

UPDATE ON 2022-23 STATE BUDGET PROPOSALS – COMPARISON OF THE MAY REVISION AND LEGISLATIVE BUDGET

June 8, 2022

The 2022-23 State Budget is not yet finalized; however, on June 1, the Senate and Assembly presented the Legislative Version of the 2022-23 State Budget. The budget agreement between the leaders and budget committee chairs of the Assembly and the Senate is an important step in the budget process, but the agreement between both legislative chambers does not reflect the final agreement with the Governor for the 2022-23 State Budget. Negotiations between the Governor and the Legislature will continue with a June 30, 2022 deadline to finalize the budget agreement.

This year college affordability and financial aid are high priority issues as indicated with the Legislative Version's inclusion of the Cal Grant Reform package and scheduled increase to funding for the Middle Class Scholarship program. While differing in their approaches, policymakers are addressing the total cost of attendance and need for additional financial aid to remove financial barriers to higher education. In addition to these major new investments and policy changes, both the May Revision and the Legislative Version include important "trailer bill" modifications to laws governing programs administered by the Commission, several of which have been sought by the Commission to either better serve students or facilitate implementation efforts.

Below is a comparison of proposals included in the Governor's 2022-23 May Revision Budget and the Legislative Version of the 2022-23 State Budget.

ISSUES	MAY REVISION	LEGISLATIVE VERSION
<p>Cal Grant Reform Act: Proposal makes significant reforms to the Cal Grant Program as outlined in the Commission's sponsored legislation AB 1746 (Medina, McCarty, & Leyva), including:</p> <ul style="list-style-type: none"> • Phasing-out existing programs, • Removing eligibility barriers based on age, time since high school graduation, and Grade Point Average (GPA), • Creation of the new Cal Grant 2 Program for CCC students and the Cal Grant 4 Program for students attending the UC, CSU, and eligible private institutions. <p>These changes would take effect on July 1, 2024. It also adds \$315 million ongoing funding to Cal Grant Program in 2024-25.</p>	<p>No proposal in May Revision.</p>	<p>The Legislature approves proposal and adoption of placeholder trailer bill language.</p>

<p>Cal Grant B and C Access Award Increases and Improvements for Students Attending Independent Nonprofit Colleges and Universities: Proposal makes the following augmentations to Cal Grant awards:</p> <ul style="list-style-type: none"> • Increase Cal Grant B awards by \$500 and increase the maximum Cal Grant C book and supply award would increase by \$332 at CCC and \$166 at all other segments. • \$5.5 million General Fund in 2022-23 and ongoing to provide an increase in the award amount, from \$9,220 to \$9,358 for the approximately 28,000 Cal Grant students attending a private nonprofit institution. • \$10 million General Fund in 2022-23 and ongoing to extend supplemental Cal Grant support for foster youth and students with dependent children to those attending a private nonprofit institution. • \$10.4 million General Fund in 2022-23 and ongoing to improve regional transfer for low-income students by extending the portability of the Community College Cal Grant Entitlement to recipients transferring to a private nonprofit institution. 	<p>No proposal in May Revision.</p>	<p>The Legislature approves \$185 million in 23-24, \$192 million in 24-25, and \$193 million in 25-26 and ongoing and adopts placeholder trailer bill language.</p>
<p>Cal Grant Award Amount at Private Nonprofit Institutions: Proposal makes two statutory changes regarding links between Cal Grant tuition award amounts for students at private nonprofit institutions to the number of Associate Degree for Transfer (ADT) students accepted within this sector:</p> <ul style="list-style-type: none"> • In recognition of a “good faith effort” for the private nonprofit sector to admit ADT students, deletes a provision that reduces the 2022-23 award amount from \$9,220 to \$8,056 if the sector admits fewer than 3,000 ADT students in 2021-22. • Modifies a provision that reduces the 2023-24 award amount from \$9,220 to 	<p>Included in May Revise Budget.</p>	<p>The Legislature approves as proposed.</p>

