

**SCHOLARSHARE INVESTMENT BOARD
915 CAPITOL MALL, SUITE 141
SACRAMENTO, CA 95814**

Title 5, Division 4.5, Chapter 3
California Code of Regulations

NOTICE OF MODIFICATION TO TEXT OF PROPOSED REGULATION

Pursuant to the requirements of Government Code Section 11346.8(c) and section 44 of title 1 of the California Code of Regulations, the ScholarShare Investment Board (SIB) hereby provides notice of changes made to proposed amendments to Sections 31010, 31016, and 31018 of Title 5, Division 4.5, Chapter 3 of the California Code of Regulations (Regulations), which was initially subject to public review and comment on from October 10, 2025 to November 15, 2025.

The Board will accept written comments on the proposed changes from June 24, 2026 to July 9, 2026 at 11:59 PM Pacific Standard Time. Written comments may be submitted by mail to:

**SCHOLARSHARE INVESTMENT BOARD
ATTENTION: NOAH LIGHTMAN
915 CAPTIOL MALL, SUITE 141
SACRAMENTO, CA 95814**

Comments may also be submitted by email to scholarshare@treasurer.ca.gov.

All written comments received by July 9, 2026 at 11:59 PM Pacific Standard Time, which pertain to the indicated changes will be reviewed by the SIB and will be summarized and responded to in the Final Statement of Reasons. Please limit your comments to the modifications to the text.

15-DAY NOTICE CHANGES ARE REFLECTED IN DOUBLE UNDERLINE AND DOUBLE STRIKETHROUGHS

PROPOSED CHANGES ARE REFLECTED IN UNDERLINE AND STRIKETHROUGHS

California Code of Regulations

Title 5: Education

Division 4.5: Scholarshare Investment Board

Chapter 3: California Kids Investment and Development Savings Program

Section 31010 Definitions Applicable to California Kids Investment and Development Savings Program.

- (a) The following definitions shall apply within this Chapter:
- (1) All definitions as stated in Education Code 69996.2.
 - (2) "CalKIDS Account" shall have the same meaning as "KIDS Account" as described in Education Code 69996.2.
 - (3) "Owner" means the ScholarShare Investment Board.
 - (4) "Financial Incentive" means any additional funds placed into a CalKIDS account not including a seed deposit or enhanced deposit.
 - (5) "Engage" means interacting with the CalKIDS Program by viewing a Beneficiary's CalKIDS Account, linking a ScholarShare 529 account to a CalKIDS Account, or taking an action which could illicit a financial incentive if funds are available.
 - (6) "Register" means the parent, legal guardian, or Beneficiary has taken the appropriate steps to access their CalKIDS Account pursuant to Section 31015. The term "Register" may be interchangeably used with the term "Claim" for the purposes of Program implementation.

Note: Authority cited: Section 69996.4, Education Code. Reference: Section 69996.2, Education Code.

Section 31016. Claims and ~~Withdrawal~~ Distribution Process.

- (a) A Beneficiary is eligible to file a ~~withdrawal claim~~ distribution request on or after they reach the age of 17.
- (b) Each Beneficiary with a CalKIDS account must file a ~~withdrawal claim~~ distribution request by the Beneficiary's 26th birthday.
- (c) Beneficiaries may file a ~~claim~~ distribution request through the Program's online portal at www.calkids.org, and providing all required information as follows:
 - (1) Account name
 - (2) Amount to disburse
 - (3) Institution of higher education
 - (4) Student identification number from the selected institution of higher education
 - (5) A memo to be included on the check sent by the Program to the selected institution of higher education. The memo encourages the Beneficiary to include their phone number and email address.
- (d) Beneficiaries making a ~~withdrawal claim~~ distribution request to use their funds shall self-certify on the online portal that they have resided in the state of California for at least one

year immediately preceding the payment of qualified higher education expenses on the Beneficiary's behalf.

