

Date of Hearing: May 10, 2023

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Chris Holden, Chair

AB 1400 (Bryan) – As Amended March 23, 2023

Policy Committee:	Higher Education	Vote:	11 - 0
	Revenue and Taxation		11 - 0

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill repeals, effective January 1, 2025, language allocating funding from the College Access Tax Credit Fund to the California Student Aid Commission (CSAC) to supplement funding to students receiving the Cal Grant “B” award. Instead, beginning with the 2024-25 award year, the bill allocates this funding to CSAC to administer a new program. The new program is to provide grants to California Community College (CCC) transfer students attending a Historically Black College or University (HBCU) that has a transfer agreement with the CCC Chancellor’s Office. A grant recipient may be awarded up to \$5,000 and must file a statement of intent form that they will enroll at a partnered HBCU and return to California after graduation from a partnered HBCU. The bill also requires CSAC to adopt regulations for this program.

FISCAL EFFECT:

- 1) Fund shift of about \$400,000 annually from the College Access Tax Credit Fund from one purpose to another. Assuming each student receives the full award amount of \$5,000, 80 students would receive an award annually.
- 2) Minor and absorbable ongoing General Fund costs to CSAC to administer the program, as it would shift staff from administration of the prior program to the new program.
- 3) One-time General Fund costs to CSAC of about \$52,000 to make changes necessary to implement this program, such as adopting regulations.

COMMENTS:

Background. The College Access Tax Credit allows taxpayers to make charitable contributions to provide financial aid to postsecondary students receiving a Cal Grant “B” award from CSAC. At its height, the program generated \$5.9 million total and provided about \$25 per student. However, after decreases to the tax credit’s revenue to \$412,000 annually due to federal tax changes, CSAC reports the program provides \$1.50 per student. About 289,000 students receive a Cal Grant B.

According to CSAC, it has identified a more impactful way to use College Access Tax Credit dollars by providing aid to students looking to transfer to one of the country’s 39 HBCUs that have a transfer agreement with a CCC and bring their talents back to California. In the 2021-22 academic year, 53 CCC transfer students attended one of the 39 HBCUs with a transfer

agreement with CCC. CSAC indicates additional transfer agreements between CCC and HBCUs are underway. The country has a total of 107 HBCUs.

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