3 enacted by Stats. 1976, Ch. 1010.)**DIVISION 5. GENERAL PROVISIONS [66000 - 70115.2]** (Division 5 enacted by Stats. 1976, Ch. 1010.)**PART 42. STUDENT FINANCIAL AID PROGRAM [69400 - 70115.2]** (Part 42 enacted by Stats. 1976, Ch. 1010.)**CHAPTER 2. Student Financial Aid Programs [69500 - 70048]** (Chapter 2 enacted by Stats. 1976, Ch. 1010.)**ARTICLE 22. Middle Class Scholarship Program [70020 - 70023]** (Article 22 added by Stats. 2013, Ch. 50, Sec. 2.)

70020. The Middle Class Scholarship Fund is hereby established in the State Treasury. Moneys in the fund shall be allocated, in accordance with this article, to make higher education more affordable.

(Added by Stats. 2013, Ch. 50, Sec. 2. (AB 94) Effective July 1, 2013.)

70021. The Middle Class Scholarship Program is hereby established under the administration of the Student Aid Commission. For purposes of this article, "commission" means the Student Aid Commission.

(Added by Stats. 2013, Ch. 50, Sec. 2. (AB 94) Effective July 1, 2013.)

70022. (a) (1) Subject to an available and sufficient appropriation, an undergraduate student enrolled in the California State University or the University of California, or a community college student enrolled in upper division coursework of a community college baccalaureate program, described in Article 3 (commencing with Section 78040) of Chapter 1 of Part 48 of Division 7, who meets the requirements of paragraph (3) is eligible for a scholarship award as described in paragraph (2).

(2) (A) For the 2013–14 to the 2021–22 academic year, inclusive, except as provided in paragraphs (4) and (5), an eligible student shall receive a scholarship award in an amount that, combined with other federal, state, or institutionally administered student grants or fee waivers received by an eligible student, is up to 40 percent of the amount charged to that student in that academic year for mandatory systemwide tuition and fees, or for an eligible community college student, up to 40 percent of the amount charged to that student in upper division fees for a community college baccalaureate degree program, if all of the requirements in paragraph (3) are met, to the satisfaction of the commission, each academic year.

(B) For the 2022–23 academic year, except as provided in paragraph (5), an eligible student shall receive a scholarship award in an amount that equals the difference between their cost of attendance as determined by the commission and the sum of the following amounts:

(i) Other federal, state, and institutionally administered student scholarships, grants, or fee waivers, and the amount of private scholarships awarded to the student in excess of the sum of the amounts in clauses (ii) and (iii).

(ii) Seven thousand eight hundred ninety-eight dollars (\$7,898), reflecting an expected student contribution toward cost of attendance from work earnings or other resources.

(iii) Notwithstanding Section 69506, for dependent students with an annual household income exceeding one hundred thousand dollars (\$100,000), 33 percent of the parents' contribution from adjusted available income, as determined using the federal methodology established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1087mm et seq.), and applicable rules and regulations adopted by the commission.

(C) For the 2023–24 academic year, except as provided in paragraph (5), an eligible student shall receive a scholarship award in an amount that equals the difference between their cost of attendance as determined by the commission and the sum of the following amounts:

(i) Other federal, state, and institutionally administered student scholarships, grants, or fee waivers.

(ii) The amount of private grants and scholarships awarded to the student, and institutionally awarded emergency housing funds and other basic needs emergency assistance awarded to the student, including emergency assistance awarded by an institution-based foster youth support program, in excess of the sum of the amounts in clauses (iii) and (iv).

(iii) Seven thousand eight hundred ninety-eight dollars (\$7,898), reflecting an expected student contribution toward cost of attendance from work earnings or other resources.

(iv) Notwithstanding Section 69506, for dependent students with an annual household income exceeding one hundred thousand dollars (\$100,000), 33 percent of the parents' contribution from adjusted available income, as determined using the federal methodology established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1087mm et seq.), and applicable rules and regulations adopted by the commission.

