

## TEXT OF PROPOSED 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 12.8. Learning Aligned Employment Program

Adopt new article 12.8. Learning-Aligned Employment Program, Sections 30600 through 30604, 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 30600. Definitions.**

“California Dream Act Application” or “CADAA” means the application for students eligible for state financial aid programs pursuant to Education Code section 68130.5.

“CCC” means the California Community College system.

“CCCCO” means the California Community Colleges Chancellor’s Office.

“Commission” means the California Student Aid Commission.

“CSU” means the California State University system.

“CSUCO” means the California State University Chancellor’s Office.

“Eligible Employer” means an employer who meets the requirements of section 30602.

“Eligible Student” means a Student who meets the requirements of section 30601.

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

“Institution” means a CCC, CSU, or UC campus that has executed a LAEPA to participate in the Program.

“LAEPA” means the Learning Aligned Employment Program agreement between each Institution and the Commission required pursuant to Education Code section 69952, a

template of which is incorporated by reference and attached as Appendix A to these Regulations.

“Participating Employer” means an external Eligible Employer who has signed an employer agreement, or an Institution.

“Program” or “LAEP” means the Learning Aligned Employment Program established pursuant to Article 18 of the Education Code, commencing with section 69950.

“Student” means an individual enrolled at an Institution.

“UC” means the University of California system.

“UCOP” means the University of California Office of the President.

Authority cited: Section 69967(a), Education Code; Reference: Sections 69950 and 69967(a), Education Code.

### **Section 30601. Eligible Student.**

- (a) To be eligible to participate in the Program, a Student must meet all the following criteria:
  - (1) Be from an underrepresented background, as described in subsection (b);
  - (2) Be enrolled at least half-time in an Institution, as described in subsection (c);
  - (3) Satisfy the residency requirements in Part 41 of the California Education Code, commencing with section 68000, as described in subsection (d);
  - (4) Demonstrate satisfactory academic progress, based on the enrolled student’s eligibility for federal financial aid as determined by the Institution;
  - (5) Demonstrate financial need, as described in subsection (e); and
  - (6) Be eligible to work in the United States, as described in subsection (f).
- (b) An underrepresented background for a Student consists of one or more of the following conditions:
  - (1) First generation college students.
  - (2) Low-income students.
  - (3) Current or former foster youth, based on information provided by the Commission to the Institution, which may include, but is not limited to, a verification letter provided by a case worker or county office of social services that establishes that the student’s dependency was established or continued by a court of competent jurisdiction on or after the youth’s 13<sup>th</sup> birthday and who is no older than 25 years of age at the commencement of the academic year in which the student applies to participate in the Program.
  - (4) Homeless students or those at risk of becoming homeless, based on self-reported information on the FAFSA or CADAA.
  - (5) Students with disabilities.

- (6) Displaced workers. The determination shall be made by the Institution's financial aid office, or Workforce Innovation and Opportunity Act documentation.
  - (7) Students with dependent children.
  - (8) Formerly incarcerated students.
  - (9) Students meeting the requirements of Education Code section 68130.5, including undocumented students.
  - (10) Students who are veterans, including veterans of the national armed forces and the state's military department.
- (c) A Student must be enrolled or accepted for enrollment at least half-time in courses required to complete a degree or certificate excluding any summer term or summer break. Half-time enrollment shall be determined by each Institution's financial aid policy.
- (1) An Eligible Student may work in a Program employment opportunity during the summer term or break if the Eligible Student is:
    - (A) Enrolled at least half-time in summer courses required to complete a degree or certificate; or
    - (B) Accepted for enrollment on at least a half-time basis for the following academic term.
  - (2) When an Eligible Student works in a LAEP position during a summer term or break, the Institution may use the following academic year's costs of attendance to determine eligibility for the Program.
- (d) A Student shall meet the residence classification described in Part 4 of the Education Code, commencing with section 68000, as documented by the Institution consistent with policies adopted by the CCCC, CSUCO, or UCOP, as applicable to the Institution.
- (e) A Student must demonstrate financial need as determined by the financial aid office of the Institution in which the student is enrolled. The determination shall be made pursuant to approved federal financial aid methodologies. If circumstances limit the Student or the Student's family's ability to contribute to the student's total financial resources, the financial aid office may make reasonable adjustments to the computed total student resources.
- (f) A Student must be eligible to work in the United States, including Students who completed the CADAA, and who are eligible to work in the United States.
- (g) Program income earned by an Eligible Student shall be reported on future financial aid applications, as applicable.
- (h) An Eligible Student employed in a LAEP-funded position shall immediately inform the Institution of any change that affects Program eligibility.

