

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 323 (Pérez) – As Amended July 10, 2025

Policy Committee: Higher Education

Vote: 8 - 2

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill requires the California Student Aid Commission (CSAC), by the start of the 2026-27 financial aid cycle, to revise the California Dream Act application (CADAA) to allow the application for use by any student eligible for state financial aid programs regardless of eligibility for federal financial aid.

The bill also requires the CSAC to consult with California's public and private colleges and universities to promote the CADAA effectively and to inform students and their families of their available financial aid application options and the key distinctions between applications.

FISCAL EFFECT:

- 1) Ongoing General Fund costs of an unknown but potentially significant amount, possibly in the hundreds of thousands to millions of dollars annually, to provide students eligible for federal financial aid with additional state financial aid through state programs due to increased unmet need. The bill provides an additional pathway for all students to access the same state and institutional financial aid opportunities they would otherwise access via the Free Application for Federal Student Aid (FAFSA). For this reason, students who are eligible for the FAFSA but opt for the CADAA instead would represent an increased cost to state and institution financial aid programs up to the amount of unrealized federal financial aid going to support these students.
- 2) One-time General Fund costs of \$1.35 million in the first year of implementation, and \$900,000 ongoing, for the UC to update financial aid systems to process students filing both a CADAA and FAFSA simultaneously and facilitate profile matching across applications for mixed status students.
- 3) One-time General Fund cost pressures to the CSAC of an unknown amount, possibly in the low hundreds of thousands of dollars, to the extent that implementation of the bill's requirements calls for additional staff resources.

COMMENTS:

- 1) **Purpose.** According to the author:

SB 323 would address inequities in higher education by making more students aware that CADAA is an option for them to relieve financial

burdens associated with pursuing higher education. SB 323 also addresses inequities by ensuring that FAFSA-eligible students don't miss out on the state and institutional aid that they are eligible for and entitled to if FAFSA is not an application they feel safe applying to or that they are unable to submit due to continued technical barriers. Lastly, SB 323 does not prohibit any FAFSA-eligible students who decide to apply for CADAA to later submit a FAFSA.

- 2) **Background. FAFSA.** 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. Many states, including California, and colleges use the FAFSA to determine which students will receive state and institutional financial aid—and how much they each will receive. There are currently three kinds of Cal Grants: A, B and C, of which eligibility is determined by the FAFSA or California Dream Act Application, 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).

Concerns and Impediments to FAFSA. U.S. citizen students from mixed status families (meaning one or more of their contributor parents or spouse is undocumented) may qualify for both federal and state financial aid programs. However, with some of the changes to the new FAFSA application and the federal administration's actions regarding arrests, detention, and deportations of undocumented individuals, various stakeholders have raised concerns about data collected for the FAFSA and whether it may be used for purposes other than determining financial aid. Given such concerns, mixed-status family households may forgo using the FAFSA application and students will miss out on receiving federal or state financial aid.

Students from mixed status families, LGBTQ+ students, and students with disabilities may also have concerns with disclosing personal information to the United States Department of Education and instead decide to forgo federal student aid opportunities. Additionally, due to scaling back of technical assistance resources for the FAFSA, such as available language translations and call center staff, incarcerated students or students from homes where the primary language spoken is one other than English may face impediments to successfully accessing the FAFSA.

The CADAA. Not all students are eligible to qualify for federal financial aid via the FAFSA. However, existing law authorizes the CSAC to create an alternative application form, the CADAA, for students' who are not eligible for federal aid, but who may be eligible for state and institutional aid or scholarships, such as undocumented students. According to the CSAC's website, a student is eligible to complete the CADAA if they are undocumented, have a U-Visa or Temporary Protected Status, meet the California non-resident exemption requirements, or are from a mixed-status family. This bill expands access to the CADAA to any student eligible for state-administered financial aid programs even if they are eligible for federal financial aid.