(D) Commencing with the 2024–25 academic year, except as provided in paragraph (5), an eligible student shall receive a scholarship award in an amount that equals the difference between their cost of attendance as determined by the commission and the sum of the following amounts:

(i) Other federal, state, and institutionally administered student need-based scholarships, grants, or fee waivers.

(ii) The amount of private grants and scholarships awarded to the student, and institutionally administered non-need-based scholarships and institutionally awarded emergency housing funds or other basic needs emergency assistance awarded to the student, including emergency assistance awarded by an institution-based foster youth support program, in excess of the sum of the amounts in clauses (iii) and (iv).

(iii) An expected student contribution toward cost of attendance from work earnings or other resources. The commission shall adjust the 2023–24 amount of seven thousand eight hundred ninety-eight dollars (\$7,898) annually thereafter based on the percentage change in the minimum wage, pursuant to paragraph (1) of subdivision (c) of Section 1182.12 of the Labor Code.

(iv) Notwithstanding Section 69506, for dependent students with an annual household income exceeding one hundred thousand dollars (\$100,000), 33 percent of the parents' contribution from adjusted available income, as determined using the federal methodology established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1087mm et seq.), and applicable rules and regulations adopted by the commission.

(E) If a student's total award under this article, in combination with other grants and scholarships treated as estimated financial assistance (EFA) or other financial assistance (OFA) pursuant to federal financial aid regulations, exceeds the allowable gift aid under those regulations, the award under this article shall be reduced to the greatest allowable award to maintain compliance pursuant to federal financial aid regulations.

(3) (A) A student shall be eligible to receive an award if all of the following requirements are met, to the satisfaction of the commission, each academic year:

(B) (i) For each academic year from 2013–14 to 2021–22, inclusive, the student's annual household income does not exceed one hundred fifty thousand dollars (\$150,000). For awards distributed for the 2016–17 academic year and subsequent academic years, the commission shall annually adjust the maximum income level set under this clause in accordance with the percentage changes in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. For purposes of this article, annual household income shall be calculated in a manner that is consistent with the requirements applicable to the Ortiz-Pacheco-Poohigian-Vasconcellos Cal Grant Program (Chapter 1.7 (commencing with Section 69430)) and Section 69506.

(ii) Commencing with the 2022–23 academic year, the student's annual household income does not exceed the following amounts:

(I) Two hundred one thousand dollars (\$201,000) if the student is a dependent student or an independent student with dependents other than a spouse.

(II) One hundred thirty-three thousand dollars (\$133,000) if the student is a married independent student with no dependents other than a spouse.

(III) One hundred sixteen thousand dollars (\$116,000) if the student is a single independent student with no dependents.

(iii) For awards distributed for the 2023–24 academic year and subsequent academic years, the commission shall annually adjust the maximum income levels set under clause (ii) in accordance with the percentage changes in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. For purposes of this article, annual household income shall be calculated in a manner that is consistent with the requirements applicable to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Chapter 1.7 (commencing with Section 69430)) and Section 69506.

(C) (i) For each academic year from 2015–16 to 2021–22, inclusive, the student's household asset level shall not exceed one hundred fifty thousand dollars (\$150,000). For awards distributed in the 2016–17 academic year and subsequent academic years, the commission shall annually adjust the maximum household asset level set under this clause in accordance with the percentage changes in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. For purposes of this article, student's household asset level shall be calculated in a manner that is consistent with the requirements applicable to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Chapter 1.7 (commencing with Section 69430)) and Section 69506.

(ii) Commencing with the 2022–23 academic year, the student's household asset level does not exceed the following amounts:

(I) Two hundred one thousand dollars (\$201,000) if the student is a dependent student or an independent student with dependents other than a spouse.

(II) Ninety-six thousand dollars (\$96,000) if the student is a single independent student with no dependents or a married independent student with no dependents other than a spouse.

(iii) For awards distributed in the 2023–24 academic year and subsequent academic years, the commission shall annually adjust the maximum household asset level set under clause (ii) in accordance with the percentage changes in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. For purposes of this article, a student's household asset level shall be calculated in a manner that is consistent with the requirements applicable to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Chapter 1.7 (commencing with Section 69430)) and Section 69506.

