

---

# SENATE COMMITTEE ON BUDGET AND FISCAL REVIEW

Senator Nancy Skinner, Chair

2023 - 2024 Regular

---

<b>Bill No:</b>	AB 117	<b>Hearing Date:</b>	June 26, 2023
<b>Author:</b>	Committee on Budget		
<b>Version:</b>	June 24, 2023 Amended		
<b>Urgency:</b>	Yes	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Christopher Francis		

**Subject:** Higher Education

**Summary:** This bill makes necessary changes to implement the higher education provisions adopted as a part of the Budget Act of 2023.

**Proposed Law:** This bill makes various statutory changes to the higher education provisions of the 2023-24 budget. Specifically, this bill:

- 1) **Higher Education Student Housing Grant Program.** Specifies University of California (UC), California State University (CSU), and California Community College (CCC) campuses to receive funding in the next round of the program and shifts the fund source for prior, new, and future construction projects from General Fund to bonds.
- 2) **Student Housing Revolving Loan Fund (Fund).** Includes \$200 million General Fund in 2023-24 and \$300 million annually from the 2024-25 to 2028-29 fiscal years per year for the purposes of this program. The Fund, created in the Budget Act of 2022, will provide zero-percent interest loans to qualifying campuses of the UC, CSU, and CCC for construction of affordable housing projects.
- 3) **Debt Free College for CCC current and former foster youth.** Amends the Student Success Completion Grant so that students who are current or former foster youth receive \$5,250 per semester, or quarterly equivalent, for 12-15 units of study to cover their unmet need.
- 4) **Debt Free College for UC and CSU current and former foster youth.** Covers the total cost of attendance for CSU and UC students who are current or former foster youth by providing these students with their full Middle Class Scholarship (MCS) award amount.
- 5) **Middle Class Scholarship (MCS) Clean Up.** Commencing with the 2023-24 academic year, exempts emergency housing assistance and emergency basic needs assistance that are only in excess of the student contribution amount of \$7,898 from the MCS award calculation. Commencing with the 2024-25 academic year, incorporates in the calculation of MCS award amounts, institutionally operated non-need-based scholarships in the category of scholarships that are only in excess of the student contribution amount of \$7,898. Adds clarification language to ensure that a student's gift aid does not exceed the allowable gift aid under federal regulations.

- 6) **California Student Aid Commission Regulatory Authority for MCS.** Authorizes the Commission to adopt regulations, as it deems necessary, for the implementation of MCS.
- 7) **CCC Growing, Educating and Maintaining the Nursing Workforce.** Appropriates, subject to future legislation, \$60 million per year for five years, starting in the 2024-25 fiscal year to expand nursing programs and Bachelor of Science in nursing partnerships to grow, educate, and maintain the next generation of registered nurses through the community college system.
- 8) **Recruitment and Retention Initiatives Reduction.** Reduces the amount scored to 2022-23 from \$150 million to \$94.163 million Proposition 98 General Fund.
- 9) **Deferred Maintenance Reduction.** Includes a net reduction of \$494.281 million one-time Proposition 98 General Fund based on reductions and appropriations scored to the 2021-22, 2022-23, and 2023-24 fiscal years.
- 10) **CCC Flexible Spending.** Allows districts to spend remaining amounts for the following purposes: 1) Recruitment and retention initiatives, 2) all purposes within the \$650 million CCC COVID-19 Recovery Block Grant that was included in the 2022 Budget Act, and 3) the CCC Deferred Maintenance categorical program. Conforms funding for these purposes to the final Proposition 98 package adopted in the budget agreement.
- 11) **CCC Strong Workforce Program (SWP).** Clarifies that districts may use their SWP funds (1) to enhance student services, (2) to cover fees charged by a third party for student certifications and licensing, and (3) for work-based learning.
- 12) **CCC Students on Board of Governors (Board) Support.** Provides the Chancellor's Office with the authority to provide student members of the Board of Governors \$4,000 in financial assistance per semester, or quarterly equivalent, for each year of a student member's term. This financial assistance shall be in addition to any need-based financial assistance from other sources, as well as any private grants and scholarships, that the student receives.
- 13) **Online and Hybrid Education Review and Recommendations.** Appropriates \$500,000 Proposition 98 General Fund to the Chancellor's Office of the CCC to enter into a memorandum of understanding with a third-party research institution to conduct a systematic review of online and hybrid education at community colleges throughout the state.
- 14) **CalFresh Campus-county Data Sharing.** Requests information from CCC campuses about current data sharing agreements with counties to improve student access to the CalFresh program and efforts to enact data-sharing agreements.
- 15) **Cal Grant Priority Application Deadline Extension.** Extends the Cal Grant priority deadline given the pending but delayed launch of new simplified, federal Free Application for Federal Student Aid (FAFSA) forms. The federal FAFSA Simplification Act will be a significant overhaul of the processes and systems used to award federal student aid starting with the 2024-25 award year. Traditionally, October 1, 2023 would be the launch date for the 2024-25 FAFSA period but recent communications with the