- (e) Beneficiaries making a ~~withdrawal claim~~ distribution request on the Program's online portal shall authorize the Program to disclose, if necessary, personally identifiable information, including full name, date of birth, email address, phone number, residential and mailing address, and Statewide Student Identifier (SSID) with an institution of higher education for the purpose of identifying the correct student account to credit when a CalKIDS check is received.
- (f) Beneficiaries making a ~~withdrawal claim~~ distribution request on the Program's online portal shall self-certify they are enrolled as active students at the institution of higher education selected during the distribution request.
- (g) A Beneficiary, or a parent or legal guardian for a Beneficiary, may request the cancellation of a previously submitted ~~withdrawal claim~~ distribution request by completing, signing, and submitting to the Board the "CalKIDS Check Cancellation Form" (Rev. October 2023), that is incorporated herein by reference.
- (h) The following shall be considered for apply when Beneficiaries use their funds through the distribution process:
 - (1) Beneficiaries can be in any status of the United States Department of Education Satisfactory Academic Progress policy found at Code of Federal Regulations Title 34, section 668.34 which is hereby incorporated by reference or the institution of higher education's academic policy to use CalKIDS funds. Academic performance shall not be evaluated by institutions to apply the requested CalKIDS funds.
 - (2) Beneficiaries must be enrolled and registered for at least one course at the institution of higher education in order to utilize CalKIDS funds. There is no unit minimum to satisfy this requirement and it may be either a graded course or a pass/fail course. Furthermore, the program does not exclude non-credit courses or courses/programs of study not approved for federal Title IV financial aid programs.
 - (3) Beneficiaries are not required to submit to the Board receipts of how they used their CalKIDS funds.
 - (4) Beneficiaries may apply the total of their CalKIDS funds to their current or future educational expenses, including existing balances held at the institution of higher education. Balances may include educational expenses previously incurred.
 - (5) CalKIDS funds cannot be used for admissions fees.
 - (6) A Beneficiary may be dually enrolled in high school and an institution of higher education to use their CalKIDS funds for a qualifying higher education expense, so long as the student has reached the age of 17.
 - (7) Institutions of higher education shall not apply CalKIDS funds to repay financial aid obligations that are owed by those institutions to financial aid sources on behalf of the Beneficiary and not the Beneficiary directly.
- (i) Pursuant to Education Code Section 69996.3(g), the following applies to institutions for the distribution of CalKIDS funds:
 - (1) If there is an existing balance at the institution of higher education for the Beneficiary, based on their prior enrollment the funds may be applied by the institution of higher education to the Beneficiary's existing balance. If there is no existing balance at the institution of higher education, and the Beneficiary is not enrolled for current or future terms, the institution may return the CalKIDS funds to the CalKIDS Program, and the Board shall return the funds to the Beneficiary's CalKIDS account.
 - (2) If a Beneficiary reduces their enrollment to zero units before the institution of higher education's add / drop deadline, the following rules shall be applied:
 - i. If the Beneficiary owes payment to the institution of higher education for current or prior academic terms, the CalKIDS funds may be treated as payment

made by the Beneficiary towards the debt. If the Beneficiary requests to defer the utilization of their CalKIDS funds, they may request the institution to mail a check to the Program, and the Board shall return the funds to the Beneficiary's CalKIDS account.

ii. In cases where no payment is owed to the institution of higher education, and in the absence of an internal institutional policy regarding fund allocation, the institution of higher education may return the funds to the Program, and the Board shall return the funds to the Beneficiary's CalKIDS account. Institutions are permitted to hold onto the funds to cover other qualified expenses.

(3) If a Beneficiary reduces their enrollment to zero units after the institution of higher education's add / drop deadline, the following rules shall be applied.

i. If the Beneficiary owes payment to the institution of higher education for current or prior academic terms, the CalKIDS funds may be treated as a payment made by the Beneficiary towards the debt. If the Beneficiary requests to defer the utilization of their CalKIDS funds, they may request the institution to mail a check to the Program, and the Board shall return the funds to the Beneficiary's CalKIDS account.

ii. In cases where no payment is owed to the institution of higher education, and in the absence of an internal institutional policy regarding fund allocation, the institution of higher education may return the funds to the Program, and the Board shall return the funds to the Beneficiary's CalKIDS account.

