

COMMENTS:

- 1) **Background. *Cal Grant Program.*** The Legislature established the Cal Grant program to help students with financial need cover college costs. The program offers multiple types of awards. The amount of aid a student receives depends on their award type and the segment of higher education they attend. Cal Grant A awards cover full systemwide tuition and fees at public universities and a fixed amount of tuition at private universities. Cal Grant B awards provide the same amount of tuition coverage as Cal Grant A awards in most cases, while also providing an “access award” for nontuition expenses such as food and housing. Cal Grant C awards, which are available only to students enrolled in career technical education (CTE) programs, provide lower amounts of tuition and nontuition coverage. Across all award types, larger amounts of nontuition coverage are available to students with dependent children, and to current and former foster youth.

To qualify for an award, a student must meet certain income and asset criteria. These criteria vary by family size and are adjusted annually for inflation. For example, in the 2024-25 award year, a dependent student from a family of four must have an annual household income of no more than \$131,200 to qualify for a Cal Grant A or Cal Grant C and an annual household income of no more than \$69,000 to qualify for Cal Grant B. In most cases, students must also meet a grade point average requirement. A student’s need and award amount, up to the annual maximum, varies based on family income information and total costs of attendance. Therefore, applying a COA adjustment to a student’s unmet need calculation may make the student eligible for a higher award under the Cal Grant Program.

Cost of Attendance Adjustments. According to the Federal Student Aid office, the Higher Education Act, Section 472, determines COA and is not subject to regulation by the U.S. Department of Education. More specifically, the law specifies certain types of costs associated with the overall cost of attendance including tuition, fees, room and board, books, supplies, transportation, and miscellaneous personal expenses. However, federal law leaves determination of these costs to the discretion of each individual IHE as long as the costs are reasonably determined. An IHE’s COA determination is the final fiscal number used to determine a student’s overall financial aid from the federal government, the state, or the IHE.

According to a report published by the John Burton Advocates for Youth, 53% of colleges and universities in California use COA budgets that are lower than estimated regional costs and that nearly one-third of institutions had COA budgets that did not keep pace with inflation. In some cases, the gap between a student’s estimated living expenses and their maximum financial aid eligibility was more than \$10,000. While underestimation occurred across all three public segments, UC, CSU, and CCCs, this trend was most pronounced among the CSU and UC systems, where 77% and 100% of campuses, respectively, underestimated costs by at least 5%.

Because there is a limit on how much financial aid is available, most students do not hit their COA limit. However, some students who receive private scholarships have financial aid offers that exceed the COA cap. COA restrictions force these students to turn away scholarships that they need and have earned. While state law compels an IHE to offer an appeal process for student COA requests, it does not require an IHE to post its COA adjustment process and policies publicly on its website, which raises the concern of how

many students know the process is available in the first place. However, the federal Free Application for Federal Student Aid Simplification Act recently expanded existing consumer information requirements by explicitly stating that each institution must make COA information publicly available on its website. Therefore, this bill aligns with these recent changes to federal requirements.

State law allows an IHE to consider almost any COA category as an additional adjustment but not all IHEs utilize this discretion in the same way, meaning some IHEs may entertain adjustments for food and transportations while others may not. This bill prescribes a minimum list of cost categories an IHE's COA policy and process must include to provide uniformity across IHEs.

- 2) **Related Legislation.** AB 791 (Berman), of the current legislative session, was substantially similar to this bill, but contained more expansive and prescriptive requirements on an IHE implementing updated COA procedures. AB 791 was held in this committee.

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