

## TEXT OF PROPOSED EMERGENCY REGULATIONS

### CALIFORNIA STUDENT AID COMMISSION

P.O. Box 419026

Rancho Cordova, CA 95741

Title 5. Education Division

4. California Student Aid Commission

Chapter 1. California Student Aid Commission

Article 15.5. Middle Class Scholarship Program

Adopt new article 15.5. Middle Class Scholarship Program, Sections, California Code of Regulations to read as follows:

(Note: The entire text set forth below is new language in “normal type” proposed to be added to the California Code of Regulations.)

#### **Section 30080. Definitions.**

(a) “California Dream Act Application” or “CADAA” means the financial aid application for students eligible for state financial aid programs pursuant to Education Code sections 68122, 68130.5, 69504.5 and 69508.5.

(b) “California Resident” means a student that satisfies the eligibility requirements for a Cal Grant award pursuant to Education Code Section 69433.9, except that a student who is exempt from nonresident tuition under Education Code Sections 68130.5 and 68122 shall not be required to satisfy the requirements of subdivision (a) of Education Code Section 69433.9.

(c) “CCC” means the California Community College system.

(d) “CCC BA Program” means a California Community College that offers a Baccalaureate program.

(e) “COA” means Cost of Attendance.

(f) “Commission” means the California Student Aid Commission.

(g) “CSU” means the California State University system.

(h) “Eligible Student” means a student who meets the criteria defined by Education Code section 70022.

(i) “Enrollment Record” means the student level record information submitted by the Institution to the Commission needed to calculate the student’s MCS award.

(j) “Free Application for Federal Student Aid” or “FAFSA” means the application for federal financial aid and state financial aid programs.

(k) “Institution” means a CCC with a Baccalaureate program, CSU, or UC campus that is eligible to participate in the MCS Program.

(l) “MCS Program” or “MCS” means the Middle Class Scholarship Program established pursuant to Article 22 of the Education Code, commencing with Education Code section 70020.

(m) “TCP” means a program of professional teacher preparation at an institution approved by the Commission on Teacher Credentialing.

(n) “UC” means the University of California system.

(o) “WebGrants” means the California Student Aid Commission’s grant management system.

Authority: Education Code section 70023(c) and (g). Reference: Education Code section 70023(c) and (g).

### **Section 30081. Institution Responsibilities.**

(a) Each Institution shall designate a coordinator to manage the MCS Program through the Commission’s WebGrants database system. Institutions shall provide the name and contact information for the coordinator to the Commission.

(b) Institutions participating in MCS must enroll in Electronic Funds Transfer to receive funds from the Commission.

(c) Institutions shall maintain written policies and procedures governing the administration and processing of MCS Program funds. Institutions shall develop and retain program and fiscal records that demonstrate Institutional and student eligibility and ensure the accuracy of payments reported.

(d) Institutions shall have a written MCS refund policy. This policy shall comply with any federal Return of Title IV requirements as defined in Code of Federal Regulations Title 34 CFR 668.22.

(e) Each Institution shall submit to the Commission MCS Enrollment Records for all eligible students for award consideration. The Enrollment Record shall contain demographic information from the student’s FAFSA or CADAA, the student’s COA, and other financial aid awarded to the student pursuant to Education Code Section 70022(a)(2).

(f) Institutions shall disburse an MCS award to an eligible student pursuant to Education Code Section 70022(d). The institution shall disburse payments based on the recipient’s enrollment status using the institution’s financial aid census date, or its equivalent. The Institution shall follow the financial aid census date policies when payment adjustments are made past the census date.

(g) Institutions shall submit appropriate corrections for any MCS awarded students who are enrolled less than full time which result in a change in cost of attendance or financial aid awards. Payment transactions shall only occur once a student's award information has been verified as accurate.

(h) The MCS award is a non-need-based award and should not be based on a student's Expected Family Contribution or Student Aid Index. The maximum MCS award plus any other estimated gift aid shall not exceed the COA but may exceed financial need for state aid programs (e.g. Cal Grant). Therefore, an MCS award may supplant the Expected Family Contribution or Student Aid Index for state aid programs, while recognizing and maintaining consistency with the institution's rules for institutional aid. Institutions shall adjust federal or institutional aid to comply with any federal financial aid rules.

(i) Institutions shall comply with federal aid regulations to resolve any over awards and overpayments. Institutions shall reduce MCS awards if the amount assigned, coupled with other need-based gift aid programs, exceeds maximum need or cost of attendance limits.

(j) Where a student's total MCS award (coupled with other financial assistance pursuant to Code of Federal Regulations Title 34 CFR 668.164 (c)) exceeds the allowable gift aid of those regulations, the MCS award shall be reduced to maintain compliance with federal financial aid regulations.