Authority cited: Section 69967(a), Education Code; Reference: Sections 69956 and 69967(a), Education Code.

### **Section 30602. Eligible Employer.**

- (a) The following employers are eligible to employ students participating in LAEP:

- (1) Research centers and institutions operated by an Institution where the employment opportunity allows the Eligible Student to participate in research. This includes research opportunities overseen by professors and other professionals employed by the Institution.
    - (A) Research shall be defined by the Institution and should be a significant component of any Program position. Research is not limited to scientific research.
    - (B) If the direct employer is a UC, CSU, or CCC campus, the Program may provide 100 percent of the Eligible Student's compensation.
  - (2) Public school districts, county superintendents of schools, the Department of the Youth Authority, or the Department of Education.
    - (A) Such employment opportunities shall be located at public school sites and shall not be located at any district, county, or State department offices.
    - (B) Program funds may be used for no more than 90 percent of the Eligible Student's compensation.
  - (3) Nonsectarian, nonpolitical organizations or corporations, including non-profit or for-profit enterprises licensed to conduct business in California.
    - (A) Where the Eligible Employer is a non-profit entity, Program funds may be used for no more than 90 percent of the Eligible Student's compensation.
    - (B) If the Eligible Employer is a for-profit entity, Program funds may be used for no more than 50 percent of the Eligible Student's compensation.
- (b) In addition to a LAEP work opportunity during an Eligible Student's enrollment at an Institution, Participating Employers shall be capable of providing Eligible Students with full-time employment opportunities, or opportunities to connect with other employers capable of providing participating Eligible Students with full-time employment opportunities, within their areas of study, after graduation.
- (c) An Eligible Student may work at a LAEP-eligible institution other than the school of attendance. Where an Eligible Student is employed by another LAEP-eligible institution, the Eligible Student's college of attendance shall pay up to 100 percent of the Eligible Student's compensation.

Authority cited: Section 69967(a), Education Code; Reference: Sections 69954 and 69967(a), Education Code.

### **Section 30603. Institution Responsibilities.**

- (a) Each Institution shall designate a Program coordinator to manage the Institution's participation, and provide the coordinator's contact information to the Commission. The coordinator shall serve as the point of contact for the Commission and Eligible Employers.
- (b) Each Institution shall develop a process by which a Student may apply and be considered for a LAEP-funded position. This process shall be consistent with the Institution's existing practices and procedures, shall comply with all Program requirements, and shall include a method by which the Institution shall prioritize

for available employment opportunities students who are first generation college students, current or former foster youths, or who are homeless or are at risk of being homeless, as well as prioritizing students who are majoring in a science, technology, engineering, or mathematics discipline.