(4) If the Beneficiary has no remaining unmet need as determined by the institution of higher education, the institution of higher education may return the funds to the CalKIDS Program for the Beneficiary's future use of qualified expenses pursuant to Education Code Section 69996.2(l). Institutions of higher education may use information submitted by the Beneficiary in the Free Application for Federal Student Aid found at Code of Federal Regulations Title 34, Part 668, the California Dream Act Application at California Education Code Title 3, Part 42, Chapter 2, or alternative methods provided to the institution of higher education to determine unmet need. This shall not be interpreted or implemented in a manner inconsistent with state or federal law.

(5) If the Beneficiary has not registered for courses at the institution of higher education or is waitlisted after the add / drop deadline, the institution of higher education may follow their own policies for processing scholarship funds or return the funds to the Program, and the Board shall return the funds to the Beneficiary's CalKIDS account.

(6) If the Beneficiary obtains a withdrawal from the institution of higher education and did not complete any registered courses from the current or previous academic term, the CalKIDS funds shall be applied to the student's balance at the institution of higher education or returned to the Program if no balance exists, and the Board shall return the funds to the Beneficiary's CalKIDS account.

(7) CalKIDS funds may be used for retroactive payments to the institution of higher education if the funds are applied to a Beneficiary's existing balance at that institution. If the Beneficiary does not have an existing balance at the institution of higher education, the institution of higher education shall return the funds to the Program and the Board shall return the funds to the Beneficiary's CalKIDS account.

(8) Even if the institution of higher education does not have its own definition of what constitutes an enrolled student, it may either hold onto the received CalKIDS funds for the particular Beneficiary for no more than 180-days or return the funds to the Program, and the Board shall return the funds to the Beneficiary's CalKIDS account.

~~(5) If there is an existing balance at the institution of higher education for the Beneficiary, based on their prior enrollment the funds may be applied by the institution of higher education to the Beneficiary's existing balance. If there is no existing balance at the~~

~~institution of higher education, and the Beneficiary is not enrolled for current or future terms, the institution may return the CalkIDS funds to the CalkIDS Program, and such funds shall be returned to the Beneficiary's CalkIDS account.~~

~~(6) If a Beneficiary reduces their enrollment to zero units before the institution of higher education's add / drop deadline, the following rules shall be applied:~~

~~i. If the Beneficiary owes payment to the institution of higher education for current or prior academic terms, the CalkIDS funds may be treated as payment made by the Beneficiary towards the debt. If the Beneficiary requests to defer the utilization of their CalkIDS funds, the institution of higher education may, upon request by the Beneficiary, mail a check to the Program, and such funds shall be returned to the Beneficiary's CalkIDS account.~~

~~ii. In cases where no payment is owed to the institution of higher education, and in the absence of an internal institutional policy regarding fund allocation, the institution of higher education may return the funds to the Program, and such funds shall be returned to the Beneficiary's CalkIDS account.~~

~~(7) If a Beneficiary reduces their enrollment to zero units after the institution of higher education's add / drop deadline, the following rules shall be applied.~~

~~i. If the Beneficiary owes payment to the institution of higher education for current or prior academic terms, the CalkIDS funds may be treated as a payment made by the Beneficiary towards the debt. If the Beneficiary requests to defer the utilization of their CalkIDS funds, the institution of higher education may, upon request by the Beneficiary, mail a check to the Program, and such funds shall be returned to the Beneficiary's CalkIDS account.~~

~~ii. In cases where no payment is owed to the institution of higher education, and in the absence of an internal institutional policy regarding fund allocation, the institution of higher education may return the funds to the Program, and such funds shall be returned to the Beneficiary's CalkIDS account.~~

~~(8) If the Beneficiary has no remaining unmet need as determined by the institution of higher education, the institution of higher education may return the funds to the CalkIDS Program for the Beneficiary's future use. Institutions of higher education may use the Free Application for Federal Student Aid, the California Dream Act Application, or alternative methods to determine unmet need. This shall not be interpreted or implemented in a manner inconsistent with state or federal law.~~

