

Date of Hearing: June 10, 2014

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Das Williams, Chair
SB 384 (Gaines and DeSaulnier) – As Amended: June 2, 2014

SENATE VOTE: 37-0

SUBJECT: California Memorial Scholarship Program.

SUMMARY: Extends the deadlines by which dependents of California victims who died during the terrorist attacks on September 11, 2001, must be notified of their eligibility for, and must inform and execute agreements to participate in the California Memorial Scholarship Program (CMSP) administered by the Scholarshare Investment Board (SIB); and, establishes certain parameters as to how the California Victim Compensation and Government Claims Board (VCGCB) shall identify and outreach to eligible persons. Specifically, this bill:

- 1) Specifies that the VCGCB shall identify all persons who are eligible for scholarships under CMSP and that the VCGCB shall use various methods to identify those persons, including, but not limited to, all of the following:
 - a) Media outreach, including, but not limited to, social media, that explains the details of CMSP, who is eligible for scholarships under the program, and how to sign up for further notifications regarding the program;
 - b) Written notification to persons, or in the case of minors, their parents or guardians, who have already been identified as eligible for scholarships under CMSP, and their known family members. The notification shall explain that the program has been reopened, and that the VCGCB is seeking information regarding other persons who may be eligible for the program, and shall provide instructions on how to sign up for further notifications regarding the program; and,
 - c) Communication with the Special Master of the federal September 11th Victim Compensation Fund to determine if additional victims who were California residents have been identified.
- 2) Stipulates that upon the creation of a new list of eligible persons for CMSP, that the VCGCB shall notify these persons, or in the case of minors, the parents or guardians of these persons, of their eligibility for scholarships under the program.
- 3) Creates the following criteria for how the VCGCB shall notify eligible persons, or in the case of minors, the parents or guardians of their CMSP eligibility and specifies the following elements of the notification:
 - a) The notification shall be in writing;
 - b) The notification shall provide details on the program and how to apply for scholarships under the program; and,

- c) The notification shall be received by all of the appropriate persons no later than July 1, 2015.
- 4) Specifies that the SIB shall only service scholarships to individuals determined to be eligible by the VCGCB.
- 5) Extends the deadline by which eligible persons, or the parent or guardian of an eligible person, must inform the SIB whether they choose to participate in the CMSP and execute agreements to do so from July 1, 2005 to July 1, 2016.
- 6) Establishes that this measure is an urgency statute to take effect immediately.

EXISTING LAW:

- 1) Establishes the California Memorial Scholarship Program, administered by the SIB and funded by Vehicle Code provisions, to provide scholarships for surviving dependents of California residents killed as a result of injuries sustained during the September 11, 2001, terrorist attacks (Education Code § 70010).
- 2) Requires the VCGCB to identify all persons who are eligible for scholarships under the CMSP by July 1, 2003; and, requires that eligible persons, or the parent or guardian of an eligible person, inform the SIB of their decision to participate in the program and execute agreements to do so no later than July 1, 2005 (EC § 70010.5).

FISCAL EFFECT: According to the Senate Appropriations Committee, this measure could lead to increased eligibility with potentially significant costs, to the extent that additional individuals who are eligible to participate in the scholarship program are identified and choose to participate; and, for the administration of the program, both the VCGCB and the SIB report that any additional costs and workload would be minor and absorbable within each agency's existing resources.

COMMENTS: Background. The goal of the CMSP, as established by AB 1759 (Wesson), Chapter 38, Statutes of 2002, was to provide scholarships of up to \$5,000 for dependents of California victims who died during the terrorist attacks on September 11, 2001. The CMSP is funded through the sale of 9/11 memorial license plates as authorized by the Legislature. Dependents, or the parents or guardians of minor dependents, were to be notified of their eligibility for the CMSP by the VCGCB. Eligible dependents interested in receiving scholarship funds had to contact the SIB and execute a participation agreement prior to the legislative deadline of June 30, 2005.

Under the administration of the SIB, scholarship funds were deposited on behalf of beneficiaries to accounts within the Golden State Scholarshare College Savings Trust. The scholarships can be used at eligible vocational, technical and trade schools, in addition to four-year colleges, universities, and two-year colleges, to pay for qualified higher education expenses until the beneficiary's 30th birthday or the year 2015, whichever occurs later. The funds also may be used for graduate studies.

To note: The scholarship and earnings are the property of the State of California until requested by the beneficiary to pay for qualified higher educational expenses. Any unused funds must be

returned to the State on the beneficiary's 30th birthday or year 2015, whichever occurs later. These funds are specifically designated to revert to the Antiterrorism Fund, created under existing Vehicle Code provisions.

California State Auditor's Report. According to the State Auditor's April 2013 report entitled, "Special Interest License Plate Funds," the VCGCB failed to identify and notify all individuals eligible for the CMSP by July 1, 2003, as required under state law. The report found that, while the VCGCB believes that its outreach was adequate to identify all individuals who might be eligible for the scholarship program, most of the outreach that the VCGCB performed predated the actual establishment of the CMSP and did not mention the program by name. Additionally, the report noted that three of the 16 participants learned of the program through means other than VCGCB's outreach. To note: The VCGCB did not notify all eligible individuals of the CMSP before the deadline; subsequently, those individuals were left with less than three months to apply for the scholarship instead of the two years as required by law. Lastly, the report found that only 13 of the 43 individuals that the VCGCB identified as eligible for the scholarship program and the three other individuals who were not screened for eligibility, ultimately participated.

Purpose of the bill. According to the authors, because the VCGCB did not meet their statutory deadline for notification or outreach to eligible participants, they want to re-open the CMSP and, "give eligible students who may not have had the time or notification the first time around, the ability to participate in a scholarship that was put in place specifically to assist them."

This bill will give a new time frame that the VCGCB must adhere to in order to identify and notify eligible participants of the CMSP and gives the VCGCB further instructions on how to conduct the application process – ensuring that all eligible dependents have ample opportunity to apply.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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