- (c) Institutions shall maintain appropriate documentation for each Eligible Student participating in the Program. This documentation shall include, but not be limited to, the following:
- (1) Evidence that the Eligible Student meets the requirements of the Program as described in section 30602.
  - (2) The student agreement, if an Institution chooses to enter into an agreement with each Eligible Student.
  - (3) Evidence that the employment opportunity is related to the Eligible Student's area of study, career objective, or exploration of career objectives. This evidence may include self-certification from the Eligible Student or a written evaluation from Institution faculty or staff.
  - (4) Evidence that the Participating Employer is capable of providing full-time employment opportunities after graduation, or opportunities to connect with other employers that are capable of providing full-time employment opportunities after graduation, within the Eligible Student's area of study. This evidence shall be included in the employer agreement, or by a written statement from the Participating Employer, or by a written evaluation from Institution faculty or staff.
  - (5) A job description that includes, but is not limited to, the following:
    - (A) Name/classification of position
    - (B) Name and address of employer
    - (C) Department or office where the Eligible Student will be employed
    - (D) Location where the Eligible Student will perform his or her duties
    - (E) Name of the Eligible Student's supervisor
    - (F) The term of the Eligible Student's anticipated employment, including beginning and ending dates
    - (G) Purpose or role of the position within the organization
    - (H) Duties and responsibilities associated with the position
    - (I) Rates of pay for the position
    - (J) General qualifications for the position and for various levels and rates of pay associated with the position
    - (K) Procedures to determine an Eligible Student's rate of pay
    - (L) Evaluation procedures and schedules, if applicable
  - (6) Records of payments provided to each Eligible Student, financial need analysis documents, job descriptions, employer agreements, financial aid award documents, and time sheets.
- (d) Institutions shall evaluate potential employment opportunities to determine whether each satisfies Program requirements. This evaluation shall include, but not be limited to, the following:
- (1) Whether the position is educationally beneficial or related to a particular career interest, or exploration of career options.

- (2) That the work performed by an Eligible Student will not be related to the activities of any sectarian organization or to any partisan or nonpartisan political activities.
  - (3) The Eligible Student's employment will not displace workers currently employed by the Participating Employer or impair existing contracts for services.
  - (4) The position will not violate any applicable collective bargaining agreements or fill any vacancies due to a labor dispute.
  - (5) The Eligible Student will be paid at a comparable rate to that paid for comparable positions within the employing organization. If the Participating Employer has no comparable position, the Eligible Student will be paid at a rate comparable to that paid by other organizations in the field for work involving comparable duties and responsibilities.
  - (6) Whether the number of hours of employment in combination with the Eligible Student's school schedule may cause potential harm to the Eligible Student's satisfactory academic progress.
  - (7) Whether the total compensation received by the Eligible Student will exceed the total amount authorized by the Institution.
  - (8) That the Participating Employer will provide reasonable supervision.
  - (9) That LAEP funds will not supplant any state, federal, or institutional funds used to support existing paid positions for Students.
- (e) Institutions shall enter into an agreement with each Participating Employer. Each agreement shall be subject to annual renewal by mutual agreement of the Institution and Participating Employer and include, but not be limited to, the following:
- (1) The maximum number of work hours allowed for the Eligible Student.
  - (2) The maximum amount of compensation allowed for the Eligible Student.
  - (3) The frequency of compensation for the Eligible Student.
  - (4) Responsibilities of the Institution and the Participating Employer.
  - (5) Guidelines to prevent Students from working in a LAEP position during scheduled class times.
  - (6) The manner in which each Eligible Student will be paid, including for any necessary reimbursements.
  - (7) The annual agreement renewal procedure.
- (f) If an Institution determines an Eligible Student is no longer eligible for the Program due to a change in the Eligible Student's Program eligibility, consistent with the Institution's procedures for determining eligibility, the Institution shall alert the Participating Employer within a reasonable amount of time. In such circumstances, the Eligible Student shall be compensated for work performed prior to the Institution's determination and notice to the Participating Employer.
- (g) Institutions shall notify the Commission of suspected fraud involving Program funds and cooperate with any investigation initiated by the Commission.
- (h) Institutions agree to make information available to the respective offices of the UCOP, CCCCO, or CSUCO to ensure that office can compile data regarding the population served by the Program by their respective campuses, during each fiscal year and provide the data to the Commission. This information shall

include, but not be limited to, funds expended, student demographic information, and information used to identify and match student records for Program evaluation purposes. Other information shall include, but not be limited to, student participation records, any prioritization efforts, student field of study, academic credit awarded, if any, form of employment, and type of employer.

- (i) Institutions further agree to make information available to the respective offices of the UCOP, CCCCCO, or CSUCO to allow for review of the Institution's administrative practices and to ensure compliance with Program requirements.