(D) The student satisfies the eligibility requirements for a Cal Grant award pursuant to Section 69433.9, except that a student who is exempt from nonresident tuition under Section 68130.5 shall not be required to satisfy the requirements of subdivision (a) of Section 69433.9.

(E) The student is exempt from paying nonresident tuition.

(F) The student completes and submits a Free Application for Federal Student Aid (FAFSA) or a California Dream Act application. The FAFSA or California Dream Act application must be submitted or postmarked by no later than March 2.

(G) The student makes a timely application or applications for all other federal, state, or institutionally administered grants or fee waivers for which the student is eligible.

(H) The student maintains satisfactory academic progress in a manner that is consistent with the requirements applicable to the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program pursuant to subdivision (m) of Section 69432.7.

(I) The student is pursuing the student's first undergraduate baccalaureate degree or has completed a baccalaureate degree and has been admitted to, and is enrolled in, a program of professional teacher preparation at an institution approved by the Commission on Teacher Credentialing.

(J) The student is enrolled at least part time.

(4) (A) For each academic year from 2013–14 to 2021–22, inclusive, the percentages specified in paragraph (2) shall be reduced by 0.6-percent increments per one thousand dollars (\$1,000) of annual household income in excess of one hundred thousand dollars (\$100,000), to a minimum 10 percent, provided that no scholarship award shall be provided to a student with an annual household income exceeding one hundred fifty thousand dollars (\$150,000). Beginning with award calculations for the 2016–17 academic year, and for subsequent academic years, the commission shall annually adjust the income levels specified in this subparagraph by the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution and shall adjust the incremental reduction accordingly to ensure that a minimum of 10 percent of mandatory systemwide tuition and fees for an academic year are awarded. This reduction shall be in addition to any reduction required by Section 70023.

(B) Notwithstanding subparagraph (A), for each academic year from 2013–14 to 2021–22, inclusive, for any student who qualifies for a scholarship award of at least one dollar (\$1), the minimum annual scholarship amount for full-time enrollment is ninety dollars (\$90).

(5) (A) For the 2014–15, 2015–16, and 2016–17 academic years, the maximum amount of a student's scholarship award shall be 35 percent, 50 percent, and 75 percent, respectively, of the total scholarship award amount that the student would otherwise be eligible to receive.

(B) Commencing with the 2022–23 academic year, except as provided in subparagraph (D), the maximum amount of a student's scholarship award shall be determined by the percentage determined pursuant to subparagraph (C) of the total scholarship award amount that the student would otherwise be eligible to receive.

(C) The commission shall annually determine the percentage required for purposes of subparagraph (B) by taking the amount appropriated for the purposes of this program for the applicable award year, less the amount necessary to fund subparagraph (D), and dividing that by the sum of the projected amount computed pursuant to subparagraph (B), (C), or (D) of paragraph (2) for the applicable award year for all eligible students, except those affected by subparagraph (D).

(D) Commencing with the 2023–24 academic year, a current or former foster youth, as defined in paragraph (2) of subdivision (e) of Section 69433.6, shall receive a scholarship award in the full amount determined in subparagraphs (C) or (D) of paragraph (2), as adjusted, if applicable, pursuant to paragraph (2) of subdivision (d).

(b) In order for students enrolled in their respective segments to remain eligible to receive a scholarship award under this article, the University of California and the California State University shall not supplant their respective institutional need-based or merit-based grants with the funds provided for scholarships under this article. The University of California and the California State University shall ensure that the amount of institutional student aid provided in each academic year beginning with the 2022–23 academic year is adjusted annually to account for increases in systemwide undergraduate enrollment, as applicable, such that the proportion of institutional student aid relative to systemwide undergraduate enrollment is maintained at a level at least equivalent to the level maintained for undergraduate students during the 2021–22 academic year. The University of California and the California State University shall also ensure that at least 33 percent of the revenues of an increase to existing mandatory systemwide fees charged to undergraduate students is set aside by the regents or the trustees, as applicable, for institutional student aid to assist resident undergraduate students, including those undergraduate students exempt from nonresident tuition pursuant to Sections 68075.5 and 68130.5, and families in meeting the total cost of education.

