
SENATE COMMITTEE ON EDUCATION

Senator Sasha Renée Pérez, Chair

2025 - 2026 Regular

Bill No:	AB 402	Hearing Date:	June 3, 2026
Author:	Patel		
Version:	May 23, 2025		
Urgency:	No	Fiscal:	Yes
Consultant:	Olgalilia Ramirez		

Subject: Student financial aid: Cal Grant Program and the California Community College Expanded Entitlement Program.

SUMMARY

This bill, subject to an appropriation and commencing the 2026-27 year, increases the Cal Grant award for students attending a California independent institution of higher education (ICCU) from \$9,358 to \$9,708 when associate degree for transfer (ADT) goals are achieved. It further expands eligibility for the California Community College (CCC) Expanded Entitlement Program to award recipients who subsequently transfer to an ICCU.

BACKGROUND

Existing law:

- 1) Defines “independent institutions of higher education” as those nonpublic higher education institutions that grant undergraduate degrees, graduate degrees, or both, and that are formed as nonprofit corporations in this state and are accredited by an agency recognized by the United States Department of Education. (Education Code (EC) § 66010, et seq.)
- 2) Establishes the California Student Aid Commission (CSAC) for the purpose of administering specified student financial aid programs. (EC § 69510, et seq.)
- 3) Establishes the Cal Grant program, administered by the CSAC, to provide grants to financially needy students to attend a college or university. The Cal Grant programs include both the entitlement and the competitive Cal Grant awards. The program consists of the Cal Grant A, Cal Grant B, and Cal Grant C programs, and eligibility is based upon financial need, grade point average (GPA), California residency, and other criteria. Maximum award amounts for the California State University (CSU) and the University of California (UC) are established in the annual Budget Act and have traditionally covered all systemwide tuition and fees. Supplemental Cal Grant awards programs are available to students with dependent child(ren) and former and current foster youth attending CSU, UC, or a CCC to assist with non-tuition costs, such as living expenses. Sets the maximum Cal Grant A and B tuition award amount for new recipients in the 2023-24 award year, who attend an ICCU, at \$9,358. (EC §§ 69430–69433 and §§ 69465-69470)

- 4) Establishes the CCC Expanded Entitlement Program, which eliminates the age and time out of high school Cal Grant eligibility requirements for eligible CCC students. Specifies that CCC Expanded Entitlement Awards may retain their Cal Grant Award when they transfer to a UC or CSU. (EC § 69435.5)

ANALYSIS

This bill:

- 1) Increases, subject to an appropriation and commencing the 2026-27 year, the Cal Grant award for students attending ICCUs from \$9,358 to \$9,708 when ADT goals are achieved, as specified.
- 2) Authorizes a student who receives a CCC Expanded Entitlement Award and who subsequently transfers to an ICCU to remain eligible to receive the award, thereby making students transferring to an ICCU newly eligible.
- 3) Makes technical and clarifying changes.

STAFF COMMENTS

- 1) **Need for the bill.** According to the author, “A higher education degree remains the most effective way to achieve upward mobility, and Cal Grant serves to increase access for low and middle-income students to the education that can transform their futures and careers. Since 2001, Cal Grant awards for students attending non-profit private schools have decreased by 4%, while awards for UCs and CSUs have increased by 274% and 224%, respectively. At the same time, inflation has significantly increased the cost to attend a private non-profit college. AB 402 supports access and student agency by increasing the award amounts of Cal Grant and allowing Community College Expanded Entitlement recipients to maintain their awards at a private non-profit institution.”
- 2) **Why increase the Cal Grant award for ICCUs?** This bill seeks to increase the Cal Grant award amount to students attending Western Association of Schools and Colleges (WASC) accredited non-public independent California colleges and universities (ICCU). Below is a summary of information about the sector and the Cal Grant recipients they serve.
 - a) *WASC-accredited non-public institutions.* The institutions that would benefit from the provisions of this bill are generally members of the Association of Independent California Colleges and Universities (AICCU), which represents about 85 private, nonprofit, WASC-accredited colleges and universities headquartered in California. These institutions include research universities, liberal arts colleges, religiously affiliated institutions, and specialized colleges and universities that focus on the arts, theater, and music.

The AICCU reports that their member institutions enroll over 346,000 students, comprised of 184,200 undergraduate students and 148,676 graduate students. ICCU institutions award over 55 percent of all graduate

degrees in California and approximately 19 percent of the baccalaureate degrees. The sector produces 43 percent of the teaching credentials, 27 percent of computer and information science degrees, 53 percent of nursing degrees, and 91 percent of clinical, counseling, and applied psychology degrees in the state. California residents comprise approximately 61 percent of the undergraduate population of ICCUs.

- b) *Who is served?* According to AICCU, over half of Cal Grant students at their member institutions are the first in their families to go to college and from historically underrepresented groups in higher education. AICCU reports that data collected over the years has consistently demonstrated that Cal Grant students graduate at a higher level than the general student population in the sector, even with the barriers they confront.

