
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

AB 1456 (Medina) - Student financial aid: Cal Grant Reform Act

Version: August 16, 2021

Urgency: No

Hearing Date: August 26, 2021

Policy Vote: ED. 7 - 0

Mandate: Yes

Consultant: Lenin Del Castillo

Bill Summary: This bill makes significant reforms to the Cal Grant program, the state's largest post-secondary financial aid program, including the elimination of the existing programs and creation of the new Cal Grant 2 Program for community college students and the Cal Grant 4 Program for students attending the University of California (UC), California State University (CSU), and eligible private institutions.

***** ANALYSIS ADDENDUM – SUSPENSE FILE *****

The following information is revised to reflect amendments
adopted by the committee on August 26, 2021

Fiscal Impact:

- The California Student Aid Commission (CSAC) estimates ongoing General Fund costs of approximately \$82.6 million to implement the reforms to the Cal Grant program proposed by this measure. Specifically, an additional \$26.82 million would be required to support the extension of Cal Grants to additional students as well as costs associated with indexing Cal Grant 2 awards to the California Consumer Price Index. Additionally, the CSAC indicates that an additional \$44.8 million would be needed for the Students with Dependent Children program which would on top of its 2021-22 Budget Act funding level of \$180.1 million. The program's statutory cap was increased to \$250 million for the current year. Lastly, the CSAC estimates that an additional \$10.9 million would be necessary for the new enhanced access award for current and former foster youth above the program's 2021-22 appropriation of \$15.1 million to maintain full award amounts.
- CSAC indicates that because the bill allows existing Cal Grant recipients to continue to receive their awards until their eligibility expires, an additional \$57.7 million in one-time General Fund would be needed over a three-year period to maintain these Cal Grant awards.
- By removing the Cal Grant B Access Award, this bill could impact CSU's grant aid program which currently offers awards to cover costs for fifth and sixth year undergraduates, graduate students and other students not eligible for a Cal Grant. The exact financial impact is unknown, but CSU indicates that its program could be overextended if it were to continue to both support the academic persistence of students and provide non-tuition awards for low-income students.
- CSAC estimates one-time General Fund costs of about \$1.1 million to develop a new Cal Grant system to process the awards and also facilitate marketing efforts. CSAC also estimates ongoing General Fund costs of approximately \$375,000 for

two additional staff to support its call center and two staff to support training and outreach efforts in launching the new Cal Grant system.

Committee Amendments: Provide that the program shall only become operative upon an appropriation that is sufficient to fully implement its provisions.

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