(c) (1) The University of California and the California State University shall report on the implementation of this article as part of the report made pursuant to Section 66021.1. At a minimum, the report shall add the following information, by parental income level or expected family contribution deciles, for the prior academic year:

(A) The number and percentage of students receiving an award under this article and the average dollar amount of that award.

(B) The number and percentage of students receiving a student loan and the average amount borrowed.

(2) The report shall also include the following information by campus for the prior academic year:

(A) The cost of attendance for undergraduates in each living arrangement (on campus, off campus, or at home with parents).

(B) The number and percentage of undergraduates in each living arrangement (on campus, off campus, or at home with parents).

(d) (1) A Middle Class Scholarship Program award authorized pursuant to this article shall be defined as a full-time equivalent grant. An award to a part-time student shall be a fraction of a full-time grant. For each academic year from 2013–14 to 2021–22, inclusive, an award to a part-time student shall be determined by the proportionate amount charged for systemwide tuition and fees. A part-time student shall not be discriminated against in the selection of Middle Class Scholarship Program awards. For purposes of this section, “full-time student” and “part-time student” have the same meaning as specified in subdivision (f) of Section 69432.7.

(2) Commencing with the 2022–23 academic year, an award to a student enrolled in six to eight semester units, inclusive, or the equivalent shall be no more than one-half of the award the student would have received had the student enrolled full time. An award to a student enrolled in 9 to 11 semester units, inclusive, or the equivalent shall be no more than three-quarters of the award the student would have received had the student enrolled full time.

(Amended by Stats. 2023, Ch. 195, Sec. 6. (SB 142) Effective September 13, 2023.)

70022.5. (a) A scholarship award under this article may be renewed for a total of the equivalent of four years of full-time attendance in an undergraduate program or, for a community college award recipient, the equivalent of two years of full-time upper division coursework attendance in the community college baccalaureate degree program. Commencing with the 2016–17 academic year, the total number of years of eligibility for grants pursuant to this article shall be based on the student’s educational level in his or her course of study as designated by the institution of attendance when the recipient initially receives payment for a grant.

(b) For a student enrolled in an institutionally prescribed five-year undergraduate program, a scholarship award under this article may be renewed for a total of up to five academic years of attendance as long as the student meets the requirements of Section 70022.

(c) A recipient of a scholarship award under this article who has completed a baccalaureate degree, and who has been admitted to and is enrolled in a program of professional teacher preparation at an institution approved by the Commission on Teacher Credentialing, is eligible for, but not entitled to, renewal of the scholarship award for an additional academic year of full-time attendance as long as the student meets the requirements of Section 70022.

(Amended by Stats. 2016, Ch. 438, Sec. 6. (SB 1314) Effective January 1, 2017.)

70023. (a) For each academic year, the commission shall determine an amount sufficient, when combined with other federal, state, or institutionally administered student scholarships, grants, or fee waivers received by eligible students from other sources, to provide scholarships to eligible students in the amounts described in paragraphs (2), (4), and (5) of subdivision (a) of Section 70022. The University of California, the California State University, and the office of the Chancellor of the California Community Colleges shall provide the commission with any financial aid data that are necessary to determine these amounts.

(b) (1) The commission shall annually determine if the amounts appropriated under this section in each fiscal year are sufficient to cover the costs of the scholarships projected to be awarded pursuant to the program. If those amounts are not sufficient for this purpose, the scholarships shall be reduced proportionately by an equal percentage for all recipients of scholarships under this article. Commencing with the 2023–24 academic year, this reduction shall not apply to a scholarship award under this article for current or former foster youth described in subparagraph (D) of paragraph (5) of subdivision (a) of Section 70022.

(2) Notwithstanding paragraph (1), commencing with the 2022–23 academic year, for any student who qualifies for a scholarship award under this article of at least one dollar (\$1), the minimum annual scholarship amount for full-time enrollment shall be ninety dollars (\$90).

