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SB-67 Student financial aid: Cal Grants: Middle Class Scholarship Program: eligibility: dependents of members of the armed services stationed outside of California. (2025-2026)

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Senate Bill No. 67

CHAPTER 648

An act to amend Sections 69411, 69433.9, 69436, 69514, and 70022 of the Education Code, relating to student financial aid.

[Approved by Governor October 11, 2025. Filed with Secretary of State October 11, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

SB 67, Seyarto. Student financial aid: Cal Grants: Middle Class Scholarship Program: eligibility: dependents of members of the armed services stationed outside of California.

Existing law, the Cal Grant Program, establishes the Cal Grant A Entitlement Awards, the Cal Grant B Entitlement Awards, the California Community College Expanded Entitlement Awards, the California Community College Transfer Entitlement Awards, the Competitive Cal Grant A and B Awards, the Cal Grant C Awards, and the Cal Grant T Awards under the administration of the Student Aid Commission.

Existing law, the Cal Grant Reform Act, revises and recasts the provisions establishing and governing the existing Cal Grant Program into a new Cal Grant Program. Existing law specifies that the act becomes operative only if General Fund moneys over the multiyear forecasts beginning in the 2024–25 fiscal year are available to support ongoing augmentations and actions, and if funding is provided in the annual Budget Act to implement the act.

Under either Cal Grant Program that is operative, existing law establishes eligibility requirements for awards under the program for participating students attending qualifying institutions, including, among others, California residency requirements, as provided.

Existing law establishes the Middle Class Scholarship Program (MCSP) under the administration of the commission. Existing law makes an undergraduate student eligible for a scholarship award under the MCSP if the student is enrolled at the University of California or the California State University, or enrolled in upper division coursework in a community college baccalaureate program, and meets certain eligibility requirements, including, among others, that the applicant meets the eligibility requirements for a Cal Grant.

This bill would extend Cal Grant and MCSP eligibility to a student who was not a resident of California at the time of high school graduation or its equivalent but meets all other applicable eligibility requirements and is a dependent natural or adopted child, stepchild, or spouse of a member of the Armed Forces of the United States stationed outside of California on active duty, if the member of the Armed Forces of the United States otherwise maintains California as their state of legal residence. The bill also would make conforming changes.

This bill would incorporate additional changes to Section 70022 of the Education Code proposed by AB 148 and SB 148 to be operative only if this bill and either SB 148 or AB 148 are enacted, and this bill is enacted last.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 69411 of the Education Code is amended to read:

69411. (a) To be eligible for a Cal Grant Reform Act Program award under this chapter, a student shall be all of the following:

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

(2) Either of the following:

(A) A resident of California at the time of high school graduation or its equivalent.

(B) A student who has residence, pursuant to Article 5 (commencing with Section 68060) of Chapter 1 of Part 41, in the state for more than three years immediately preceding July 1 of the award year.

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

(b) Notwithstanding paragraphs (1) and (2) of subdivision (a), a student who is exempt from paying nonresident tuition pursuant to Section 68130.5 shall be eligible for an award pursuant to this chapter if they meet all other eligibility requirements.

(c) Notwithstanding paragraph (2) of subdivision (a), a student who is a dependent natural or adopted child, stepchild, or spouse of a member of the Armed Forces of the United States stationed outside of California on active duty, if the member of the Armed Forces of the United States otherwise maintains California as their state of legal residence, shall be eligible for an award pursuant to this chapter if the student meets all other eligibility requirements.

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

69433.9. (a) To be eligible to receive a Cal Grant award pursuant to this chapter, a student shall be all of the following:

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

(2) Not incarcerated.

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

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

(B) A student who does not meet the requirements for a high school diploma or its equivalent in the academic year immediately preceding the award year, but who meets the requirements for a high school diploma or its equivalent by December 31 of the academic year immediately following the date of application, satisfies any requirement for obtaining high school graduation or its equivalent for the purposes of this chapter as of the first day of the academic term immediately following the term in which the requirements for the high school diploma or its equivalent are met.

