
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1006 (Padilla) - Student financial aid: Cal Grant B access costs award

Version: March 12, 2026
Urgency: No
Hearing Date: April 13, 2026

Policy Vote: ED. 7 - 0
Mandate: No
Consultant: Lenin Del Castillo

Bill Summary: This bill modifies the Cal Grant B access award amounts and provides for annual increases based on the California Consumer Price Index (CPI).

Fiscal Impact: The CSAC estimates ongoing General Fund costs in the tens of millions of dollars each year, with increasing costs in the out-years according to inflation rates. Specifically, the CSAC assumes that steady number of Cal Grant B access award paid awardees and a 3.1 percent increase in the CCPI would amount to an estimated cost of \$16.7 million at the \$1,648 award level and an additional \$5.4 million at the \$6,000 award level, totaling \$22.1 million in the first year of implementation. The costs in subsequent years for access award adjustments would depend on changes to the CCPI.

Background: Existing law 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 entitlement and competitive Cal Grant awards. Specifically, the programs consist of the following:

- a) Cal Grant A Entitlement Awards. Students that meet income, asset and other eligibility requirements, have at least a 3.0 grade point average (GPA), and apply either the year they graduate from high school or the following year are entitled to an award that provides coverage for tuition and fees.
- b) Cal Grant B Entitlement Awards. Students that meet income and asset thresholds and other eligibility requirements, have at least a 2.0 GPA and apply either the year they graduate from high school or the following year are entitled to a living allowance and tuition and fee assistance. Awards for most first-year students are limited to an allowance for non-tuition costs (access award), such as books and living expenses (currently \$1,648). In the second and subsequent years, the award also provides tuition and fee support.
- c) California Community College (CCC) Transfer Entitlement Awards. Cal Grant A and B awards are guaranteed to every student who graduated from a California high school after June 30, 2000, was a California resident at the time of high school graduation, transferred to a qualifying baccalaureate-degree granting institution from a CCC during the award year, was under the age of 28 at the time of the transfer, and had a minimum CCC GPA of 2.4.
- d) Competitive Cal Grant A and B Awards. Students who are not eligible for entitlement awards may compete for a Cal Grant A or B Competitive award. The

award benefits and eligibility requirements are the same as for the entitlement program, but awards are not guaranteed. Annually, 25,750 Cal Grant Competitive awards are available. Of these, 12,875 (one-half) are for students who do not qualify for a Cal Grant Entitlement award, but who otherwise meet the Cal Grant requirements. The remaining awards are set aside for eligible CCC students.

- e) Cal Grant C Awards. This award specifically assists students with tuition and training costs at occupational or vocational programs of four months to two years in length. Since 2000-01, the total number of new annual Cal Grant C awards has been set at 7,761. The maximum award amounts, which are determined in the annual Budget Act, are currently up to \$2,462 for tuition and fees, and \$547 for non-tuition costs for recipients attending other than a community college, and \$1,094 toward non-tuition costs for CCC students.

Proposed Law: This bill requires that the Cal Grant B access award be set at a minimum, at the maximum per-student level provided in the 2025-26 award year, instead of the \$1,551 capped amount established in statute.

This bill requires that the Cal Grant B access award, including those for students with dependent children and current and former foster youth, increase annually by the percentage increase in the CPI for All Urban Consumers as calculated and certificated by CSAC from data reported by the Department of Industrial Relations.

This bill requires that CSAC calculate and certify the percentage change using the data from the two most recent June indices, no later than January 15, 2027, for the 2027-28 academic year, and no later than September 1 of the year before each academic year thereafter. However, if the CPI decreases from the prior academic year, the award amounts are to remain at their most recently certified level.

Related Legislation: AB 1456 (Medina and McCarty, 2021) nearly identical to this bill, would have enacted the Cal Grant Reform Act to be operative for financial aid awarded during the 2022-23 academic year. The act proposed vast reforms to the Cal Grant program but was vetoed by the Governor with the following message:

Expanding access to financial aid has been a priority for my Administration. During my first year as Governor, I worked with the Legislature to provide access awards of up to \$6,000 for students with dependent children. In partnership with the Legislature, we recently made historic investments in our financial aid system, including over \$235 million in ongoing resources to expand Cal Grant eligibility for community college students, and a combined \$632 million in ongoing resources to focus the Middle Class Scholarship Program on reducing students' total cost of attendance. This bill seeks to replace those investments prior to their full implementation.

I agree with the author that making the Cal Grant program simpler to navigate would benefit our students and their families. However, this bill results in significant cost pressures to the state, likely in the hundreds of millions of dollars annually. Future changes to the financial aid system of this magnitude should be considered as a part of the annual budget process.

AB 402 (Patel, 2025) would set the maximum tuition award amount for new Cal Grant A and B recipients attending an independent institution of higher education at either \$9,708 or \$8,056, with the higher amount conditioned on the achievement of the target numbers for associate degree for transfer commitments that apply for the prior award year. AB 402 is pending in the Senate Education Committee.

Staff Comments: State law establishes a base Cal Grant B access award amount that is capped at \$1,551, but it may be adjusted through the annual Budget Act. For the 2025-26 academic year, the access award has been adjusted to \$1,648 for books and living expenses. A larger award of up to \$6,000 is available for Cal Grant recipients with dependent children and for foster youth. According to the author, “For more than 50 years, programs like California’s Cal Grant have opened the doors of higher education to millions of students. However, while tuition support has kept pace, aid for basic living expenses has not. Today, the gap between what students receive and what it actually costs to afford housing, food, transportation, and books continues to grow, leaving too many students struggling to make ends meet. When financial aid fails to keep up with inflation and the real cost of attendance, students are forced to take on more debt, work longer hours, or reduce their course loads which delays graduation and undermines the promise of college affordability. Strengthening need-based aid and indexing it to rising costs serves as a commitment to ensuring that higher education remains truly accessible. This bill expands opportunity by not only investing in tuition, but in the full cost of college, so students can achieve better outcomes and futures.”

This bill would provide annual increases for the access awards based on inflation using the CPI while also setting the minimum amount at the current funding level of \$1,648. Further, the bill provides for similar increases in the \$6,000 access awards for Cal Grant B recipients with dependent children and for foster youth. The provision allowing these amounts to be adjusted in the annual Budget Act would remain.

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