(c) The commission may adopt regulations necessary to carry out the purposes of this article under subdivision (b) as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of the Administrative Procedure Act, including Section 11349.6 of the Government Code, the adoption of those regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare, notwithstanding subdivision (e) of Section 11346.1 of the Government Code. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, any regulation adopted pursuant to this section shall not remain in effect more than 180 days unless the commission complies with all provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, as required by subdivision (e) of Section 11346.1 of the Government Code.

(d) The unencumbered balance, as of June 30 of each fiscal year, of the amount appropriated from the Middle Class Scholarship Fund pursuant to paragraph (1) of subdivision (e) shall revert to the General Fund.

(e) (1) Upon order of the Director of Finance, the following amounts shall be transferred from the General Fund to the Middle Class Scholarship Fund, and are hereby appropriated to the commission for allocation pursuant to this article:

(A) For the 2014–15 fiscal year, one hundred seven million dollars (\$107,000,000).

(B) For the 2015–16 fiscal year, eighty-two million dollars (\$82,000,000).

(C) For the 2016–17 fiscal year, seventy-one million two hundred forty-four thousand dollars (\$71,244,000).

(D) For the 2017–18 fiscal year, ninety-nine million nine hundred thirty-eight thousand dollars (\$99,938,000).

(E) For the 2018–19 fiscal year, one hundred four million three hundred forty-five thousand dollars (\$104,345,000).

(F) For the 2019–20 fiscal year, one hundred sixteen million five hundred fifty-seven thousand dollars (\$116,557,000).

(G) For the 2020–21 fiscal year, one hundred fourteen million one hundred seventy-one thousand dollars (\$114,171,000).

(H) For the 2021–22 fiscal year, one hundred nine million nine hundred sixty-one thousand dollars (\$109,961,000).

(2) An annual appropriation to the commission is hereby established in the amounts and for the fiscal years described in paragraph (1) to carry out the purposes of this section and Section 70022.

(3) Commencing with the 2022–23 fiscal year, the annual appropriation to the commission to carry out the purposes of this section and Section 70022 shall be determined in the annual Budget Act.

(4) It is the intent of the Legislature that any savings realized from changes made to the allocations under this subdivision by a bill providing for appropriations related to the Budget Bill for the 2015–16 fiscal year shall be used to support higher education.

(5) The funds transferred and appropriated pursuant to paragraph (1) shall only be available for encumbrance in the fiscal year in which they are transferred, and the General Fund shall have no liability or any obligation beyond the transfers explicitly authorized in paragraph (1) unless a subsequent transfer or allocation is required pursuant to statute.

(6) In any fiscal year, additional appropriations may be enacted pursuant to statute to carry out the purposes of this article.

(7) (A) Beginning with the Governor's Budget proposal for the 2014–15 fiscal year, and in the Governor's Budget proposal for each fiscal year thereafter, the Department of Finance shall include a fund condition statement for the Middle Class Scholarship Fund for the fiscal year of the proposed budget and the two immediately preceding fiscal years prepared in accordance with existing law.

(B) Upon order of the Director of Finance and for the 2013–14 to 2021–22 fiscal years, inclusive, if the May Revision projects a budget deficit for the next fiscal year, the amount specified in paragraph (1) for the fiscal year for which the budget deficit is projected may be reduced by up to 33 percent.

(f) Subject to an appropriation in the annual Budget Act for its purposes, the commission may begin implementation of, and establish outreach services relating to, this article.

(g) The commission may adopt regulations it deems necessary for the implementation of this article. If the commission adopts regulations pursuant to this subdivision, the regulations may be adopted as emergency regulations in accordance with the rulemaking provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code). For purposes of the Administrative Procedure Act, including Section 11349.6 of the Government Code, the adoption of emergency regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare, notwithstanding subdivision (e) of Section 11346.1 of the Government Code.

(Amended by Stats. 2023, Ch. 50, Sec. 9. (SB 117) Effective July 10, 2023.)