

Item 10

(Information Item)

Update on 2021-22 State Budget Act – Cal Grant expansion and new Commission programs

SUMMARY:

This item provides an update on the 2021-22 State Budget relevant to the California Student Aid Commission's (Commission) programs and operations.

RECOMMENDATION:

This is an information item; no action is required.

BACKGROUND:

On January 2021, Governor Newsom's proposed state budget for FY 2021-22 was released and was subsequently revised in May 2021 (known as the May Revision) to reflect state revenue sources. The May Revision to the proposed 2021-22 State Budget reflected significantly greater tax revenues that were collected than previously anticipated, as well as billions in additional funding received from the federal government in response to the COVID-19 pandemic and related economic challenges.

Following the release of the May Revision, as well as the presentation of the Legislature's "Build Back Boldly" Budget plan, policymakers engaged in negotiations around the final 2021-22 State Budget. Before the state constitutional deadline of June 15 for the Legislature to pass a balanced budget, AB 128 was passed by the Legislature and sent to the Governor's desk while discussions with the Administration continued.

SB 129, a "Budget Bill, Jr." amending AB 128, was later passed and signed by the Governor and reflects the final agreement between the Governor and Legislature, subject to other clarifying amendments or corrections enacted in the ensuing budget bills. As occurs every year, the primary Budget bill was accompanied by "trailer bill" legislation that outlines means of establishing or operationalizing new programs and policies included in the State Budget. AB 132, the "trailer bill" addressing higher education issues, was signed into law by Governor Newsom on July 27, 2021, and includes numerous and significant policy and programmatic changes to financial aid and the Commission programs.

The 2021-22 State Budget includes the following key provisions:

- **Cal Grant Expansion for California Community College Students**
 - \$155.4 million in ongoing General Fund to remove barriers to Cal Grant entitlements based on age and time out of high school for students enrolled at a community college.

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- **Access Award for Foster Youth**
 - \$15.1 million in ongoing General Fund to increase access awards for former or current foster youth.
- **Cal Grant A Restoration**
 - \$14.8 million in ongoing General Fund to ensure that students retained their access to Cal Grant A awards despite changes to their living status that resulted from COVID-19.
- **Cal Grant Awards for Private, Non-Profit Institutions**
 - \$5.4 million to increase the Cal Grant award amount for students enrolled at eligible private, non-profit institutions to \$9,220.
- **Golden State Education & Training Grant Program**
 - \$472.5 million in one-time federal funds and \$27.5 million in one-time General Fund to be administered by the Commission to support education grants for displaced workers wishing to attend a public institution of higher education or participate in a program on the Eligible Training Program list.
- **Learning Aligned Employment Program**
 - \$200 million in one-time General Fund in 2021-22 and \$300 million one-time General Fund in 2022-23 to support state-funded work study programs at public institutions of higher education.
- **Golden State Teacher Grant Program**
 - \$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.
- **Financial Aid Completion Requirement**
 - Adopts a requirement that starting in the 2022-23 academic year, local education agencies will confirm that all their graduating seniors complete a financial aid application or an opt-out waiver.
- **California For All College Service Program**
 - \$146.3 million (\$18.8 million General Fund and \$127.5 million in federal funds) to establish the California for All College Service Program.

RESPONSIBLE PERSON(S):

Jake Brymner, Director
Government and External Relations

Tae Kang, Deputy Director
Program Administration and Services Division

ATTACHMENT(S):

2021 State Budget Summary on Higher Education Provisions

Update on the 2021-22 State Budget presented on September 9, 2021

2021-22 State Budget Update presentation presented on September 9, 2021