~~(9) If the Beneficiary has not registered for courses at the institution of higher education or is waitlisted after the add / drop deadline, the institution of higher education may follow their own policies or return the funds to the Program, and such funds shall be returned to the Beneficiary's CalkIDS account.~~

~~(10) If the Beneficiary obtains a withdrawal from the institution of higher education and did not complete any registered courses from the current or previous academic term, the CalkIDS funds shall be applied to the student's balance at the institution of higher education or returned to the Program if no balance exists, and such funds shall be returned to the Beneficiary's CalkIDS account.~~

~~(11) CalkIDS funds may be used for retroactive payments to the institution of higher education if the funds are applied to a Beneficiary's existing balance at that institution. If the Beneficiary does not have an existing balance at the institution of higher education, those funds shall be returned to the Program.~~

~~(12) CalkIDS funds cannot be used for admissions fees.~~

~~(13) If the institution of higher education does not have its own definition of what constitutes an enrolled student, it may either hold onto the received CalkIDS funds for the particular Beneficiary for no more than 180 days or return the funds to the Program, and such funds shall be returned to the Beneficiary's CalkIDS account.~~

~~(14) A Beneficiary may be dually enrolled in high school and an institution of higher education to use their CalKIDS funds for a qualifying higher education expense, so long as the student has reached the age of 17.~~

~~(15) Institutions of higher education shall not apply CalKIDS funds to repay financial aid obligations that are owed by these institutions to financial aid sources on behalf of the Beneficiary and not the Beneficiary directly.~~

Note: Authority cited: Section 69996.4, Education Code; and Section 69996.8, Education Code.
Reference: Section 69996.3, Education Code; and Section 69996.7, Education Code.

Section 31018. The Appeals Process.

- (a) A Beneficiary may appeal to use the moneys designated for the Beneficiary in a CalKIDS Account after the Beneficiary turns 26 years of age so long as they register their account prior to turning 26 years of age. In the event that a Beneficiary wishes to appeal the determination of their eligibility to claim CalKIDS Account funds, such an appeal shall be submitted in writing through the "CalKIDS Age-Based Appeal Form" (October 2025), that is incorporated herein by reference and emailed to the Board at Appeals@calkids.org with the subject line "CalKIDS Appeal" no later than 90 days after the Beneficiary's 26th birthday, ~~and shall include a signed and dated letter~~, including appropriate documentation, explaining the extenuating circumstances of why the CalKIDS account funds could not be used until after the Beneficiary's 26th birthday. The Board will mail or email a written decision to the Beneficiary, including the reason for the decision, within thirty (30) days unless SIB notifies the Beneficiary of a different timeline.
- (b) In the event a Beneficiary is not satisfied with the resulting decision, the Beneficiary may request that the dispute be reviewed by the Executive Director of the Board. Such a request shall be in writing and shall be received by the Executive Director within thirty (30) days of the adverse decision. The Executive Director shall mail or email a written decision, and the reasons therefore, to the Beneficiary within thirty (30) days of the request for the review or such period as may be mutually acceptable. The decision of the Executive Director of the Board is the final administrative decision.

Note: Authority cited: Section 69996.4, Education Code. Reference: Section 69996.3, Education Code.

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NOTICE OF ADDITION OF DOCUMENTS TO RULEMAKING FILE

Pursuant to the requirements of Government Code Sections 11346.8(d), 11346.9(a)(1), and 11347.1, the ScholarShare Investment Board (SIB) is providing notice that documents that SIB relied upon in adopting the proposed regulations have been added to the rulemaking file and are available for inspection and comment.

