

Date of Hearing: March 12, 2024

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 1793 (Ta) – As Introduced January 4, 2024

**[Note: This bill is doubled referred to the Assembly Committee on Military and Veterans Affairs and will be heard by that Committee as it relates to issues under its jurisdiction.]**

**SUBJECT:** Student financial aid: Cal Grants: Middle Class Scholarship Program: eligibility: dependents of members of the armed services stationed outside of California

**SUMMARY:** Extends Cal Grant and Middle Class Scholarship Program (MCSP) to a natural or adopted child, stepchild, or spouse who is a dependent of a member of the Armed Forces of the United States stationed outside of California on active duty but otherwise maintains their residence in California. Specifically, **this bill:**

- 1) Specifies that a student who is a natural or adopted child, stepchild, or spouse who is a dependent of a member of the Armed Forces of the United States stationed outside of California on active duty but otherwise maintains their residence in California, will be eligible for an award, as specified, if they meet all other eligibility requirements.
- 2) Makes technical and conforming changes.

**EXISTING LAW:**

- 1) Creates the Cal Grant Program, and therein establishes the Cal Grant A Entitlement Awards, the Cal Grant B Entitlement Awards, the California Community College (CCC) Expanded Entitlement Awards, the California Community College Transfer Entitlement Awards, the Competitive Cal Grant A and B Awards, the Cal Grant C Awards, and the Cal Grant T Awards under the administration of the Student Aid Commission. (Education Code (EDC) Section 69430 et al.)
- 2) Establishes the Cal Grant Reform Act, which revises and recasts the provisions establishing and governing the existing Cal Grant Program into a new Cal Grant Program. Specifies that the act becomes operative only if General Fund moneys over the multiyear forecasts beginning in the 2024–25 fiscal year are available to support ongoing augmentations and actions, and if funding is provided in the annual Budget Act to implement the act. (EDC Section 69504 et al.)
- 3) Establishes eligibility requirements for awards under the program for participating students attending qualifying institutions, including, among others, California residency requirements, as provided. (EDC Sections 69411 and 69433.9.)
- 4) Establishes the Middle Class Scholarship Program (MCSP) under the administration of the commission. Existing law makes an undergraduate student eligible for a scholarship award under the MCSP if the student is enrolled at the University of California or the California State University, or enrolled in upper division coursework in a community college baccalaureate program, and meets certain eligibility requirements, including, among others,

that the applicant meets the eligibility requirements for a Cal Grant. (EDC Section 70020 et al.)

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Purpose.* According to the author, “AB 1793 would apply to a deserving body of active-duty service member who have been relocated outside of California but maintain their residency in California during their time in the service. With the current law as it is, if you are a dependent of a parent or guardian who is a military member and have temporarily moved outside of California due to official orders, you are not eligible for Cal Grants or the Middle-Class Scholarship Program, even if your parents maintain a California residence and continue to pay income and property taxes to the state.”

*Background.* California is military hub, with key training and operational capabilities across all branches of service. According to information from the Department of Defense, in 2022 California was home to: 151,939 active-duty service members, 57,155 active-duty spouses, 87,899 active-duty children, 90,685 National Guard and reserve members, 36,164 National Guard and reserve spouses, and 47,326 National Guard and reserve children.

AB 1793 (Ta) seeks to serve a unique subset of these military families – those that maintain permanent homes of record in California but, as a family, relocate under official orders. An examination by Committee Staff identified numerous instances where families could be temporarily ordered to relocate upon assignment inside and outside of the continental United States.

*Cal Grant.* California’s primary state-funded student financial aid program, the Cal Grant, is the largest state financial aid program.

There are currently three kinds of Cal Grants, A, B and C, of which eligibility is determined by the Free Application for Federal Student Aid (FAFSA) or California Dream Act Application, a student’s verified Cal Grant GPA, the type of California colleges a student listed on their FAFSA, and whether they are a recent high school graduate. Students are considered for a Cal Grant A, B, or C after they either establish eligibility for an Entitlement award (if they graduated from high school less than one year ago or transfer from a community college before age 28) or secure one of a limited number of Competitive awards (for any students that do not qualify for an Entitlement).

The 2021-22 Budget Act included the largest Cal Grant expansion in more than two decades. Prior to this action, only recent high school graduates and transfer students under the age of 28 qualified for a Cal Grant entitlement award, which left tens of thousands of low-income California college students out of the program.

Additionally, the Budget Act expanded entitlement awards to CCC students regardless of their age and time out of high school. For CCC students who receive this new award, they remain eligible for the award even after transferring to a California State University (CSU) or University of California (UC) campus.

*Middle Class Scholarship Program.* The State created the original MCS program in the 2013-2014 Budget package to provide partial tuition coverage to certain UC and CSU students. Originally, MCS awards were for students who were not receiving tuition coverage through the

Cal Grant program or other need-based financial aid programs. At full implementation, the program was providing average awards of \$3,000 for UC students and \$1,700 for CSU students. Nearly 60,000 students received the award in 2021-2022.

The MCS 2.0 was created in the 2021 Budget Act and implemented in 2023. The adopted plan revamped the MCS program to focus on total COA rather than tuition only. Under the revamped program, students may use MCS awards for nontuition expenses, such as housing and food. The state is implementing the revamped program for the first time in 2022-2023. Award amounts are now calculated based on a multicomponent formula. Calculating a student's award amount under the revamped program involves several steps. First, CSAC accounts for other available gift aid, a student contribution from part-time work earnings, and parent contribution for dependent students with a household income of over \$100,000. CSAC then deducts these amounts from the student's total cost of attendance to determine whether the student has any remaining costs. Finally, CSAC determines what percentage of each student's remaining costs to cover based on the annual state appropriation for the program. Under this formula, award amounts vary widely among students, with each student's award reflecting their costs and available resources.

The revamped MCS program generally maintains the income and asset ceilings of the original program, adjusted for inflation. The maximum annual household income to qualify for an MCS award is \$217,000 for dependent students in 2024-2025. However, the program is now serving considerably more low-income students than before. Now students receiving tuition coverage through Cal Grants or other financial aid programs are newly eligible for MCS awards to help cover nontuition expenses under the revamped program. More than half of students offered MCS awards in 2022-2023 have a household income of \$50,000 or less, and more than 80% have a household income of \$100,000 or less. Students with lower household incomes, however, receive smaller MCS awards on average because they tend to receive more financial aid from other programs (such as Cal Grants, Pell Grants, and institutional aid).

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

American Legion, Department of California  
California Association of County Veterans Service Officers  
Military Officers Association of America, California Council of Chapters

### **Opposition**

None on file

**Analysis Prepared by:** Kevin J. Powers / HIGHER ED. / (916) 319-3960