

Date of Hearing: March 18, 2024

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 1887 (Cervantes) – As Amended March 13, 2024

**SUBJECT:** Student financial aid: application deadlines: extension.

**SUMMARY:** Extends the April 2, 2024, application deadline for financial aid programs administered by the California Student Aid Commission (CSAC) by one month. Specifically, **this bill:**

- 1) Extends the Cal Grant application for financial aid programs administered by CSAC, by one month, from April 2, 2024, to May 2, 2024, for the 2024-25 award year only.
- 2) Stipulates that this measure is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order for California students to have sufficient time to complete the federal Free Application for Federal Student Aid (FAFSA), which provides access to federal Pell Grant awards, Cal Grant awards, Middle Class Scholarship (MCS) Program awards, and institutional aid programs at institutions of higher education, and which has been delayed this year, it is necessary that this measure take effect immediately.

**EXISTING LAW:** *Federal law.* The federal Pell Grant provides aid to students who demonstrate financial need. The Pell Grant award can be used for tuition and fees, books, supplies, transportation, and living expenses for the equivalent of up to six years of full-time enrollment. The maximum Pell Grant award is \$7,395 for the award year 2023-24 (which covers the span of July 1, 2023, through June 30, 2024) (20 U.S.C. Section 1070).

Presently, it is anticipated that the maximum award will not change for the 2024-25 award year (which covers the span of July 1, 2024, through June 30, 2025).

*State law.*

- 1) Establishes the CSAC for the purpose of administering specified student financial aid programs (Education Code (EC) Section 69510, et seq.).
- 2) Establishes the Cal Grant program, administered by the CSAC, to provide grants to financially needy students to attend a college or university. The Cal Grant programs include both the entitlement and the competitive Cal Grant awards. The program consists of the Cal Grant A, Cal Grant B, and Cal Grant C programs, and eligibility is based upon financial need, grade point average (GPA), California residency, and other criteria. Maximum award amounts for the California State University (CSU) and the University of California (UC) are established in the annual Budget Act and have traditionally covered all systemwide tuition and fees. Supplemental Cal Grant awards programs are available to students with dependents and former and current foster youth attending CSU, UC, or a California Community College (CCC) to assist with non-tuition costs, such as living expenses (EC Sections 69430 – 69433 and Sections 69465 - 69470).

- 3) Establishes, the Cal Grant Reform Act commencing in the 2024-2025 fiscal year, if General Fund moneys over the multiyear forecasts are available to support ongoing augmentations and actions, and if funding is provided in the annual Budget Act. Under the Act, the Cal Grant 2 and Cal Grant 4 programs are created. The Cal Grant 2 is for CCC students, and provides non-tuition support that grows annually with inflation. The Cal Grant 4 program is for students at the UC, CSU, and other institutions. The Act also states legislative intent that UC and CSU use institutional aid to cover non-tuition costs for their students (EC Sections 69424, 69425, and 69428).
- 4) Establishes the MCS Program to offset a portion of tuition costs for students attending the UC and the CSU. Students with family income and assets up to \$201,000 may be eligible. Starting in the 2022-23 academic year, MCS awards may be used to cover the total cost of attendance at UC and CSU (EC Section 70020, et seq.).
- 5) Extends the Cal Grant priority deadline for financial aid programs administered by CSAC, if the FAFSA application form is not available on or before October 1, 2023, to April 2, 2024, for the 2024-25 award year only (Section 22 of Chapter 50 of the Statutes of 2023).

**FISCAL EFFECT:** Unknown

**COMMENTS:** *Urgency statute.* This measure was substantially amended on March 13, 2024. The current version of this measure includes an urgency clause and, if chaptered, will take effect immediately.

*Need for the measure.* According to the author, “due to the ongoing issues and delays with the implementation of FAFSA reform, many students need additional time to complete FAFSA so they can apply for state and federal financial aid. This is especially true for students with parents who are undocumented. The additional time will also hopefully allow the federal government to resolve many of the existing problems with the revamped FAFSA.”

Further, the author contends that, “if students are unable to complete the FAFSA, they are likewise ineligible for federal Pell Grant awards or state Cal Grant and Middle Class Scholarship financial aid. These FAFSA implementation issues have also rendered colleges and universities unable to provide prospective students with financial aid award offers, upending their traditional admission and enrollment timelines.”

Lastly, the author states, “Assembly Bill 1887 will extend the application deadline for state financial aid programs from April 2 to May 2. This will provide our students with additional time to complete the FAFSA, allow the federal government to have more time to solve the ongoing implementation issues with the new FAFSA, and match the decisions of many institutions of higher learning to extend their enrollment deadlines beyond the traditional May 1 cutoff. This bill will help ensure that more California students are able to complete the FAFSA, avail themselves of state Cal Grant or Middle Class Scholarship financial aid, and enable them to access the financial resources they need to begin their college educations in earnest.”

*Free Application for Federal Student Aid (FAFSA).* There are currently three kinds of Cal Grants, A, B and C, of which eligibility is determined by the 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).