The documents added to the rulemaking file are as follows:

- Code of Federal Regulations, Title 34, Subtitle B, Chapter VI, Part 668, Subpart C, Section 668.34 Satisfactory academic progress

Beginning June 24, 2026, these documents are available for public inspection on SIB's website at www.scholarshare.treasurer.ca.gov, by request to the agency contact, or between the hours of 8:00 a.m. and 5:00 p.m. at the following address:

SCHOLARSHARE INVESTMENT BOARD
ATTENTION: NOAH LIGHTMAN
915 CAPITOL MALL, SUITE 141
SACRAMENTO, CA 95814

TELEPHONE: (916) 651-6380
EMAIL: SCHOLARSHARE@TREASURER.CA.GOV

SIB will accept written comments on the documents between June 24, 2026 and July 9, 2026 at 11:59 PM Pacific Standard Time. Written comments may be submitted by mail to:

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All written comments received by July 9, 2026 at 11:59 PM Pacific Standard Time, which pertain to the indicated changes will be reviewed by SIB and will be summarized and responded to in the Final Statement of Reasons. Please limit your comments to the documents listed above.

This content is from the eCFR and is authoritative but unofficial.

Title 34 – Education

Subtitle B – Regulations of the Offices of the Department of Education

Chapter VI – Office of Postsecondary Education, Department of Education

Part 668 – Student Assistance General Provisions

Subpart C – Student Eligibility

Source: 60 FR 61810, Dec. 1, 1995, unless otherwise noted.

Authority: 20 U.S.C. 1001-1003, 1070g, 1085, 1088, 1091, 1092, 1094, 1099c, 1099c-1, 1221e-3, and 1231a, unless otherwise noted.

§ 668.34 Satisfactory academic progress.

- (a) *Satisfactory academic progress policy.* An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—
- (1) The policy is at least as strict as the policy the institution applies to a student who is not receiving assistance under the title IV, HEA programs;
 - (2) The policy provides for consistent application of standards to all students within categories of students, e.g., full-time, part-time, undergraduate, and graduate students, and educational programs established by the institution;
 - (3) The policy provides that a student's academic progress is evaluated—
 - (i) At the end of each payment period if the educational program is either one academic year in length or shorter than an academic year; or
 - (ii) For all other educational programs, at the end of each payment period or at least annually to correspond with the end of a payment period;
 - (4)
 - (i) The policy specifies the grade point average (GPA) that a student must achieve at each evaluation, or if a GPA is not an appropriate qualitative measure, a comparable assessment measured against a norm; and
 - (ii) If a student is enrolled in an educational program of more than two academic years, the policy specifies that at the end of the second academic year, the student must have a GPA of at least a “C” or its equivalent, or have academic standing consistent with the institution's requirements for graduation;
 - (5) The policy specifies—
 - (i) For all programs, the maximum timeframe as defined in [paragraph \(b\)](#) of this section; and
 - (ii) For a credit hour program using standard or nonstandard terms that is not a subscription-based program, the pace, measured at each evaluation, at which a student must progress through his or her educational program to ensure that the student will complete the program within the maximum timeframe, calculated by either dividing the cumulative number of hours the student

has successfully completed by the cumulative number of hours the student has attempted or by determining the number of hours that the student should have completed by the evaluation point in order to complete the program within the maximum timeframe. In making this calculation, the institution is not required to include remedial courses;

- (6) The policy describes how a student's GPA and pace of completion are affected by course incompletes, withdrawals, or repetitions, or transfers of credit from other institutions. Credit hours from another institution that are accepted toward the student's educational program must count as both attempted and completed hours;
- (7) Except as provided in paragraphs (c) and (d) of this section, the policy provides that, at the time of each evaluation, a student who has not achieved the required GPA, or who is not successfully completing his or her educational program at the required pace, is no longer eligible to receive assistance under the title IV, HEA programs;
- (8) If the institution places students on financial aid warning, or on financial aid probation, as defined in paragraph (b) of this section, the policy describes these statuses and that—
 - (i) A student on financial aid warning may continue to receive assistance under the title IV, HEA programs for one payment period despite a determination that the student is not making satisfactory academic progress. Financial aid warning status may be assigned without an appeal or other action by the student; and
 - (ii) A student on financial aid probation may receive title IV, HEA program funds for one payment period. While a student is on financial aid probation, the institution may require the student to fulfill specific terms and conditions such as taking a reduced course load or enrolling in specific courses. At the end of one payment period on financial aid probation, the student must meet the institution's satisfactory academic progress standards or meet the requirements of the academic plan developed by the institution and the student to qualify for further title IV, HEA program funds;
- (9) If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy describes—
 - (i) How the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs;
 - (ii) The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and
 - (iii) Information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation;
- (10) If the institution does not permit a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy must describe how the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs; and
- (11) The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for title IV, HEA program funds.

