CONCURRENCE IN SENATE AMENDMENTS
AB 2422 (Caloza)
As Amended June 15, 2026
Majority vote

SUMMARY

Requires the California State University (CSU), each California Community College (CCC) 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.

Senate Amendments

1) Add delays in scholarship or grant funding from external sources to the definition of "factors outside of a student's control."

2) Make clarifying and technical changes.

COMMENTS

The Free Application for Federal Student Aid (*FAFSA*). There are currently three kinds of Cal Grants, A, B and C, of which eligibility is determined by the FAFSA or the California Dream Act Application (CADAA), a student's verified Cal Grant GPA, the type of California colleges a student listed on their FAFSA, and whether they are a recent high school graduate. Students are considered for a Cal Grant A, B, or C after they either establish eligibility for an Entitlement award (if they graduated from high school less than one year ago or transfer from a community college before age 28) or secure one of a limited number of Competitive awards (for any students that do not qualify for an Entitlement).

Federal changes. As part of federal COVID-19 related legislation signed into law in late December 2020, the process for applying for and receiving federal aid 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 commencing with the 2024-25 academic year. In part, the changes do the following:

1) *Simplify the FAFSA form*. The FAFSA is the form students need to complete in order to receive any financial aid from the federal government to help pay for college.

   Each year, over 13 million students who file the FAFSA get more than $120 billion in grants, work-study, and low-interest loans from the USDE. Additionally, many states, including California, and colleges use the FAFSA to determine which students will receive state and institutional financial aid—and how much they will receive.Simplifying the FAFSA was to not only make the form easier to fill out by eliminating two-thirds of the questions, but to also affect the determination of financial need for low, middle, and high-income students.

2) *Change the Expected Family Contribution (EFC) to the Student Aid Index (SAI)*. While the SAI is similar in nature to the EFC, according to the Institute for College Access and Success, the name change will more accurately reflect the meaning of the calculation when

determining student aid eligibility rather than an expectation of what a family can afford to pay for college. Under the new model, a student applicant's SAI can be as low as -$1,500; whereas, the lowest EFC under the existing model is $0.

3) *Change how Pell Grant eligibility will be determined*. Using the simplified FAFSA form, the Pell Grant amounts will generally be determined by subtracting the SAI from the maximum Pell Grant award. Students who have a negative or zero SAI will receive the maximum amount available. Applicants whose family adjusted gross income (AGI) fall below a specified percentage of the federal poverty level, will be guaranteed eligibility (regardless of their SAI). Further, applicants whose family AGI is up to 225% of the federal poverty level could also be eligible for the maximum award, and up to 400% of the federal poverty level for the minimum Pell award.

Continued challenges with the rollout of the new FAFSA application. As noted in the *Federal changes* section of the policy committee analysis, the U.S. Department of Education (USDE) made myriad changes to the federal FAFSA. While the changes seek to simplify the application form by reducing the number of questions students and families need to answer and transfer data directly from their previous tax filings, after over a year delay in implementing or launching the form, the USDE still did not release the new form for the 2024-25 award year until three months later than all prior years (released on December 30, 2023 instead of October 1, 2023). 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 separate issues that still need to be resolved."

The 2025-26 cycle was also delayed. The USDE announced on August 7, 2024, that the upcoming FAFSA form would not be open to all students until December 1, 2024 – about two months later than the typical release date. There was also a phased rollout, including a testing period in which a limited number of students and institutions had access to the form beginning October 1, 2024, as a way to preventively address potential problems before it officially went live.

According to the Author
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."

The author states that, "California—home to the largest higher education system in the nation—has a duty to support students at every step of their education. AB 2422 protects students from fines when aid is delayed, making higher education more affordable, fair, and accessible for all."

Additionally, the author contends that, "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. Legislation is required to codify a uniform state standard, ensuring that a student's enrollment status is protected statewide, regardless of which public or state-funded private institution they attend."

This measure requires specified postsecondary institutions, beginning in the 2027–28 academic year, to provide protections for students whose financial aid awards are delayed due to factors outside their control by extending deadlines and prohibiting punitive actions.

Arguments in Support
According to the Alliance for Children's Rights, "AB 2422 addresses a clearly documented and ongoing problem in California and nationally: systemic delays in federal, state, and institutional financial aid processing that can result in students being dropped from courses, charged late fees, or blocked from enrollment through no fault of their own. The bill establishes overdue guardrails to ensure that students are not penalized for administrative failures they did not cause."

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Senate Committee on Appropriations:

1) The CCC 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.

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

VOTES:

ASM HIGHER EDUCATION: 9-0-1
YES: Fong, DeMaio, Boerner, Jeff Gonzalez, Jackson, Muratsuchi, Patel, Sharp-Collins, Tangipa
ABS, ABST OR NV: Celeste Rodriguez

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 78-0-2
YES: 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
ABS, ABST OR NV: Muratsuchi, Celeste Rodriguez

SENATE FLOOR: 39-0-1
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Reyes

UPDATED

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