(C) No student shall receive an award for a term that begins before satisfying any requirement for obtaining high school graduation or its equivalent.

(b) Notwithstanding subdivision (a), a student shall be eligible to receive a Cal Grant award pursuant to this chapter if the student satisfies the requirements of paragraphs (1) to (3), inclusive, of subdivision (a) and the student is a dependent natural or adopted child, stepchild, or spouse of a member of the Armed Forces of the United States stationed outside of California on active duty, if the member of the Armed Forces of the United States otherwise maintains California as their state of legal residence.

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

69436. (a) A student who was not awarded a Cal Grant A or B award pursuant to Article 2 (commencing with Section 69434) or Article 3 (commencing with Section 69435) at the time of their high school graduation but, at the time of transfer from a California community college to a qualifying baccalaureate program or upon matriculation into the 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, meets all of the criteria set forth in subdivision (b), shall be entitled to a Cal Grant A or B award.

(b) Any California resident transferring from a California community college to a qualifying institution that offers a baccalaureate degree or who matriculates into the 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, is entitled to receive, and the commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall award, a Cal Grant A or B award depending on the eligibility determined pursuant to subdivision (c), if all of the following criteria are met:

- (1) A complete official financial aid application has been submitted or postmarked pursuant to Section 69432.9, no later than the March 2 of the year immediately preceding the award year.
- (2) The student demonstrates financial need pursuant to Section 69433.
- (3) The student has earned a community college grade point average of at least 2.4 on a 4.0 scale and is eligible to transfer to a qualifying institution that offers a baccalaureate degree.
- (4) The student's household has an income and asset level not exceeding the limits set forth in Section 69432.7.
- (5) The student is pursuing a baccalaureate degree that is offered by a qualifying institution.
- (6) The student is enrolled at least part time.
- (7) The student meets the general Cal Grant eligibility requirements set forth in Article 1 (commencing with Section 69430).
- (8) The student will not be 28 years of age or older by December 31 of the award year.
- (9) The student graduated from a California high school or its equivalent during or after the 2000–01 academic year.
- (10) (A) Except as provided for in subparagraph (B), the student attended a California community college in the academic year immediately preceding the academic year for which the award will be used.

(B) A student otherwise eligible to receive an award pursuant to this section, who attended a California community college in the 2011–12 academic year, may use the award for the 2012–13 and 2013–14 academic years.

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

- (1) For applicants with income and assets at or under the Cal Grant A limits, the award amount shall be the amount established pursuant to Article 2 (commencing with Section 69434).
- (2) For applicants with income and assets at or under the Cal Grant B limits, the award amount shall be the amount established pursuant to Article 3 (commencing with Section 69435).

(d) (1) A student meeting the requirements of paragraph (9) of subdivision (b) by means of high school graduation, rather than its equivalent, shall be required to have graduated from a California high school, unless that California resident 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.

(2) For the purposes of this article, all of the following are exempt from the requirements of paragraph (4) of subdivision (a) of Section 69433.9 and paragraph (9) of subdivision (b) of this section:

(A) A student for whom a claim under this article was paid before December 1, 2005.

(B) A student for whom a claim under this article for the 2004–05 award year or the 2005–06 award year was or is paid on or after December 1, 2005, but no later than October 15, 2006.

(C) Commencing with the 2017–18 academic year, a student who did not graduate from high school or its equivalent and was a California resident, as determined pursuant to Article 5 (commencing with Section 68060) of Chapter 1 of Part 41, on their 18th birthday.

(3) (A) The commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall make preliminary awards to all applicants currently eligible for an award under this article. At the time an applicant receives a preliminary award, the commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall require that applicant to affirm, in writing, under penalty of perjury, that they meet the requirements set forth in paragraph (4) of subdivision (a) of Section 69433.9, paragraph (9) of subdivision (b) of this section, and paragraph (1) of this subdivision. The

commission, or a qualifying institution pursuant to Article 8 (commencing with Section 69450), shall notify each person who receives a preliminary award under this paragraph that their award is subject to an audit pursuant to subparagraph (B).

