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An act to amend Section 70023 of the Education Code, relating to student financial aid, and making an appropriation therefor.



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

SECTION 1. Section 70023 of the Education Code is amended to read:

70023. (a) For each academic year, the commission shall determine an amount sufficient, when combined with other federal, state, or institutionally administered student grants or fee waivers received by eligible students from other sources, to provide scholarships to eligible students in the amounts described in paragraphs (2) and (3) 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 for the determination of these amounts.

(b) 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 as 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.

(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 seven ~~nine~~ nine hundred ~~ninety-seven~~ thirty-eight thousand dollars (~~(\$99,797,000)~~. (\$99,938,000)).

(E) For the 2018–19 fiscal year, one hundred ~~one~~ seven million ~~hundred eighty~~ thirty-seven thousand dollars (~~(\$101,380,000)~~. (\$107,037,000)).

(F) For the 2019–20 fiscal year ~~and for each fiscal year thereafter, year,~~ one hundred seventeen ~~ten~~ million two hundred forty-eight thousand dollars (~~(\$117,000,000)~~. (\$110,248,000)).



(G) For the 2020–21 fiscal year and for each fiscal year thereafter, one hundred seventeen million dollars (\$117,000,000).

(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) 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.

(4) 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.

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

(6) (A) Beginning with the Governor's Budget proposal for the 2014–15 fiscal year, and in the Governor's Budget 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 commencing with the 2013–14 fiscal year, 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.



## LEGISLATIVE COUNSEL'S DIGEST

Bill No. \_\_\_\_\_  
as introduced, \_\_\_\_\_.  
General Subject: Student financial aid: Middle Class Scholarship Program.

Under existing law, the Middle Class Scholarship Program provides that an undergraduate student enrolled at the University of California or the California State University, or enrolled in upper division coursework in a community college baccalaureate program, and meeting certain requirements, is eligible for a scholarship award that, combined with other federal, state, and institutionally administered grants and fee waivers, totals up to 40% of the systemwide tuition and fees.

Existing law transfers \$99,797,000 from the General Fund to the Middle Class Scholarship Fund for the 2017–18 fiscal year, \$101,380,000 from the General Fund to the Middle Class Scholarship Fund for the 2018–19 fiscal year, and \$117,000,000 from the General Fund to the Middle Class Scholarship Fund for the 2019–20 fiscal year and each fiscal year thereafter, and appropriates those sums to the Student Aid Commission for purposes of the scholarship program.

This bill would increase the appropriation for the 2017–18 fiscal year from \$99,797,000 to \$99,938,000, would increase the appropriation for the 2018–19 fiscal year from \$101,380,000 to \$107,037,000, and would decrease the appropriation for the 2019–20 fiscal year from \$117,000,000 to \$110,248,000.

Vote: 2/3. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

