

Date of Hearing: March 18, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 88 (Ta) – As Introduced January 6, 2025

**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 dependents of U.S. military members stationed outside of California on active duty who otherwise maintain their legal residence in California. Specifically, **this bill:**

- 1) Provides Cal Grant and MCSP eligibility to a student who was not a resident of California at the time of high school graduation or its equivalent but meets all other applicable eligibility requirements and is a dependent natural or adopted child, stepchild, or spouse of a member of the Armed Forces of the United States stationed outside of California on active duty, if the member of the Armed Forces of the United States otherwise maintains California as their state of legal residence.
- 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.)

- 5) 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 in this California on active duty is entitled to resident classification for the purpose of determining the amount of tuition and fees. (EDC Section 68074)
- 6) Specifies that a student who is a member of the Armed Forces of the United States stationed in California is entitled to resident classification for the purpose of determining the amount of tuition and fees. (EDC Section 68075)
- 7) Federal law states a servicemember (and a servicemember's spouse) shall neither lose nor acquire a residence or domicile for purposes of taxation with respect to the person, personal property, or income of the servicemember by reason of being absent or present in any tax jurisdiction of the United States solely in compliance with military orders. (50 USC Sec. 4001.)

**FISCAL EFFECT:** Unknown. This bill has not been analyzed by a fiscal committee.

**COMMENTS:** *Purpose.* According to the author, “military service members who are California residents may sometimes receive government orders requiring them to relocate outside of the state for extended periods. Their family members often accompany them for these temporary duty assignments. Unfortunately, this temporary move can occur during a dependent child's senior high school year, resulting in their high school graduation outside of California.”

“AB 88 would apply to a deserving body of active duty servicemember 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 MCSP, even if your parents maintain a California residence and continue to pay income and property taxes to the state.”

*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 altered 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 non-tuition expenses, such as housing and food. The state implemented 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, the California Student Aid Commission (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 \$234,000 for dependent students in 2025-2026. 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 non-tuition expenses under the revamped program. More than half of students who received MCS awards in 2023-24 had a household income of \$50,000 or less, and almost 80 percent had a household income of \$100,000 or less. Students with lower household incomes, however, tended to receive smaller award amounts because they were receiving more gift aid from other programs (such as Cal Grants, Pell Grants, and institutional aid).

*Arguments in support.* A coalition of Veteran Service Organizations wrote in support of AB 88, noting that "California has long recognized the sacrifices our active-duty service members and their families made. AB 88 is a necessary step forward in honoring this commitment by guaranteeing equitable access to higher education benefits for military dependents. Under current law, dependents of military families who are stationed outside the state due to official orders often face undue barriers in accessing these essential education programs—even though their parents continue to pay state taxes and maintain California residency."

"We have witnessed instances where families, despite upholding their California residency and fulfilling all other eligibility requirements, encounter significant challenges simply because their dependents graduated from a high school outside the state due to military relocation. Such situations highlight a systemic inequity that penalizes military families for circumstances entirely beyond their control."

“AB 88 directly addresses this issue by ensuring that dependents of active-duty service members, who continue to honor California through their residency and tax contributions, are not disadvantaged when it comes to accessing educational opportunities. This narrowly tailored legislation is a precise and necessary correction, designed specifically to support those who have already sacrificed so much in the service of our country.”

*Committee comments.* As noted in existing law, servicemembers stationed in California and their dependents are entitled to resident classification in order to determine their tuition – and are allowed to maintain that residency if the servicemember is later stationed outside of the state, so long as the servicemember or their dependents remain continuously enrolled in the institution.

The expanded residency status proposed in AB 88 (Ta) seems a natural companion to this existing law. If a servicemember maintains California as their state of legal residency, than it seems reasonable that their children be entitled to financial aid options that residency has helped to support.

*Prior legislation.* AB 1793 (Ta, 2024), was substantively similar to this AB 88 (Ta). This measure was held in the Senate Appropriations Committee.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

American Legion, Department of California  
Amvets, Department of California  
California State Commanders Veterans Council  
Military Officers Association of America, California Council of Chapters  
Vietnam Veterans of America, California State Council

### **Opposition**

None on file

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