(B) The commission shall select, at random, a minimum of 10 percent of the new and renewal awards made under subparagraph (A), and shall require, before the disbursement of Cal Grant funds to the affected postsecondary institution, that the institution verify that the recipient meets the requirements of paragraph (4) of subdivision (a) of Section 69433.9, paragraph (9) of subdivision (b) of this section, and paragraph (1) of this subdivision. An award that is audited under this paragraph and found to be valid shall not be subject to a subsequent audit.

(C) Pursuant to Section 69517.5, the commission shall seek repayment of any and all funds found to be improperly disbursed under this article.

(D) On or before November 1 of each year, the commission shall submit a report to the Legislature and the Governor, including, but not necessarily limited to, both of the following:

(i) The number of awards made under this article in the preceding 12 months.

(ii) The number of new and renewal awards selected, in the preceding 12 months, for verification under subparagraph (B), and the results of that verification with respect to students at the University of California, at the California State University, at independent nonprofit institutions, and at independent for-profit institutions.

SEC. 4. Section 69514 of the Education Code is amended to read:

69514. The commission shall do all of the following:

(a) Report, on or before April 1 of each year, statistical data examining the impact and effectiveness of state-funded programs. The commission shall use common criteria in determining the impact of these programs, and shall have the authority to obtain any data from postsecondary educational institutions necessary for the reports. To the extent practicable, this report shall specifically note the number and the demographic characteristics of the students who qualify for a Cal Grant award based on obtaining high school graduation or its equivalent pursuant to subparagraph (B) of paragraph (4) of subdivision (a) of Section 69433.9.

(b) Collect and disseminate data concerning the financial resources and needs of students and potential students, and the scope and impact of existing state, federal, and institutional student aid programs.

(c) Report, on or before April 1 of each year, the aggregate financial need of individuals seeking access to postsecondary education and the degree to which current student aid programs meet this legitimate financial need.

(d) Develop and report annually the distribution of funds and awards among income groups, ethnic groups, grade point average levels, and postsecondary education segments.

(e) Prepare and disseminate information regarding the criteria used in distributing available student aid funds.

(f) Be authorized to expend funds for the purpose of disseminating information about all institutional, state, and federal student aid programs to potential applicants. This distribution of information shall primarily focus on potential applicants with the greatest financial need.

(g) In the event that the Financial Aid Shopping Sheet developed by the United States Department of Education is no longer available, develop, in consultation with the Bureau for Private Postsecondary Education, a similar form that a postsecondary educational institution subject to the requirements of either Section 66021.3 or 94912.5 shall use. The form shall provide students and their families with information, including, but not necessarily limited to, grant and scholarship opportunities and net costs associated with attendance at an institution.

SEC. 5. Section 70022 of the Education Code is amended to read:

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-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 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 either subdivision (a) or (b) of 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 paragraph (1) 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 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 subparagraph (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.

SEC. 5.5. Section 70022 of the Education Code is amended to read:

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.

(F) If an award in clause (i) of subparagraph (D) of less than three hundred dollars (\$300) is identified following the determination of a student's scholarship award under this article, the student's scholarship award under this article shall not require a recalculation.

(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-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 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 either subdivision (a) or (b) of 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 paragraph (1) 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 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.

SEC. 6. Section 5.5 of this bill incorporates amendments to Section 70022 of the Education Code proposed by this bill, Senate Bill 148, and Assembly Bill 148. That section of this bill shall only become operative if (1) this bill and either Senate Bill 148 or Assembly Bill 148 are enacted and become effective on or before January 1, 2026, (2) this bill and either Senate Bill 148 or Assembly Bill 148, as enacted, amend Section 70022 of the Education Code, and (3) this bill is enacted last of these bills amending Section 70022 of the Education Code, in which case Section 70022 of the Education Code, as amended by either Senate Bill 148 or Assembly Bill 148, whichever is operative, shall remain operative only until the operative date of this bill, at which time Section 5.5 of this bill shall become operative, and Section 5 of this bill shall not become operative.