

SENATE THIRD READING
SB 67 (Seyarto)
As Introduced January 13, 2025
Majority vote

SUMMARY

Extends Cal Grant and Middle Class Scholarship Program (MCSP) to dependents of U.S. military members stationed outside of California on active duty who otherwise maintain their legal residence in California.

Major Provisions

- 1) Provides Cal Grant and MCSP eligibility to a student who was not a resident of California at the time of high school graduation or its equivalent but meets all other applicable eligibility requirements and is a dependent natural or adopted child, stepchild, or spouse of a member of the Armed Forces of the United States stationed outside of California on active duty, if the member of the Armed Forces of the United States otherwise maintains California as their state of legal residence.
- 2) Makes technical and conforming changes to existing law.

COMMENTS

Cal Grant. California's primary state-funded student financial aid program, the Cal Grant, is the largest state financial aid program.

There are currently three kinds of Cal Grants, A, B and C, of which eligibility is determined by the Free Application for Federal Student Aid (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).

The 2021-22 Budget Act included the largest Cal Grant expansion in more than two decades. Prior to this action, only recent high school graduates and transfer students under the age of 28 qualified for a Cal Grant entitlement award, which left tens of thousands of low-income California college students out of the program.

Additionally, the Budget Act expanded entitlement awards to CCC students regardless of their age and time out of high school. For CCC students who receive this new award, they remain eligible for the award even after transferring to a California State University (CSU) or University of California (UC) campus.

Middle Class Scholarship Program. The State created the original MCS program in the 2013-2014 Budget package to provide partial tuition coverage to certain UC and CSU students. Originally, MCS awards were for students who were not receiving tuition coverage through the Cal Grant program or other need-based financial aid programs. At full implementation, the

program was providing average awards of \$3,000 for UC students and \$1,700 for CSU students. Nearly 60,000 students received the award in 2021-2022.

The MCS 2.0 was altered in the 2021 Budget Act and implemented in 2023. The adopted plan revamped the MCS program to focus on total cost of attendance (COA) rather than tuition only. Under the revamped program, students may use MCS awards for non-tuition expenses, such as housing and food. The state implemented the revamped program for the first time in 2022-2023. Award amounts are now calculated based on a multicomponent formula. Calculating a student's award amount under the revamped program involves several steps. First, the CSAC accounts for other available gift aid, a student contribution from part-time work earnings, and parent contribution for dependent students with a household income of over \$100,000. CSAC then deducts these amounts from the student's total cost of attendance to determine whether the student has any remaining costs. Finally, CSAC determines what percentage of each student's remaining costs to cover based on the annual state appropriation for the program. Under this formula, award amounts vary widely among students, with each student's award reflecting their costs and available resources.

The revamped MCS program generally maintains the income and asset ceilings of the original program, adjusted for inflation. The maximum annual household income to qualify for an MCS award is \$234,000 for dependent students in 2025-2026. However, the program is now serving considerably more low-income students than before. Now students receiving tuition coverage through Cal Grants or other financial aid programs are newly eligible for MCS awards to help cover non-tuition expenses under the revamped program. More than half of students who received MCS awards in 2023-24 had a household income of \$50,000 or less, and almost 80% had a household income of \$100,000 or less. Students with lower household incomes, however, tended to receive smaller award amounts because they were receiving more gift aid from other programs (such as Cal Grants, Pell Grants, and institutional aid).

Committee comments. Servicemembers stationed in California and their dependents are entitled to resident classification in order to determine their tuition – and are allowed to maintain that residency if the servicemember is later stationed outside of the state, so long as the servicemember or their dependents remain continuously enrolled in the institution.

The expanded residency status proposed in SB 67 (Seyarto) seems a natural companion to this existing law. If a servicemember maintains California as their state of legal residency, then it seems reasonable that their children be entitled to financial aid options that residency has helped to support.

According to the Author

According to the author, "California is home to many active-duty military personnel and Veterans who made the courageous decision to dedicate their lives to service and protecting our nation's freedoms. This weighty commitment often takes them and their families far away from the state they call their home for extended periods of time, whether it be across state lines or across the globe."

"The fact that these families are stationed out of state does not make them any less Californian. California is their home, they pay the same taxes and they contribute in all the same ways as any other resident and then some with their added commitment to our nation. Cal Grant was meant to make education more accessible to all Californians regardless of their socioeconomic status or

background. SB 67 will ensure our military families are afforded that same access to education for their children."

Arguments in Support

A coalition of Veteran Service Organizations wrote in support of SB 67 (Seyarto), noting that, "California's Cal Grant program is the state's largest financial aid resource, providing vital assistance to help students afford college. However, current law unintentionally excludes a unique group: dependents of military personnel who maintain legal California residency but are stationed out of state under official military orders. As a result, these students—though their families continue to pay taxes and own property in California—are deemed ineligible for aid simply because they graduated from an out-of-state high school."

SB 67 corrects this oversight by recognizing that service members often retain California as their legal residence, even when military duty requires relocation. As the Stuttgart Law Center explains, legal residence is determined by factors such as registering to vote, paying California taxes, and maintaining a California driver's license and permanent address. The bill appropriately affirms that dependents of those service members should not be penalized for their parent's federal military assignments. By clarifying eligibility criteria, SB 67 advances equitable access to higher education for military families, honoring their service and preserving the intent of the Cal Grant program."

Arguments in Opposition

None on file.

FISCAL COMMENTS

Per the Assembly Committee on Appropriations:

- 1) Unknown, potentially significant, ongoing General Fund costs to provide additional Cal Grants or MCSP to newly eligible students. Costs would depend on the number of students newly qualifying for Cal Grants and MCSP and the amount of their grant received. For example, if 15 students each received a tuition awards to attend UC at the 2024-25 academic year tuition cost of \$14,436, costs would be about \$216,540.
- 2) Minor and absorbable General Fund costs to the California Students Aid Commission (CSAC) to accommodate these changes to Cal Grant and MCSP.

VOTES

SENATE FLOOR: 38-0-2

YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, 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: Limón, Reyes

ASM HIGHER EDUCATION: 10-0-0

YES: Fong, DeMaio, Boerner, Jeff Gonzalez, Jackson, Muratsuchi, Patel, Celeste Rodriguez, Sharp-Collins, Tangipa

ASM MILITARY AND VETERANS AFFAIRS: 8-0-0

YES: Schiavo, Jeff Gonzalez, Ávila Farías, Carrillo, Davies, Michelle Rodriguez, Sharp-Collins, Valencia

ASM APPROPRIATIONS: 15-0-0

YES: Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache, Ta, Tangipa

UPDATED

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