Office of Senate Floor Analyses
(916) 651-4171

THIRD READING

Bill No: AB 2422
Author: Caloza (D), et al.
Amended: 6/15/26 in Senate
Vote: 21

SENATE EDUCATION COMMITTEE: 7-0, 6/24/26
AYES: Pérez, Ochoa Bogh, Cabaldon, Choi, Cortese, Gonzalez, Reyes

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 78-0, 5/26/26 - See last page for vote

SUBJECT: Student financial aid: delayed financial aid awards: extensions

SOURCE: What We All Deserve

DIGEST: This bill requires the California State University (CSU), each community college district, private postsecondary educational institutions, and independent institutions of higher education receiving financial assistance, and requests the University of California (UC), commencing with the 2027-28 academic year, to extend enrollment and fee deadlines and refrain from imposing punitive actions for a student whose financial award is delayed due to factors outside the student's control.

ANALYSIS:

Existing federal law:

1) Under federal law, establishes the federal Pell Grant to provide aid to students who demonstrate financial need. The Pell Grant award can be used for tuition and fees, books, and supplies, transportation, and living expenses for the equivalent of up to six years of full-time enrollment. The maximum Pell Grant for the 2025-26 academic year (which covers the period from July 1, 2025 –

June 30, 2026) is $7,395. The minimum Pell Grant award for the same time frame is $740. (United States Code (USC) Title 20 § 1070)

Existing state law:

1) Establishes the Donahoe Higher Education Act, setting forth the mission of the UC, CSU, and California Community College (CCC); and defines "independent institutions of higher education" as nonpublic higher education institutions that grant undergraduate degrees, graduate degrees, or both, and that are formed as nonprofit corporations in California and are accredited by an agency recognized by the United States Department of Education (USDE). Specifies that for purposes of any code or statute, a national or regional accrediting agency recognized by the USDE as of January 1, 2025, shall retain that recognition until July 1, 2029, provided that the accrediting agency continues to operate in substantially the same manner as it did on January 1, 2025. (Education Code (EC) § 66010, et seq.)

2) Establishes the Student Aid Commission (CSAC) as the state agency charged with administering state financial aid programs to qualifying students enrolled in qualifying institutions of higher education throughout the State. Existing law requires CSAC to prescribe the use of standardized student financial aid applications for California. (EC § 69433; § 69510, et seq.)

3) Establishes the Cal Grant Reform Act commencing in the 2024-2025 fiscal year, if General Fund moneys over the multiyear forecasts are available to support ongoing augmentations and actions, and if funding is provided in the annual Budget Act. Under the Act, the Cal Grant 2 and Cal Grant 4 programs are created. The Cal Grant 2 is for CCC students and provides non-tuition support that grows annually with inflation. The Cal Grant 4 program is for students at the UC, CSU, and other institutions. The Act also states legislative intent that UC and CSU use institutional aid to cover non-tuition costs for their students. (EC §§ 69424, 69425, and 69428)

4) Establishes the Middle Class Scholarship (MCS) Program to offset a portion of tuition costs for students attending the UC and the CSU. Starting in the 2022-23 academic year, MCS awards may be used to cover the total cost of attendance at UC and CSU. (EC § 70020 et seq.)

5) Authorizes CSAC to grant up to an additional 30 calendar days beyond an

application deadline for any financial aid program administered by CSAC if CSAC receives and approves a formal request to postpone the application deadline from either the superintendent of a school district or community college district or from the president or chancellor of a California institution of higher education that is eligible to receive state funds for student financial assistance and CSAC finds that a "qualifying event" has occurred. Defines "qualifying event" as any event or extenuating circumstance outside of the control of the pupils or students in an affected school district, community college district, or area or region that has had an adverse effect on the ability of students within the district to successfully complete and submit their financial aid applications by an established statutory deadline. The qualifying event must have occurred or been ongoing during the period for which financial aid applications were available to submit for the following academic year, and includes, but is not limited to, any of the following types of events:

a) A natural disaster;

b) A state of emergency declared by the Governor or the President of the United States; or,

c) A labor action.

Further, allows CSAC to extend by 30 calendar days the application deadline for any financial aid program administered by CSAC if it determines that a delay in the opening of the Free Application for Federal Student Aid (FAFSA) has occurred. (EC § 69513.2)

6) Extends the Cal Grant priority deadline for financial aid programs administered by CSAC, if the FAFSA application form is not available on or before October 1, 2023, to April 2, 2024, for the 2024-25 award year only; and, extends the Cal Grant application for financial aid programs administered by CSAC, by one month, from April 2, 2024, to May 2, 2024, for the 2024-25 award year only. (§ 22 of Chapter 50 of the Statutes of 2023)

This bill:

1) Requires, commencing with the 2027-28 academic year, the CSU, each community college district, and private postsecondary educational institutions and independent institutions of higher education that receive state financial assistance, and requests the UC, for a student whose financial aid award is

delayed due to factors that are outside of the student's control, do all of the following:

a) Extend enrollment deadlines that may result in a student receiving a hold or being dropped from a class through the end of the academic term in which the delay occurs or until the funds are received. Once funds are received, the extension of enrollment deadlines ceases.

b) Extend financial deadlines for all required payments related to enrollment fees and costs, in the amount of the delayed financial aid award, through the end of the academic term in which the delay occurs if deemed necessary by the institution.

c) Refrain from imposing punitive actions.