Authority cited: Section 69967(a), Education Code; Reference: Sections 69952, 69958, 69960, 69962 and 69967, Education Code.

### **Section 30604. Institution Fiscal and Administrative Procedures.**

- (a) The Commission may conduct audits or program compliance reviews of any Institution to ensure compliance with program requirements, including statutory and regulatory requirements. If the Commission conducts such an audit or review of an Institution, the Institution shall make available at the time of the audit or review, or at any time at the request of the Commission, any records and personnel related to the administration of the Program.
- (b) Institutions shall maintain written policies and procedures governing the administration and processing of Program funds. Institutions shall develop and retain program and fiscal records that demonstrate Institutional, employer, and student eligibility, and ensure the accuracy of payments reported. Institutions shall retain Commission funding allocation, and student payment, records for a minimum of three years following the last day of the academic year in which a Program payment was expended, or until outstanding audits are resolved, whichever is later.
- (c) Each Institution shall use no more than five percent of the Program funds provided by the Commission for its administrative costs. Institutions shall not collect any additional fees or surcharges from Participating external Employers to cover Institution costs.
- (d) All Program funds constitute State funds, which are owned by and held in trust for the State, until withdrawn for Program use. If Program funds are deposited in an interest bearing account, all interest accrued by the Institution on LAEP funds shall be used for student compensation or returned to the Commission.
- (e) Program funds allocated to an Institution may be rolled over to future years; however, all Program funds must be expended by June 30, 2031, with any unspent Program funds returned to the Commission by September 30, 2031.
- (f) Because the Program is a need-based program, the Institution should ensure that the Participating Student's projected earnings will not exceed the Participating Student's financial need when packaging aid. If circumstances change after the award is packaged and a Participating Student earns, or will earn, more than the Participating Student's financial need, the Institution shall take the following steps in the order listed:

- (1) The Institution shall reevaluate and adjust the Participating Student's financial aid package as applicable to ensure that the total earned does not exceed the Participating Student's financial need.
  - (2) If the Participating Student's earnings still exceed the Participating Student's need by \$300 or less after the Institution has made appropriate adjustments to the financial aid award and has withheld payment of any undisbursed loan or grant (except the Pell Grant), no further action is necessary.
  - (3) Institutions shall maintain documentation of the steps the institution took to adjust the financial aid award of any Participating Student whose earnings exceeded the Participating Student's financial need by up to \$300.
  - (4) Participating Students cannot be required to repay wages earned. LAEP earnings can only be adjusted by reducing the hours Participating Students can work in the future, thus reducing future earnings. If the Participating Student's earnings exceed the Participating Student's need by more than \$300 after taking the steps above, the Institution must reimburse the Commission from the Institution's funds.
- (g) Program funds shall only be used to pay student wages and not towards sick leave, vacation pay, holiday pay, fringe benefits, workers' compensation, retirement, transportation costs, or other benefits.
  - (h) Applicable deductions for taxes and other required deductions shall be made from a Participating Student's paycheck in accordance with applicable laws. For purposes of determining the award of other financial aid to a Participating Student, the Institution shall consider net earnings received by the Participating Student through LAEP and not the Participating Student's gross earnings.
  - (i) An Institution may not credit a Participating Student's institutional account with owed LAEP earnings for use towards institutional charges without the Participating Student's permission.
  - (j) Each Institution shall annually reconcile and report to the Commission its total Program expenditures, including student compensation and administrative costs. Such report shall be made no later than September 30 of each year.
  - (k) If the Commission determines that an Institution has failed to substantially comply with its obligations under the Program's statutes, regulations, or the LAEPA, the Commission may take action to implement corrective measures to bring the Institution into compliance. Corrective measures which may be implemented include, but are not limited to:
    - (1) The Institution may be directed to implement policy and procedural changes to improve Program administration and protection of State funds.
    - (2) Institution staff may be directed to participate in training related to Program noncompliance.
    - (3) The Commission may terminate the Institution's participation in the Program if deemed appropriate.

Authority cited: Section 69967(a), Education Code; Reference: Sections 69967 and 69969, Education Code.