*Federal changes.* As part of federal COVID-19 related legislation signed into law in late December 2020, the process for applying for and receiving federal aid was simplified. The federal changes, initially were to commence with the 2023-24 academic year. However, the changes were delayed in June 2021, and are just going into effect commencing with the 2024-25 academic year. In part, the changes do the following:

- 1) *Simplify the FAFSA form.* The FAFSA is the form students need to complete in order to receive any financial aid from the federal government to help pay for college. Each year, over 13 million students who file the FAFSA get more than \$120 billion in grants, work-study, and low-interest loans from the U.S. Department of Education. Additionally, many states, including California, and colleges use the FAFSA to determine which students will receive state and institutional financial aid—and how much they will receive.

Simplifying the FAFSA will not only make the form easier to fill out by eliminating two-thirds of the questions, but it will also affect the determination of financial need for low, middle, and high-income students.

- 2) *Change the Expected Family Contribution (EFC) to the Student Aid Index (SAI).* While the SAI is similar in nature to the EFC, according to the Institute for College Access and Success, the name change will more accurately reflect the meaning of the calculation when determining student aid eligibility rather than an expectation of what a family can afford to pay for college.

Under the new model, a student applicant's SAI can be as low as -\$1,500; however, the lowest EFC under the existing model is \$0.

Committee Staff understands that the goal of the negative SAI is to provide states and postsecondary institutions of learning a more nuanced picture of student need in order to best target institutional and campus-based aid.

- 3) *Change how Pell Grant eligibility will be determined.* Using the simplified FAFSA form, the Pell amounts will generally be determined by subtracting the SAI from the maximum Pell Grant award. Students who have a negative or zero SAI will receive the maximum amount available.

Applicants whose family adjusted gross income (AGI) falls below a specified percentage of the federal poverty level, will be guaranteed eligibility (regardless of their SAI). Further, applicants whose family AGI is up to 225% of the federal poverty level could also be eligible for the maximum award, and up to 400% of the federal poverty level for the minimum Pell award.

Committee Staff understands that this additional eligibility layer is intended to enable students and families to make a simpler and earlier determination of their Pell eligibility than what was possible under the former system.

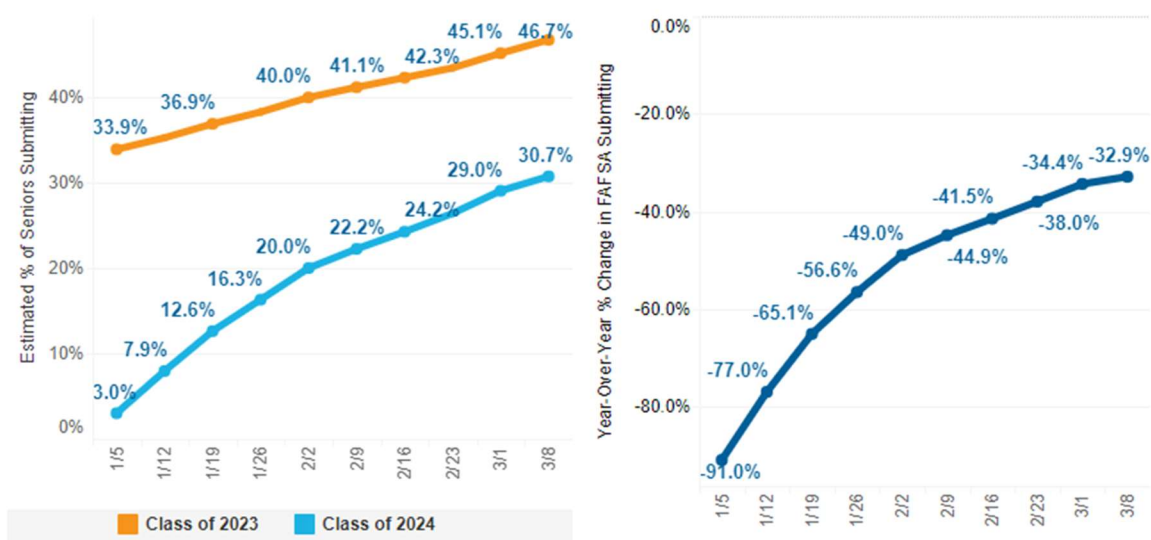
*Continued challenges with the rollout of the new FAFSA application.* As noted in the *Federal changes* section of this analysis, the U.S. Department of Education (USDE) made myriad changes to the federal FAFSA. While the changes seek to simplify the application form by reducing the number of questions students and families need to answer and transfer data directly from their previous tax filings, after over a year delay in implementing or launching the form, the USDE still did not release the new form for the 2024-25 award year until three months later than all prior years (released on December 30, 2023 instead of October 1, 2023).

Additionally, USDE is several months behind normal scheduling in sharing the student records that campuses use to make financial aid offers to students. Furthermore, the launch of the new form contained several technical glitches that have prevented mixed-status families (those in which a student has one parent without a social security number), from completing the new application form.

The USDE, on March 12, 2024, announced that it had made long-awaited technical updates that would enable mixed-status families to submit the FAFSA. However, the USDE also indicated that it had, “uncovered separate issues that still need to be resolved.” Presently, it is unclear exactly what the newly uncovered issues entail, and when said issues will be resolved by USDE.

