

Date of Hearing: March 18, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Mike Fong, Chair
AB 313 (Ortega) – As Amended March 10, 2025

SUBJECT: Student financial aid: application deadlines: extension.

SUMMARY: Extends the application deadlines for financial aid programs administered by the California Student Aid Commission (CSAC) by one month if the opening of the Free Application for Federal Student Aid (FAFSA) is delayed in any year. Specifically, **this bill:**

- 1) Requires CSAC, if the opening of the FAFSA is delayed in any year, to extend the application deadline in the following year by one month for every financial aid program administered by CSAC with an application deadline.
- 2) Stipulates that the extension, pursuant to (1) above, applies, but is not limited to, all of the following financial aid programs:
 - a) The Cal Grant 4 Program, as defined;
 - b) The Cal Grant A Entitlement Program, as defined;
 - c) The Cal Grant B Entitlement Program; as defined;
 - d) The California Community College Transfer Cal Grant Entitlement Program, as defined;
 - e) The Competitive Cal Grant A and B award program, as defined; and,
 - f) The Middle Class Scholarship (MCS) Program, as defined

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 2024-25 (which covers the span of July 1, 2024, through June 30, 2025) (20 U.S.C. Section 1070).

Presently, it is anticipated that the maximum award will not change for the 2025-26 award year (which covers the span of July 1, 2025, through June 30, 2026).

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. 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.).

The maximum annual household income to qualify for an award is \$234,000 for dependent students in 2025-26.

- 5) Authorizes CSAC to grant up to an additional 30 calendar days beyond an application deadline for any financial aid program administered CSAC if CSAC receives and approves a formal request to postpone the application deadline from either the superintendent of a school district or community college district or from the president or chancellor of a California institution of higher education that is eligible to receive state funds for student financial assistance and CSAC finds that a “qualifying event” has occurred. Defines “qualifying event” as any event or extenuating circumstance outside of the control of the pupils or students in an affected school district, community college district, or area or region that has had an adverse effect on the ability of students within the district to successfully complete and submit their financial aid applications by an established statutory deadline. The qualifying event must have occurred or been ongoing during the period for which financial aid applications were available to submit for the following academic year, and includes, but is not limited to, any of the following types of events:
 - a) A natural disaster;
 - b) A state of emergency declared by the Governor or the President of the United States; or,
 - c) A labor action (EC Section 69513.2).

- 6) 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; and, 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 (Section 22 of Chapter 50 of the Statutes of 2023).

FISCAL EFFECT: Unknown

COMMENTS: *Need for the measure.* According to the author, “fewer California high school seniors are completing the FAFSA and the CA Dream Act Application (CADAA) applications, dropping by 25% compared to this time last year. Additionally, the share of students applying who have at least one undocumented parent has dropped more drastically, by 44% (from 30,000 this time last year to 17,000 as of this past week).¹”

The author contends that AB 313 seeks to address a pressing higher education equity issue and that completing a FAFSA or CADAA is a major determining factor for low-income and first-generation students’ decision on whether to pursue and enroll in postsecondary education.

According to the author, “in the past three years, 2025 included, the federal Department of Education (Department of Ed) was late in making the FAFSA application available to students. In 2020, Congress mandated the Department of Ed to rethink and streamline the FAFSA application process. While the Department of Ed met its rollout deadline of the 2023-24 school year, the process has been plagued by glitches each year since then, causing delays in the opening of the application season.”

The author contends that, “this delay in opening the FAFSA application has caused students to rush through the process and have a very difficult time in completing the application. Many students just give up and postpone their applications to higher education institutions. At a time when enrollment for higher education institutions is shrinking, the complications caused by the untimely opening of the FAFSA application process is further de-incentivizing potential students from pursuing higher education.”

Additionally, the author states that, “AB 313 would help the student groups most negatively impacted by the delay in FAFSA roll out have more time to navigate, complete, and submit a financial aid application. For a second year in a row, FAFSA was made available to students two months later than expected, resulting in first-generation and low-income students having less time to seek assistance from a counselor or college access organization. CSAC also had to delay the launch of the CADAA to ensure that it aligned with any changes made to the new FAFSA.”

Lastly, the author states, “furthermore, a delayed start to the application cycle has also meant that first-generation and low-income students have less time to address any technical issues associated with several of the outstanding glitches with the new FAFSA, or for families to navigate the additional considerations in applying for aid given the changing national landscape. AB 313 ensures that first-generation, low-income students – and students from other

¹ [“Fewer California high school seniors are applying for financial aid. Some blame Trump’s immigration policies,”](#) CalMatters, February 13, 2025.

underrepresented backgrounds – have an equitable opportunity to apply and be considered for state financial aid programs like Cal Grant and not be penalized for delays in the FAFSA’s release.”

This measure seeks to extend the application deadlines for financial aid programs administered by CSAC by one month *if* the opening of the FAFSA is delayed in any year.

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) fall 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).

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.”

The 2025-26 cycle was also delayed. The USDE announced on August 7, 2024, that the upcoming FAFSA form would not be open to all students until December 1, 2024 – about two months later than the typical release date. There was also a phased rollout, including a testing period in which a limited number of students and institutions had access to the form beginning October 1, 2024, as a way to preventively address potential problems before it officially went live.

Committee Staff understands that students who were a part of that test period did not have to resubmit their form when it officially opened to everyone else.

Arguments in support. According to the Faculty Association of California Community Colleges, “while the Department [USDE] has made significant progress in resolving the myriad technical issues that plagued the 2024-25 FAFSA, there are still several outstanding issues and the launch of the 2025-26 FAFSA was delayed and not made fully available until December 1, 2024. These issues may persist in future years, and AB 313, which seeks to extend the application deadline for several California student financial aid programs by one month when their rollout is delayed, ensures that students aren’t impacted by delays and have the opportunity to access the financial resources necessary for their educational pursuits.”

REGISTERED SUPPORT / OPPOSITION:

Support

California Student Aid Commission (Sponsor)
California Association of Christian Colleges and Universities
Campaign for College Opportunity
El Camino Community College District
Faculty Association of California Community Colleges
Pasadena Area Community College District

Opposition

None on file.

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