According to the AICCU's 2021 survey of their member institutions, 65 percent of their Cal Grant students graduate in 4 years, and 47 percent are first-generation college students. Approximately 50 percent of the Cal Grant population at AICCU institutions is Latino, 20 percent Caucasian, 14 percent Asian and Pacific Islander, and 6 percent African American. The sector educates about 40,500 nontraditional learners and over 24,000 California students through the Cal Grant program. The average institutional aid award to a Cal Grant student is approximately \$32,000.

- 3) ***Determining Cal Grant award amounts for ICCU students.*** In an effort to encourage participation and align ICCUs with state objectives around transfer, the 2018 budget trailer bill, AB 1809 (Committee on Budget, Chapter 33, Statutes of 2018), conditioned the amount of a Cal Grant tuition award for ICCUs on reaching annual goals for accepting CCC transfer students with ADT commitments. The award amount is maintained at current levels unless target goals are not achieved. To date, ICCUs collectively have struggled to meet statutory targets. Despite this, an award reduction for new recipients did not occur rather recent budget actions delayed implementation of annual goals in order to preserve the award for students.

AICCU reports in their annual ADT report that a total of 2,345 ADT students were admitted to 32 AICCU participating institutions for the 2025-26 academic year, concluding that the number indicates relative stability in ADT admits compared to the prior year. By comparison, in the 2024-25 academic year, 33 institutions admitted 2,367. The two year graduation rate for ADT students has generally remained near the 40-60 percent range. The report notes that this figure is comparable with their peers on similar transfer pathways. Seemingly, adjustments proposed in this bill could make transfer targets more attainable year after year and allow for growth in acceptance rates. This bill proposes to adjust the Cal Grant award at ICCUs from \$9,358 to \$9,708 when ADT goals are met.

- 4) **CCC Expanded Entitlement Program.** The 2021-22 State Budget Act included an expansion to the Cal Grant Program by establishing the CCC Expanded Entitlement Program. This program created a new pathway for CCC students to receive Cal Grant A and B entitlement awards even if they were no longer eligible

under the traditional entitlement programs (high school and transfer entitlement). Prior to this expansion, students generally qualified for a Cal Grant Entitlement award if they were recent high school graduates or were within one year of high school graduation. These students could use their awards at the CCC, CSU, UC, or qualifying private institutions, including ICCUs. Students who had been out of high school for more than one year and were under age 28 could later qualify for a Transfer Entitlement award upon transferring from a CCC to a CSU, UC, or qualifying private institutions, including ICCUs. Students age 28 or older generally were not eligible for entitlement awards and instead competed for a limited number of competitive awards.

The CCC Expanded Entitlement program broadened eligibility by allowing CCC students to receive a Cal Grant entitlement award regardless of the number of years since high school graduation. The program also allows recipients to retain their entitlement award when transferring from a CCC to a CSU or UC, regardless of age. Under current law, however, students who transfer to a private institution, including ICCUs, are not eligible to use the remainder of their expanded entitlement award. This bill would extend eligibility to students who transfer to qualifying ICCUs.

5) ***Prior and related legislation.***

SB 851 (Portantino, 2022) would have modified the formula for determining the amount of a Cal Grant award for a student who attends an ICCU. SB 851 would have expanded eligibility for supplemental Cal Grant programs and the CCC Entitlement Program to students attending ICCUs. This bill was heard and passed by this Committee and was subsequently amended to relate to personal income tax.

AB 2030 (Blanca Rubio, 2020), similar to AB 1307 below, would have established a formula to determine the amount of Cal Grant awards for students attending ICCUs. AB 2030 was not heard by the Senate Education Committee due to the shortened 2020 Legislative calendar.

AB 1307 (Blanca Rubio, 2019), similar to this bill, would have created a new Cal Grant for ICCUs. The formula was to be set and maintained at 80 percent of the sum of the General Fund share of the CSU marginal cost of instruction and maximum Cal Grant award for tuition at the CSU. Unlike this bill, AB 1307 did expand eligibility to other programs. AB 1307 was vetoed by the Governor, whose message read, in part:

“...While this is a worthy measure, it creates ongoing General Fund costs in the tens of millions of dollars annually, and should be considered in the annual budget process.”

AB 1166 (Burke, 2017), which was held in this Committee by the request of the author, was similar in nature to this measure.

AB 831 (Bonilla, 2015), which was held on the Assembly Appropriations Suspend File, was similar in nature to this measure.

AB 1318 (Bonilla 2014), which was held by the author on the Senate Floor, was similar to this measure except that under AB 1318, students attending for-profit WASC-accredited institutions would also have been eligible for the increased award amount.

SUPPORT

Association of Independent California Colleges & Universities (sponsor)
Azusa Pacific University
California Association of Christian Colleges and Universities
California Baptist University
California Institute of the Arts
Chapman University
EDvance College
Hispanic Association of Colleges and Universities
John Paul the Great Catholic University
Mount Saint Mary's University
National University
Sacramento Metropolitan Chamber of Commerce
Samuel Merritt University
San Diego Regional Chamber of Commerce
Santa Clara University
University of La Verne
University of Southern California

OPPOSITION

None received

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