2) Authorizes each institution to do either or both of the following:

a) Require documentation for students to verify delays in funding from private scholarships, grants, and loans.

b) If a financial aid award is delayed due to factors that are outside of the student's control beyond the term in which the delay occurred requires documentation for the student to renew enrollment and the financial aid award while the delay continues.

3) Defines for purposes of the bill all of the following terms:

a) "Factors outside of a student's control" to mean all of the following: delays in the processing of the FAFSA or the California Dream Act application (CADAA); delays in the specified state and federal financial aid awards; delays in institutional aid; delays or process errors caused by the financial aid office; delays in scholarship or grant funding from external sources; and institutional, state, and federal backlogs.

b) "Financial aid award" includes, but is not limited to, institutional, state, and federal aid sources.

c) "Punitive action" includes, but is not limited to, all of the following: restricting a student from future enrollment; charging late fees or interest and imposing administrative or registration holds on an academic transcript.

Comments

Need for the bill. According to the author, "financial aid is meant to lift our students up, not hold them back. Delays in disbursement leave students facing harsh penalties that drive students deeper into debt. Amid the ongoing federal uncertainty, including actions by the Trump Administration to restructure and pause financial aid programs, safeguarding students from instability is vital. AB 2422 protects our students and ensures that they are not punished for circumstances beyond their control."

Recent rollout of FAFSA delayed the opening of the application. In 2020, the process for applying for financial aid using the FAFSA was simplified. The federal changes initially were to commence with the 2023-24 academic year. However, the changes were delayed in June 2021 and went into effect in the 2024-2025 academic year. The USDE delayed the release of the new form for the 2024-25 award year by three months, later than all prior years (released on December 30, 2023, instead of October 1, 2023), thereby shortening the window for which students may apply for aid. The USDE, on March 12, 2024, announced that it had made long awaited technical updates that would enable mixed-status families to submit the FAFSA. However, the USDE also indicated that it had uncovered other issues to resolve. The 2025-26 cycle was also delayed, pushing the application release date to December. The state responded by extending the application window for any financial programs administered by CSAC from March to April. The one-month extension helped to ensure that students who have encountered difficulties due to complications with the launch of the FAFSA application could submit their applications. This bill includes delays in processing the FAFSA application as a qualifying situation outside of the student's control for which punitive action cannot be taken.

Existing extension authority. Existing law grants CSAC the authority to approve financial aid deadline extension requests from local education agencies and institutions of higher education when extenuating circumstances outside the control of students create adverse effects on students' ability to apply for aid by the statutory deadline. Qualifying events include natural disasters, state of emergency, delayed FAFSA opening, or labor action. In recent years, it has exercised this authority, extending deadlines statewide using this process due to the COVID-19 emergency at the request of higher education institutions and many K-12 districts and, on a separate occasion, locally for areas impacted by wildfires. When granting postponement of the application deadline, CSAC is required to publicly announce it and directly notify CSU, UC, and CCCs. This bill also includes delays in state and federal financial aid awards, the majority of which are administered by CSAC, as a factor outside of the students' control.

Creates a grace period. According to the author, "voluntary institutional 'grace periods' are inconsistent across California's 116 community colleges and 23 CSU campuses. Research indicates that financial uncertainty is the primary driver for students 'stopping out', with 56% of adult learners and 20% of all students citing financial stress as the reason for dropping out." This bill attempts to impose a uniform grace period across public and private higher education institutions during the period between aid eligibility and disbursement. It requires any higher education institution receiving state financial assistance to extend course enrollment deadlines that may result in a hold or being dropped from a class through the end of the academic term for students whose financial aid awards are delayed until funds are received. Institutions may require documentation for students to verify delays in student aid funding.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee analysis, this bill would have the following fiscal impact:

- The Chancellor's Office estimates one-time Proposition 98 General Fund costs of $1.1 million to $2.2 million for all community college districts to develop and update their financial aid policies. This estimate assumes an average costs of between $15,000 and $30,000 for each of the 72 districts in the state and could be lower to the extent that existing policies meet the bill's requirements.

- The UC and CSU estimate minor and absorbable costs to update financial aid policies.

SUPPORT: (Verified 8/14/26)

What We All Deserve (source)
Alliance for a Better Community
Alliance for Children's Rights
Asian Americans Advancing Justice Southern California
Boys & Girls Clubs of San Francisco
Cal State Student Association
Central American Resource Center of California
College for All Coalition
Consejo de Federaciones Mexicanas

Future Leaders of America
Innercity Struggle
Journey House
Kid City Hope Place
Latino and Latina Roundtable of the San Gabriel and Pomona Valley
Los Angeles Urban Foundation
NextGen California
Office of the Riverside County Superintendent of Schools
Puente Learning Center
San Jose-Evergreen Community College District
Southern California College Attainment Network
The Institute for College Access & Success
uAspire
Unite-LA
University of California Student Association
Young Invincibles

OPPOSITION: (Verified 8/14/26)

None received

ASSEMBLY FLOOR: 78-0, 5/26/26
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Muratsuchi, Celeste Rodriguez

Prepared by: Olgalilia Ramirez / ED. / (916) 651-4105
8/15/26 12:03:51

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