With the launch of the new application form delayed by several months, according to the graph below by the National College Attainment Network, through March 8, 2024, the most recent data available at the time this analysis was published, in California, 30.7% of all the high school class of 2024 has submitted a FAFSA. Nationally, there have only been 1,275,781 submissions, a -32.9% change compared to last academic year.

**Estimated Percent of Seniors Submitting a FAFSA**    **Year-Over-Year % Change in FAFSA Submissions**



Data Source: National College Attainment Network’s FAFSA Tracker

*Committee comments.* With the already extended deadline to apply for financial aid fast approaching on April 2, 2024, should this measure become law, how will students know of the extension? According to CSAC, they would communicate the extension of the financial aid deadline across multiple channels. Additionally, CSAC has several methods by which to disseminate information to students and families, through local grant-funded organizations through the Cash for College and California Student Opportunity and Access Program, social media, and direct communications to students whom CSAC has contact information available.

Additionally, CSAC also has methods through which they can inform education partners about a deadline extension. The CSAC informs counselors and financial aid administrators about key updates through a special alert system that reaches thousands of professionals across California. Further, CSAC will notify executive leadership at K-12 school districts and postsecondary institutions directly. Lastly, CSAC will provide resources to legislators so that they can communicate the extension of the financial aid deadline to their constituents.

*Intent to register?* Typically, when students are accepted into a UC, CSU, or a California independent college or university, students traditionally have until around May 1 to officially inform the campus of their intent to register. With delays in the FAFSA application roll out, it has become evident that thousands of students will not be able to make an informed decision without knowing what their financial aid packages will entail.

Knowing the ongoing concerns with the rollout of the FAFSA form, the CSU and UC, both extended their intent to register deadline for all new students. As of publication of this analysis, the CSU has extended the intent to register from May 1, 2024, to May 15, 2024. However, Committee Staff understands that the CSU continues to closely monitor the ongoing challenges of the new FAFSA application form, including processing delays, and is committed to being as flexible as possible including extending the deadline past May 15, 2024, if necessary.

The UC has also extended their commitment deadline, from May 1, 2024, to May 15, 2024, with the exception of UC Berkeley, which did not extend to May 15 for non-California residents (meaning the deadline extension is only for prospective students who are from California). According to the UC, if the Cal Grant deadline is extended to May 2, students who apply on the deadline still have a week to receive their financial aid packages and make their decision by the extended commitment deadline. Further, according to the UC, students who apply earlier can receive their financial aid packages earlier. Lastly, for UC campuses that have less enrollment constraints and do not have waitlists may extend their commitment deadline to June 1, but, as of the time this analysis was published, the UC anticipates that most campuses will keep the May 15 deadline in order to ensure that they are meeting enrollment targets for resident, non-resident, and transfer students. The UC notes that if the commitment deadline is pushed out much further, it impacts processes like housing assignments, course placement, orientation scheduling, and student visa processing.

*Senate Early Action Plan.* The State Senate, on March 14, 2024, released their early action budget plan entitled, *Protect Our Progress 2024 – Step One: Shrink the Shortfall*. The Plan, in part, includes extending the FAFSA deadline in order to address delays from the federal government.

It is presently unclear if the Plan will be enacted before the current financial aid deadline of April 2, 2024.

*Comments in support.* According to the CSAC, “among the issues with the launch of the restructured FAFSA is that students with parents who do not have a Social Security number have found themselves unable to complete the online application. California students with parents who are undocumented have been unable to apply for federal financial aid through the FAFSA, even if they themselves are citizens of the United States. In 2023-24, over 100,000 California students had a parental contributor to their financial aid application that did not include a Social Security number. Assembly Bill 1887 extends the application deadline for state financial aid programs from April 2 to May 2. These programs include both Cal Grant aid and the Middle Class Scholarship. This helps ensure that more California students are able to complete the FAFSA to both inform their enrollment choices and to access the financial resources they need to begin their higher education journeys.”

*Prior legislation.* SB 117 (Senate Committee on Budget and Fiscal Review), Chapter 50, Statutes of 2023, in part, extends the Cal Grant priority deadline given the delayed launch of the new simplified FAFSA application forms, to April 2, 2024, for the 2024-25 award year only.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Antelope Valley Community College District  
 Association of Independent California Colleges & Universities (AICCU)  
 California Association of Christian Colleges and Universities  
 California Faculty Association  
 California State University, Office of The Chancellor  
 California Student Aid Commission  
 Cerritos College  
 Citrus College  
 Contra Costa Community College District  
 Kern Community College District  
 Los Angeles Unified School District  
 Mt. San Antonio College  
 North Orange County Community College District  
 Palo Verde Community College District  
 Pasadena Area Community College District  
 Peralta Community College District  
 San Bernardino Community College District  
 San Diego Community College District  
 Santa Monica College  
 Southwestern Community College District  
 The Institute for College Access & Success  
 University of California

### **Opposition**

None on file.

**Analysis Prepared by:** Jeanice Warden / HIGHER ED. / (916) 319-3960