(k) Institutions are required to reconcile all MCS funds by the year end reconciliation deadline as specified by the Commission. Unused funds shall be returned to the Commission within 90 days of receiving the year-end invoice.

- (1) MCS awards must be disbursed for the fiscal year appropriated based on the budget act of that fiscal year. Excess funds must be returned to the Commission.
- (2) Any excess or undisbursed MCS funds must be returned to the Commission upon final reconciliation or invoicing of the award year.
- (3) Institutions are required to resolve balance discrepancies on a per-record basis. The variance between the actual award and paid amount should not exceed more than six dollars.

Authority: Education Code section 70023(c) and (g). Reference: Education Code section 70023(c) and (g).

### **Section 30082. Commission Responsibilities.**

(a) Upon an Institution's submission of enrollment records for MCS award consideration, the Commission shall determine preliminary MCS award eligibility and an initial award amount. Eligibility and initial award records will be posted to the MCS roster in WebGrants for institutions to confirm student eligibility, apply any needed corrections and report MCS payments to eligible students through the Commission's WebGrants system.

(b) The Commission shall provide institutions with the Enrollment File Record Layout and Roster Payment File Layout to support automated batch processes for the academic year and make them available on the Commission's website.

(c) The Commission shall process payments and corrections submitted by Institutions per the agreed upon schedule for the academic year. The Commission shall send MCS funds via Electronic Funds Transfer.

(d) The Commission shall invoice institutions with unused MCS fund balances after final reconciliation for the academic year.

(e) The Commission shall notify and instruct the Institution of any MCS Program changes due to statute and/or procedure through Grant Operations Memos and Grant Special Alerts posted publicly on the Commission website and distributed through the Commission's email Listserv.

(f) The Commission may perform a program review of the Institution's management of MCS funds for compliance with all applicable federal and state laws, and regulations.

(1) If the Commission determines that an Institution has failed to substantially comply with its obligations under the MCS Program's statutes and regulations, the Commission may implement corrective measures to bring the Institution into compliance. Such corrective measures which may include but are not limited to:

(A) The Institution may be directed to implement policy and procedural changes to improve MCS Program administration and protection of State funds.

(B) Institution staff may be directed to participate in training related to MCS Program noncompliance.

(C) The Commission may terminate the Institution's participation in the MCS Program if deemed appropriate.

(g) In annually providing Institutions the expected student contribution provided by Education Code Section 70022(a)(2)(D)(iii), the Commission may round the expected student contribution to the nearest dollar that is divisible by 2 and 3, to account for both quarter and semester Institutional calculations.

Authority: Education Code section 70023(c) and (g). Reference: Education Code section 70023(c) and (g).

### **Section 30083. General MCS Policies/Guidelines.**

(a) Eligible students shall receive scholarship award amount determined in accordance with Education Code section 70022(a)(2)

(b) If an eligible student qualifies for at least one dollar (\$1), the minimum annual scholarship amount for full-time enrollment shall be ninety dollars (\$90) pursuant to Education Code Section 70023(b).

(c) In accordance with Education Code Section 70022(a)(3)(I), a student pursuing their first undergraduate baccalaureate degree or who 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 California Commission on Teacher Credentialing is eligible for a MCS 2.0 award if all other eligibility requirements are met.

(d) Students pursuing an eligible teacher credential program who meet the criteria defined by Education Code section 70022 are eligible for an additional 100 percent of MCS lifetime eligibility applicable to:

- (1) Students pursuing a subsequent teacher credential if they have not previously received an MCS award for a TCP while obtaining a prior teacher credential.
- (2) Students dually enrolled in a master's degree program or who have obtained a master's degree. MCS funds for TCPs are subject to the teacher credential units the student is enrolled in.
  - (A) When determining the cost of attendance and enrollment status for a student who is dually enrolled in a master's degree program, institutions shall only include coursework required for the teacher credential.
  - (B) For students whose tuition is charged based on the master's degree program, an adjustment to the COA reported to CSAC shall be based on the equivalent COA for the credential program.

(e) Only campuses with eligible 5-year programs are eligible to submit records for consideration. Enrollment records submitted with an education level of 5 shall be limited to students enrolled in an approved TCP or 5-year undergraduate program.

(f) Repeated Coursework Policy shall be consistent with federal rules as specified in Code of Federal Regulations Title 34 CFR 668.2.

(g) Students in education abroad or travel study programs administered by the campus, or a third-party organization are eligible for MCS 2.0 under these conditions:

- (1) The home campus is a UC, CSU or CCC institution and administers all the student's financial aid.
- (2) The home campus disburses the MCS 2.0 award based on existing federal student aid guidelines for education / travel study programs as defined in Code Federal Regulations Section 34 CFR 668.39.
- (3) Completed coursework is required for the student's college degree.

Authority: Education Code section 70023(c) and (g). Reference: Education Code section 70023(c) and (g).