

Date of Hearing: January 22, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1241 (Schiavo) – As Amended January 5, 2026

Policy Committee: Higher Education

Vote: 8 - 2

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill requires the California Student Aid Commission (CSAC) to conduct a study, in consultation with the Legislative Analyst's Office (LAO), regarding the effects of enacting a Pay it Forward, Pay it Back Pilot Program (PIFPIB) for submission to the Legislature on or before September 30, 2027.

FISCAL EFFECT:

Potential one-time costs of an unknown but potentially significant amount, possibly in the low hundreds of thousands of dollars General fund, for the CSAC to conduct the study required by this bill.

Regardless, because the primary purpose of the bill is to conduct a study, the bill is a candidate for the committee's suspense file, consistent with the committee's rules.

COMMENTS:

1) **Purpose.** According to the author:

With ever increasing costs of receiving a higher education we must explore all additional avenues that will alleviate the burden of debt for future students. The Pay-It-Forward financial aid model allows students to attend college without paying upfront tuition. This model must be studied further to determine whether it will help our future workforce secure higher paying jobs without the burden of extreme debt.

2) **Background.** PIFPIB refers to a model of financial aid wherein participating institutions of higher education (IHEs) cover all or a portion of a student's education costs up front, and the student pledges to pay a percentage of their adjusted gross income for a specified number of years after earning their degree (or leaving the IHE without a degree) and entering the workforce. The appeal from a policymaking perspective is that this model typically assumes the system becomes self-sustaining once enough students are paying money back into it, without further state or IHE investment required to backfill foregone tuition payments from participating students. The PIFPIB model can function with or without interest. While the PIFPIB has garnered significant interest from policymakers throughout the country, with at least 24 states proposing some form of PIFPIB legislation in recent years, no state has

implemented PIFPIB. It is also unclear how PIFPIB would interact with existing state financial aid programs such as Cal Grant.

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