

# AB 1746 (Medina, McCarty, & Leyva)

## Cal Grant Reform Act

### **Background**

California's financial aid system supports over 400,000 students seeking postsecondary education and a better life per year. The Legislature appropriates more than \$2 billion annually toward financial aid. It is a key component of the state's longstanding commitment to accessible, affordable higher education. Cal Grants can be used at any University of California, California State University or California Community College, and independent, postsecondary institutions.

There are 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, and the type of California colleges a student listed on their FAFSA. Students are considered for a Cal Grant A, B, or C after they either establish eligibility as for an Entitlement award (if they graduated from high school less than one year ago or transferred from a community college) or secure one of a limited number of Competitive awards (for any students that do not qualify for an Entitlement).

### **Problem**

California's primary student financial aid program was designed six decades ago and no longer meets the needs of the state's struggling college students. In 2020, 7 of 10 students lost some or all of their income due to the COVID-19 pandemic. COVID-19 and the ensuing recession have only heightened financial pressures being experienced by students while also highlighting the need for longer-term structural reform of state financial aid. Among the problems are:

- **Cal Grant program excludes hundreds of thousands of the most financially vulnerable students.** Cal Grant eligibility rules are geared toward college students who are 18- to 24-years old and attending college directly after finishing high school. Although the Community College Entitlement Program of 2021 removed age and time-out-of high school eligibility for community college students, adult learners are still overwhelmingly excluded from Cal Grants due to the GPA barrier.
- **Non-tuition costs are not adequately addressed.** Much of the state financial aid program was created in a time when housing costs were lower, part-time jobs were more easily available to college students and the minimum wage had more buying power. Today's college students face significant costs, particularly housing: all three public segments and independent postsecondary institutions indicate many students will spend at least \$12,000 annually on room and board in 2018-19
- **State aid programs are too complex.** The different Cal Grant Awards have complicated eligibility and application requirements that limit students' access to aid and do not align with federal financial aid policies.

### **Solution**

To ensure Californians have access to debt free college, comprehensive reform is needed. The new Cal Grant Equity Framework will better support students as California recovers from COVID-19; the program will thus be built on targeted investments and reflect the needs of today's student population

**AB 1746** will do the following:

- Consolidate Cal Grant Awards A, B, & C into Cal Grant 2 and Cal Grant 4 Programs;
- *Cal Grant 2:* Guarantee an access award for all California Community College (CCC) students with incomes or other circumstances that would qualify for a maximum Pell Grant award and who do not have any dependents under age 18;
- *Cal Grant 4:* Maintain a tuition award to students at eligible four-year institutions;
- *Students with Dependent Children:* Enhance basic needs awards for student-parents with dependent children and who are enrolled at a public college or university;
- Remove barriers for adult learners such as GPA—eliminating the need for the competitive Cal Grant program;
- Open up eligibility to Cal Grant aid to 200,000 more California students, with including adult learners, student-parents, and students of color;
- Align state and federal financial aid policies to create a more coordinated approach to investments in college affordability that leverages federal fund sources to most effectively serve students.

By reforming our Cal Grant system now, California will support its diverse students with the opportunity to pursue higher education.

**Support**

Cal State Student Association (co-sponsor)  
California Student Aid Commission (co-sponsor)  
Student Senate for California Community Colleges (co-sponsor)  
University of California Student Association (co-sponsor)

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