<p>\$8,056 if the sector admits fewer than 3,500 ADT students in 2022-23. The sector instead must admit as many ADT students in 2022-23 as it did in the previous year, adjusted for changes in total transfer enrollment.</p>		
<p>Middle Class Scholarship (MCS) 2021-22 Funding Level: Proposal reduces the MCS funding level to \$110 million (instead of \$117 million) in 2021-22 to align with updated cost estimates. The cost estimates assume the maximum award would be prorated to cover an award maximum 35% of systemwide tuition at a public university (instead of 40% without proration).</p>	<p>Included in May Revise Budget.</p>	<p>The Legislature rejects this proposal.</p>
<p>Middle Class Scholarship 2.0 2022-23 and 2023-24 Funding Level Proposal increases funding to \$515 million ongoing General Fund, for a combined total of \$632 million, to support a modified version of the MCS Program that focuses resources toward reducing a student's total cost of attendance.</p> <p>The Legislative Version of the 2022-23 Budget also proposes an additional appropriation for 2023-24 of \$227 million ongoing General Fund above Governor's proposal to fund the MCS 2.0, with the intention of covering one-third of the total projected cost of the program.</p>	<p>Funding level for 2022-23 included in the May Revision.</p>	<p>The Legislature approves as proposed.</p>
<p>Learning-Aligned Employment Program Proposal increases funding for the program by \$300 million one-time General Fund for a combined total of \$500 million one-time, in line with the 2021 Budget agreement. These funds will be distributed to participating public colleges and universities based on the number of Pell Grant recipients they enroll to establish job placement opportunities in students' fields of studies.</p> <p>Additionally, proposal clarifies that the Commission has until June 30, 2031 to</p>	<p>Included in May Revise Budget.</p>	<p>The Legislature approves as proposed.</p>

encumber or expend funds appropriated for its administration of this program.		
Financial Aid Expansion Administrative Support: Proposal increases funding and position authority for administrative staff to support Cal Grant expansion and additional new programs established in the 2021-22 Budget. Combined with the funding and position authority included in the Governor's Budget, this augmentation provides the Commission \$889,000 for eight positions beginning in 2022-23.	Included in May Revise Budget.	The Legislature approves as proposed.
Cash for College: Proposal provides \$500,000 in one-time General Fund to support the creation of Regional Coordinating Organizations for Cash for College workshops in targeted regions to support implementation efforts involved with universal financial aid applications for high school seniors.	Included in May Revise Budget.	The Legislature approves as budgeted and adopts the Legislative Analyst's Office recommendation to include a reporting requirement on supported activities and outcomes.
California Student Opportunity and Access Program (Cal-SOAP) Inland Empire Projects: Proposal adds \$2.4 million ongoing General Fund to the Cal-SOAP operating budget to maintain the existing projects in the Inland Empire.	No proposal in May Revision.	The Legislature approves as proposed.
Legal Aid Loan Repayment Program: Proposal provides \$11 million annually for 5 years to establish the Legal Aid Loan Repayment Assistance Program to provide a student loan payment benefit to attorneys working in eligible organizations. The Commission would administer the program and disburse loan forgiveness assistance awards directly to recipients. Each eligible applicant may receive up to \$10,000 annually in loan repayment assistance if they work full-time at specified organizations.	No proposal in May Revision.	The Legislature requests \$11 million per year for five years and adopt provisional budget and place-holder trailer bill language.

<p>Golden State Teacher Grant Program: Proposal makes the following changes:</p> <ul style="list-style-type: none"> • Removes existing program requirements for participants to teach in high-need fields, expanding to serve all students in teacher credential programs. • Includes the pupil personnel services credential within the list of qualifying credentials that would enable a student to apply to participate in the program. • Enables applications and initial eligibility determinations to be completed prior to a student's enrollment in a credential program, as well as utilize their grants in multiple academic years. • Extends the Commission's ability to utilize and amend emergency regulations. 	<p>Included in May Revise Budget.</p>	<p>The Legislature rejects eligibility expansion beyond high-need fields, while approving other proposed changes.</p> <p>The Legislature also adopts additional language broadening program eligibility to include students in credential programs toward becoming a school counselor or mental health specialist.</p>
<p>Cal Grant Institutional Eligibility: Proposal requires use of the cohort default rates approved by the Commission in 2020 for purposes of determining institutional eligibility for Cal Grant participation for the 2023-24 award year, instead of the most recent rates that have been impacted by the pause on federal student loan payments.</p>	<p>Included in May Revise Budget.</p>	<p>The Legislature approves as proposed.</p>
<p>Dreamer Service Incentive Grant Program: Proposal makes the following changes:</p> <ul style="list-style-type: none"> • Increases the award amount for full-time enrolled students to \$4,500 from the current \$3,000. • Redirects any unexpended program funds to the public universities for use in the Dream Loan program. • Extends program eligibility to include Cal Grant A recipients who are eligible for a Cal Grant B award. Under current law, only Cal Grant B recipients may participate. 	<p>Included in May Revise Budget.</p>	<p>The Legislature approves as proposed.</p>