(b) **Definitions.** The following definitions apply to the terms used in this section:

Appeal. Appeal means a process by which a student who is not meeting the institution's satisfactory academic progress standards petitions the institution for reconsideration of the student's eligibility for title IV, HEA program assistance.

Financial aid probation. Financial aid probation means a status assigned by an institution to a student who fails to make satisfactory academic progress and who has appealed and has had eligibility for aid reinstated.

Financial aid warning. Financial aid warning means a status assigned to a student who fails to make satisfactory academic progress at an institution that evaluates academic progress at the end of each payment period.

Maximum timeframe. Maximum timeframe means—

- (1) For an undergraduate program measured in credit hours, a period that is no longer than 150 percent of the published length of the educational program, as measured in credit hours, or expressed in calendar time;
- (2) For an undergraduate program measured in clock hours, a period that is no longer than 150 percent of the published length of the educational program, as measured by the cumulative number of clock hours the student is required to complete and expressed in calendar time; and
- (3) For a graduate program, a period defined by the institution that is based on the length of the educational program.

(c) Institutions that evaluate satisfactory academic progress at the end of each payment period.

- (1) An institution that evaluates satisfactory academic progress at the end of each payment period and determines that a student is not making progress under its policy may nevertheless disburse title IV, HEA program funds to the student under the provisions of paragraph (c)(2), (c)(3), or (c)(4) of this section.
- (2) For the payment period following the payment period in which the student did not make satisfactory academic progress, the institution may—
 - (i) Place the student on financial aid warning, and disburse title IV, HEA program funds to the student; or
 - (ii) Place a student directly on financial aid probation, following the procedures outlined in paragraph (d)(2) of this section and disburse title IV, HEA program funds to the student.
- (3) For the payment period following a payment period during which a student was on financial aid warning, the institution may place the student on financial aid probation, and disburse title IV, HEA program funds to the student if—
 - (i) The institution evaluates the student's progress and determines that student did not make satisfactory academic progress during the payment period the student was on financial aid warning;
 - (ii) The student appeals the determination; and
 - (iii)

- (A) The institution determines that the student should be able to meet the institution's satisfactory academic progress standards by the end of the subsequent payment period; or
 - (B) The institution develops an academic plan for the student that, if followed, will ensure that the student is able to meet the institution's satisfactory academic progress standards by a specific point in time.
- (4) A student on financial aid probation for a payment period may not receive title IV, HEA program funds for the subsequent payment period unless the student makes satisfactory academic progress or the institution determines that the student met the requirements specified by the institution in the academic plan for the student.
- (d) ***Institutions that evaluate satisfactory academic progress annually or less frequently than at the end of each payment period.***
- (1) An institution that evaluates satisfactory academic progress annually or less frequently than at the end of each payment period and determines that a student is not making progress under its policy may nevertheless disburse title IV, HEA program funds to the student under the provisions of paragraph (d)(2) or (d)(3) of this section.
 - (2) The institution may place the student on financial aid probation and may disburse title IV, HEA program funds to the student for the subsequent payment period if—
 - (i) The institution evaluates the student and determines that the student is not making satisfactory academic progress;
 - (ii) The student appeals the determination; and
 - (iii)
 - (A) The institution determines that the student should be able to be make satisfactory academic progress during the subsequent payment period and meet the institution's satisfactory academic progress standards at the end of that payment period; or
 - (B) The institution develops an academic plan for the student that, if followed, will ensure that the student is able to meet the institution's satisfactory academic progress standards by a specific point in time.
 - (3) A student on financial aid probation for a payment period may not receive title IV, HEA program funds for the subsequent payment period unless the student makes satisfactory academic progress or the institution determines that the student met the requirements specified by the institution in the academic plan for the student.

[75 FR 66953, Oct. 29, 2010, as amended at 85 FR 54818, Sept. 2, 2020]