state suggest that a delay to January 1, 2024 could occur. Because of the delayed launch and uncertainty, a filing period that is up to three months shorter may occur and result in more students without Cal Grants that would have otherwise qualified.

16) **AB 132 (Committee on Budget), Chapter 144, Statutes of 2021 Sunset Extension.**

Includes trailer bill language that amends Section 66021.9 of the Education Code by extending by four years, until June 30, 2027, the ability for UC to provide scholarships from non-state funds to students. This was previously extended in AB 132 until June 30, 2023.

17) **Los Angeles Community College District Small Business Entrepreneurship and Innovation Center at East Los Angeles College.**

Appropriates \$2.5 million Proposition 98 General Fund to support this center.

18) **Cohort Default Rate for Cal Grant Institutional Eligibility.** Requires the California Student Aid Commission to use the cohort default rate from 2020 (instead of the most recent rate) to determine whether an institution is eligible to participate in the Cal Grant program in the 2024-25 award year. Institutions are required to have a cohort default rate below 15.5 percent to participate in the Cal Grant program.

19) **Cal Grant Private, Nonprofit Award Clarification.** Clarifies that the maximum award amount is maintained at \$9,358 in 2023-24.

20) **CCC Full-Time (FT) Faculty.** Requires community college districts, as a condition of receiving funding for FT Faculty, to report its progress in increasing the percentage of instruction by full-time faculty and in diversifying faculty. Requires the Chancellor's Office to, no later than May 30 of each year, synthesize the information received from the districts into a systemwide report to be posted on a public website. Requires the Chancellor's Office to establish and implement a process that verifies that district expenditures related to FT Faculty are used for that purpose. Finally, requires colleges to expand their use of best practices in terms of Equal Employment Opportunity programs to promote faculty diversity by directing the Chancellor's Office to ensure that districts are performing analyses needed to identify and determine the causes of any underrepresentation in the faculty they hire.

21) **Miscellaneous technical changes.** Makes a technical, non-substantive change to a 2021 Budget Act appropriation through UC.

22) **CalKIDS Marketing Campaign.** Provides \$8 million from previously allocated funding to support a statewide integrated marketing campaign comprised of advertising, public relations, and community outreach elements, including a focus on low-income and disadvantaged communities.

23) **CalKIDS Seed Deposits and Technical Clarification.** Increases the amount the Scholarshare Board can provide in seed grants for newborns from \$25 to \$100 and clarifies legislative intent that the state Department of Public Health and the Scholarshare Board enter into a data-sharing agreement that promotes data privacy and security.

**Fiscal Effect:** This bill is a budget trailer bill within the overall 2023-24 budget package to implement actions related to higher education, and makes various appropriations.

**Support:** None on file.

**Opposed:** None on file.

**-- END --**