

UPDATE ON THE 2021-22 STATE BUDGET

June 16, 2021



At the time of drafting this attachment item, the 2021-22 State Budget had not yet been finalized. On June 14, the Senate and Assembly approved Assembly Bill 128, which reflected a “two party agreement” between both legislative chambers but not the final “three party agreement” including the Governor. Passage of AB 128 ensured that the Legislature fulfilled its constitutional requirement to pass a balance budget before June 15, while allowing negotiations with the Administration to continue ahead of the July 1 start of the 2021-22 fiscal year. The Governor and legislative leaders have announced that further legislation (i.e., a “Budget Bill, Jr.”) will be enacted that reflects a “three party agreement” and modifies AB 128 to become the operative 2021-22 State Budget.

Because negotiations on key structural elements of the Budget are still underway, many details outlined in “trailer bill language” are not yet available. “Trailer bill language” is included with each annual State Budget to provide authorizing language for programs or investments provided in the primary budget bill.

Despite the uncertainty of the final outcome of the 2021-22 State Budget, it is clear that college affordability and financial aid are high priority issues for the Governor and Legislature. While differing in their approaches, policymakers all prioritized addressing the total cost of attendance faced by California students and providing additional support to help address financial barriers to attaining higher education.

Below is a summary of key features and differences between the Governor’s proposed 2021-22 State Budget and the Legislature’s version reflected in AB 128 for programs administered by the Commission.

Issue	Governor's Proposed Budget	Legislature's Proposed Budget
Cal Grant A Restoration	\$58.2 million in ongoing General Fund and trailer bill language to restore Cal Grant A eligibility for students impacted by a change in living status due to COVID-19. These students might have otherwise lost eligibility for their award for at least the full 2020-21 academic year.	Approve as proposed.

<p>Access Awards for Current and Former Foster Youth</p>	<p>\$20 million in ongoing General Fund to increase access awards for former or current foster youth. New and renewal Cal Grant A students who are current or former foster youth would receive an access award of up to \$6,000, while new and renewal Cal Grant B students who are current or former foster youth would see their access award increase from \$1,648 to \$6,000.</p>	<p>Approve and adopt placeholder trailer bill language.</p>
<p>Competitive Cal Grants</p>	<p>\$35 million in ongoing General Fund to add 9,000 Competitive awards, increasing the total number of awards to 50,000.</p>	<p>Rejects administration proposal.</p>
<p>Delay of transfer enrollment requirement for private, non-profit institutions to maintain current Cal Grant award amount</p>	<p>Maintains the maximum Cal Grant tuition award (\$9,084) for students attending private, nonprofit institutions with trailer bill language to delay the requirement that private, nonprofit institutions offer admission to at least 2,000 ADT students in order to maintain the maximum Cal Grant award. The delay shifts the requirement from applying in 2021-22 to fiscal year 2022-23.</p>	<p>Approve as proposed.</p>
<p>Grant Delivery System Modernization</p>	<p>\$1.8 million in one-time General Fund for the fourth and final year of Grant Delivery System Modernization (GDSM) project costs, fully funding the last phase of GDSM.</p>	<p>Approve as budgeted.</p>

	After FY 2021-22, provides \$719,000 in ongoing General Fund for maintenance and operations costs.	
Receipt of Philanthropic Funds	Trailer bill language to allow the Commission to receive philanthropic funding.	Rejects administration proposal.
Financial Aid Application Completion Requirement	Trailer bill language that would require local education agencies (LEAs) confirm that all high school seniors complete a financial aid application, unless they opt out, beginning in the 2021-22 academic year.	Placeholder trailer bill language to delay implementation by one-year, require the Commission to develop regulations and standardized forms, require schools to use standardized opt-out form, allow legal services organizations and immigrant resource centers to aid schools, allow a student to opt out for any reason, and ensure that students are not penalized.
College Access Tax Credit	\$760,000 in one-time General Fund to ensure that the College Access Tax Credit supplement of \$8 is maintained for the 2020-21 award year due to a shortfall in revenue derived through the College Access Tax Credit program.	Approve as proposed.
Golden State Teacher Grants	\$500 million in one-time General Fund and trailer bill language to expand the students in teacher preparation programs eligible to receive a grant award of up to \$20,000. Trailer bill language also includes several modifications, including	Reduces to \$200 million one-time General Fund and rejects trailer bill language changes that modify the definition of "high-needs schools."

	<p>allowing students in kinder teacher preparation programs to be eligible for an award, expansion of the teacher development programs in which students could receive a grant, and modifications to the definition of “priority school” where participants would teach.</p>	
<p>Golden State Education, Entrepreneurship, and Training Program</p>	<p>\$1 billion in one-time federal funds to be administered by the Commission to award grants to displaced workers seeking educational opportunities, skills development, or assistance for costs to start a business.</p>	<p>Rejects administration proposal.</p>
<p>Child Savings Accounts</p>	<p>\$2 billion in one-time, federal funds to provide \$500 college savings accounts for every low-income public school student, as defined under the Local Control Funding Formula, with supplemental funding for homeless students and foster youth to receive an additional \$500. This program would be administered by the ScholarShare Investment Board.</p> <p>\$170 million in ongoing, General Fund allocated beginning in 2022-23.</p>	<p>Approve an amended proposal and placeholder trailer bill language to reduce the amount of budget year funding to \$1.05 billion and provide funds to supplement the existing California Kids Investment and Development Savings (CalKIDS) Program. Provide ongoing funds to CalKIDS for future cohorts of children.</p> <p>Provides \$50 million to the Commission to provide grants to local child savings accounts programs.</p>

<p>Californians For all College Service Program</p>	<p>\$245.8 million in a combination of federal funds and General Fund to provide part-time service opportunities to college students in critical issue areas like climate action, education, and youth development. This program would be administered by California Volunteers in partnership with the Commission, and public higher education segments.</p>	<p>Rejects administration proposal.</p>
<p>Cal Grant Entitlement Expansion & Access Award Increase</p>	<p>No proposal.</p>	<p><u>For 2021-22:</u> \$155.4 million in ongoing General Fund to remove barriers to Cal Grant entitlements based on age and time out of high school for CCC students.</p> <p>\$44.6 million in ongoing General Fund to increase the Cal Grant B Access Award for CCC students to \$1,879.</p> <p><u>For 2022-23:</u> \$487 million in ongoing General Fund to remove barriers to Cal Grant entitlements based on age and time out of high school for all eligible students.</p> <p>\$125.2 million in ongoing General Fund to increase the Cal Grant B Access Award for all recipients to \$2,000.</p>

<p>Cost of living adjustment for Cal Grant awards for students at private, non-profit institutions</p>	<p>No proposal.</p>	<p>\$5.4 million in ongoing General Fund to increase the award amount for Cal Grants to students enrolled at private, non-profit institutions.</p>
<p>Middle Class Scholarship Expansion</p>	<p>No proposal.</p>	<p>\$542 million in ongoing General Fund to phase-in expansion of the Middle-Class Scholarship starting in 2022-23 to support the total cost of attendance for low income and middle-income students at UC and CSU, including Cal Grant recipients. This appropriation would fund the expanded “MCS 2.0” at 33% of the target for full funding of the program. The Legislature estimates that this would support 380,000 students in 2022-23.</p>