

Date of Hearing: March 18, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

AB 402 (Patel) – As Introduced February 4, 2025

SUBJECT: Student financial aid: Cal Grant Program and the California Community College Expanded Entitlement Program.

SUMMARY: Sets the 2024–25 award year amount for new Cal Grant A and B recipients attending an independent institution of higher education (ICCU) at \$9,358. Beginning with the 2025–26 award year, sets the maximum tuition award amount for new Cal Grant A and B recipients at either \$9,708 or \$8,056, with the higher amount conditioned on the achievement of the target numbers for associate degree for transfer commitments that apply for the prior award year. Authorizes a student who receives a California Community College (CCC) Expanded Entitlement Award and who subsequently transfers to an ICCU to remain eligible to receive the award, as specified.

EXISTING LAW:

- 1) Defines “independent institutions of higher education” as those nonpublic higher education institutions that grant undergraduate degrees, graduate degrees, or both, and that are formed as nonprofit corporations in this state and are accredited by an agency recognized by the United States Department of Education (Education Code (EC) Section 66010, et seq.).
- 2) Establishes the California Student Aid Commission (CSAC) for the purpose of administering specified student financial aid programs (EC Section 69510, et seq.).
- 3) 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 California State University (CSU) and 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 dependent child(ren) and former and current foster youth attending CSU, UC, or a CCC to assist with non-tuition costs, such as living expenses. Sets the maximum Cal Grant A and B tuition award amount for new recipients in the 2023-24 award year, who attend an ICCU, at \$9,358 (EC Sections 69430–69433 and Sections 69465-69470).
- 4) Establishes the CCC Expanded Entitlement Program, which eliminates the age and time out of high school Cal Grant eligibility requirements for eligible CCC students. Specifies that CCC Expanded Entitlement Awards may retain their Cal Grant Award when they transfer to a UC or CSU (EC Section 69435.5).

FISCAL EFFECT: Unknown

COMMENTS: *Need for the measure.* According to the author, “Cal Grant is a key financial aid source for low income students that has not kept up with the increasing costs of colleges. This is

especially true with private institutions where funding has decreased by 4% since 2001. By increasing the award amounts of Cal Grant and expanding it to Community College transfer students we are reinvesting into our state's future."

Further, the author states, "giving more funding to low income students increases opportunities and access to institutions that are crucial for social mobility."

Role of ICCUs. Founded in 1955, the Association of Independent California Colleges and Universities (AICCU) is comprised of over 85 independent, nonprofit colleges and universities in California. Together, these institutions make up the Independent California Colleges and Universities sector (ICCU). The ICCUs are located throughout the state in nearly every community and collectively educate over 346,000 students, including 184,200 undergraduates.

Last year the ICCUs welcomed over 3,300 new transfer students from the CCC and provided undergraduate education to roughly 40,000 nontraditional students and returning adults. The sector educates nearly 25,000 Cal Grant recipients. Among those students, 51% identify as Latinx and nearly half (48%) are the first in their families to go to college.

Additionally, the ICCUs enroll 45% of students in teacher education programs, and credential 43% of the State's new teachers.

Expanded Entitlement Program for CCC Students. The 2021-22 State Budget Act included an expansion to the Cal Grant Program by establishing the CCC Expanded Entitlement Program. This Program establishes Cal Grant A and B entitlement eligibility for students attending a CCC who were not awarded at the time of high school graduation.

Students who receive a CCC Expanded Entitlement award are permitted to retain their remaining Cal Grant eligibility when transferring to a CSU or UC campus so long as they receive at least one payment at a CCC and continue to meet income and academic requirements. However, existing law prohibits eligible students who choose to transfer to an ICCU from accessing the remainder of their award.

This measure, in part, authorizes eligible students transferring to an ICCU, to benefit from the Program.

Arguments in support. According to the AICCU, "we firmly believe that college is worth it for those who choose it. The combination of state aid, institutional support, and the federal Pell Grant program is a critical partnership that helps expand opportunities for students in all communities and regions of the state while reducing the need for students to take out loans or work long hours."

Further, AICCU states that, "our institutions do their part to ensure affordable access for these students, who on average receive over \$24,000 per year in institutional grant aid. Compared to 2013, our institutions have increased the average institutional grant aid by over 30%, investing in a greater share of the students' cost of attendance while state and federal aid has been stagnant."

Additionally, per the AICCU, "AB 402 provides direct state investment to students and their pursuit of a baccalaureate degree in two ways. First, by increasing the Cal Grant award amount to \$9,708, the state can restore the award amount to a level not seen since 2001. Second, the bill

supports nontraditional transfer students by guaranteeing transfer portability of the California Community College Expanded Entitlement Program to those who transfer to an ICCU.” The AICCU notes that, “currently, nontraditional students who receive a Cal Grant at community college do not have the ability to use remaining eligibility at one of our institutions, creating an artificial financial barrier for these students and locking them out of the programs and opportunities that they might otherwise benefit from.”

Lastly, the AICCU cites, “these targeted policies are not only equitable, but cost-effective and strengthen our partnership to educate and train the future workforce and leaders of California. Our universities educate students at a lower cost to the state than our public counterparts. A Cal Grant eligible student who attends our institutions receives an average of \$8,927 from the state, compared to \$19,635 at a CSU and \$31,318 at a UC when you combine the Cal Grant award with per-student funding the state provides for enrollment. AB 402 advances the state’s broader policy goals around college access, affordability, and degree attainment by strengthening the partnership between our institutions and the state that supports students.”

Prior legislation. AB 132 (Assembly Committee on Budget), Chapter 144, Statutes of 2021, the Higher Education Trailer Bill for the 2021-22 Budget Act, in part, enacted the CCC Expanded Entitlement Program.

AB 183 (Assembly Committee on Budget). Chapter 54, Statutes of 2022, the Higher Education Trailer Bill for the 2022-23 Budget Act, in part, increased the award amount, from \$9,220 to \$9,358, for the approximately 28,000 Cal Grant students attending an ICCU.

REGISTERED SUPPORT / OPPOSITION:

Support

Association of Independent California Colleges and Universities (AICCU)
 California Chamber of Commerce
 California Lutheran University
 Hispanic Association of Colleges and Universities (HACU)
 Mount Saint Mary's University
 National University
 North Orange County Community College District
 Point Loma Nazarene University
 San Diego Community College District
 Southern California University of Health Sciences (SCUHS)
 Southwestern Community College District
 Thomas Aquinas College
 UNITE-LA, Inc.
 University of Southern California

Opposition

None on file.

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