

Date of Hearing: June 24, 2025

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Mike Fong, Chair

SB 67 (Seyarto) – As Introduced January 13, 2025

[Note: This bill is double-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.]

SENATE VOTE: 38-0

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 to existing law.

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 seq.)
- 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 seq.)
- 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 seq.)
- 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) will 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: According to the Senate Committee on Appropriations, by expanding eligibility for Cal Grants and the MCS Program, the California Student Aid Commission (CSAC) indicates that this bill could result in additional General Fund costs, potentially in the low hundreds of thousands of dollars each year. However, actual costs would depend on the number of new students that qualify for the grants as well as the amount of the grants received.

COMMENTS: According to the author, "California is home to many active-duty military personnel and Veterans who made the courageous decision to dedicate their lives to service and protecting our nation's freedoms. This weighty commitment often takes them and their families far away from the state they call their home for extended periods of time, whether it be across state lines or across the globe."

"The fact that these families are stationed out of state does not make them any less Californian. California is their home, they pay the same taxes and they contribute in all the same ways as any other resident and then some with their added commitment to our nation. Cal Grant was meant to make education more accessible to all Californians regardless of their socioeconomic status or background. SB 67 will ensure our military families are afforded that same access to education for their children."

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 cost of attendance (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 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% 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 SB 67 (Seyarto), noting that, “California’s Cal Grant program is the state’s largest financial aid resource, providing vital assistance to help students afford college. However, current law unintentionally excludes a unique group: dependents of military personnel who maintain legal California residency but are stationed out of state under official military orders. As a result, these students—though their families continue to pay taxes and own property in California—are deemed ineligible for aid simply because they graduated from an out-of-state high school.” SB 67 corrects this oversight by recognizing that service members often retain California as their legal residence, even when military duty requires relocation. As the Stuttgart Law Center explains, legal residence is determined by factors such as registering to vote, paying California taxes, and maintaining a California driver’s license and permanent address. The bill appropriately affirms that dependents of those service members should not be penalized for their parent’s federal military assignments. By clarifying eligibility criteria, SB 67 advances equitable access to higher education for military families, honoring their service and preserving the intent of the Cal Grant program.”

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 SB 67 (Seyarto) seems a natural companion to this existing law. If a servicemember maintains California as their state of legal residency, then it seems reasonable that their children be entitled to financial aid options that residency has helped to support.

Prior and related legislation. AB 88 (Ta, 2025), identical to this bill and AB 1793 (Ta, 2024), would expand eligibility for the Cal Grant and MCS program to dependents of a US Armed Forces member who maintains California as their state of legal residency, even if the dependent did not graduate from a California high school and otherwise meets all other applicable eligibility requirements. AB 88 (Ta) is in the Senate Committee on Education.

AB 1793 (Ta, 2024), was held in the Senate Committee on Appropriations.

REGISTERED SUPPORT / OPPOSITION:

Support

American Legion, Department of California
AMVETS - Department of California
California Association of County Veterans Service Officers
California State Commanders Veterans Council
California State University, Office of the Chancellor
Junior Leagues of California State Public Affairs Committee (CALSPAC)

Military Officers Association of America, California Council of Chapters
Peace Officers Research Association of California
San Jose-Evergreen Community College District

Opposition

None on file.

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