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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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**AB 88 (Ta) - Student financial aid: Cal Grants: Middle Class Scholarship Program: eligibility: dependents of members of the armed services stationed outside of California**

**Version:** January 6, 2025

**Urgency:** No

**Hearing Date:** August 18, 2025

**Policy Vote:** ED. 7 - 0, M.&V.A. 5 - 0

**Mandate:** No

**Consultant:** Lenin Del Castillo

**Bill Summary:** This bill extends eligibility for the Cal Grant and Middle Class Scholarship (MCS) Program to dependents of a member of the United States (US) Armed Forces who maintains California as their state of residence, even if the family member did not graduate from a California high school.

### **Fiscal Impact:**

- By expanding eligibility for Cal Grants and the MCS Program, the California Student Aid Commission (CSAC) indicates that this bill could result in additional General Fund costs, potentially in the low hundreds of thousands of dollars each year. However, actual costs would depend on the number of new students that qualify for the grants as well as the amount of the grants received.
- The CSAC indicates that to the extent there is a significant increase in new student eligibility, there may be additional staff time required to support program caseload, student inquiries, and manual processing of awards. This could result in additional, unknown General Fund costs depending on the number of students impacted by the bill.
- The Chancellor's Office estimates minor costs to local community college districts to update financial aid procedures.

**Background:** Existing law establishes the Cal Grant program, administered by 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 programs consists of the Cal Grant A, Cal Grant B, and Cal Grant C programs; eligibility, in part, is based upon financial need, GPA, and California residency. Maximum Cal Grant award amounts for California State University (CSU) and 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 children and former and current foster youth attending CSU, UC, or a California Community Colleges (CCC) to assist with non-tuition costs such as living expenses.

Existing law establishes the MCS program under the administration of the CSAC, where undergraduate students are eligible for a scholarship award if they are enrolled at the UC or the CSU, or enrolled in upper division coursework in a community college

baccalaureate program. Students with family income and assets of up to \$201,000 may be eligible and must also meet other eligibility requirements.

**Proposed Law:** This bill extends Cal Grant and Middle Class Scholarship Program eligibility to a student who is a dependent child or spouse of a member of the U.S. Armed Forces stationed outside of California on active duty if they meet the following:

1. The member of the US Armed Forces otherwise maintains California as their state of legal residence; and
2. The student meets all other eligibility requirements.

**Related Legislation:** SB 67 (Seyarto, 2025) is identical to this bill and would expand eligibility for the Cal Grant and MCS program to dependents of a US Armed Forces member who maintains California as their state of legal residence. SB 67 is pending in the Assembly Appropriations Committee.

AB 1793 (Ta, 2024) was identical to this bill and held on the Suspense File in this Committee.

**Staff Comments:** The Cal Grant program is the state's largest financial aid program and intended to help students with financial need to cover the cost of attending college. The program offers multiple types of Cal Grant awards and the amount of financial depends on their award type and the segment of higher education that they attend. Cal Grant A covers full systemwide tuition and fees at public universities and a fixed amount of tuition at private universities, while Cal Grant B provides the same amount of tuition coverage in most cases and also provides an "access award" for nontuition expenses such as food and housing. Cal Grant C is only available to students enrolled in career technical education programs and provides lower award amounts for tuition and nontuition expenses.

The MCS program provides undergraduate students, including students pursuing a teaching credential, with a scholarship to attend a UC, CSU or community college Bachelor's degree program. Currently, a community college student pursuing an associate degree or certificate is not eligible for the program. Students with family income and assets up to \$201,000 may be eligible.

This bill would provide eligibility to the Cal Grant and MCS programs for a nonresident student if the student's family member was in the armed forces and maintains California as their state of residence. According to the author, "AB 88 would apply to a deserving body of active service member who have been relocated outside of California but maintain their residency in California during their time in the service. With the current law as it is, if you are a dependent of a parent or guardian who is a military member and has temporarily moved outside of California due to official orders, you are not eligible for Cal Grants or the Middle-Class Scholarship Program, even if your parents maintain a California residence and continue to pay income and property taxes to the state."

The CSAC indicates that the bill could result in additional General Fund costs in the low hundreds of thousands of dollars each year. However, the exact amount would depend

on the number of students newly qualifying for Cal Grants and the MCS Program and the amount of their grants received. If 15 students received the maximum Cal Grant A award for tuition to attend UC during the 2025-26 academic year at an award amount of \$13,752, the total cost would be \$206,280. If 15 students received the maximum Cal Grant A award to attend the CSU for 2025-26 at an award amount of \$6,084, the total cost would be \$91,260.

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