

Item 12

(Information Item)

Update on 2022-23 State Budget

SUMMARY:

This item provides an update on the 2022-23 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:

In May 2022, Governor Newsom released his revised proposal for the 2022-23 State Budget, the "May Revision," which reflected new state tax revenue. Following the release of the May Revision, policymakers engaged in negotiations around the final 2022-23 State Budget, resulting in the passage of the Legislature's balanced budget, SB 154, meeting the state constitutional deadline of June 15.

AB 178, the "Budget Bill, Jr." amending SB 154, was later passed and signed by the Governor and reflects the final agreement between the Governor and Legislature. Subsequently, several budget trailer bills that outline means of establishing or operationalizing new programs and policies included in the State Budget were passed. AB 183, the "trailer bill" addressing higher education issues, was signed into law by Governor Newsom on June 30, 2022, and includes numerous policy and programmatic changes to financial aid and Commission programs.

Notably, the Cal Grant Equity Framework was adopted in the final 2022-23 State Budget with an initial allocation of \$500,000 (one-time) to begin implementation, and full implementation (AY 2024-25) contingent on a revenue determination and appropriation in May 2024. This "revenue trigger" will simply confirm if there is sufficient funding available on a multiyear basis to support Cal Grant reform. It is important to note that current projections indicate that there is sufficient revenue.

The 2022-23 State Budget also includes the following investments and policy changes:

- **Cal Grants for Students at Private Non-Profit Institutions** – Increase in the Cal Grant award amount to \$9,358 for students at private, non-profit institutions. Also includes \$10 million (ongoing) to extend \$6,000 Foster Youth and Students with Dependent Children access awards to students in this segment. The Budget agreement also included a provision to extend the portability of the Community

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College Cal Grant entitlement to private, non-profit institutions, contingent on a revenue determination in May 2024.

- **Middle Class Scholarship (MCS) 2.0** - \$515 million (ongoing) for a total of \$632 million to serve over 300,000 more students at California public universities with awards that seek to address the total cost of attendance. The budget also includes intent language to add \$227 million (one-time) in the 2023-24 State Budget to further supplement MCS 2.0 funding.
- **Administrative Funding for CSAC** - \$1.4 million (ongoing) for the creation of eight new staff positions to support additional workload capacity needs
- **California Student Opportunity and Access Program (Cal-SOAP) Inland Empire** - \$2.4 million (ongoing) to maintain the existing Cal-SOAP projects in the Inland Empire.
- **Golden State Teacher Grant Program** – Expanded eligibility to all students in teacher credential or pupil personnel services program and commit to serving at a priority school, as well as enacted several other changes sought by the Commission to improve administration of the program.
- **California Dreamer Service Incentive Grant Program** - Increases the award amount to \$4,500, eliminates the pro-rating of awards based on enrollment level, allows Cal Grant A recipients eligible for Cal Grant B to participate, and redirects unspent funds to the Dream Loan program.
- **Learning-Aligned Employment Program (LAEP)** – Additional \$300 million (one-time) for a total of \$500 million in funding. Additionally, trailer bill language clarifies that CSAC has until June 30, 2031, to spend its associated administrative funding.
- **Regional Coordinating Organizations** - \$500,000 (one-time) to expand Cash for College Regional Coordinating Organizations along with a reporting requirement to support implementation efforts involved with universal financial aid application completion for high school seniors.
- **Institutional Eligibility for Cal Grant Program Participation and Cohort Default Rates** - Requires the Commission to use the cohort default rate it approved in 2020 instead of the most recent rate for the 2023-24 academic year to avoid any unintended consequence of the pause on federal student loan payments.
- **California Indian Nations College Accreditation** - \$5 million (one-time) for the Commission to provide to the California Indian Nations College as it seeks accreditation.

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- **CalFresh Student Data Dashboard** – Enhances the existing CalFresh Data Dashboard by requiring the California Department of Social Services to publish specified data on students' CalFresh access.

RESPONSIBLE PERSON(S):

Jake Brymner, Deputy Director
Policy and Public Affairs Division

ATTACHMENT(S):

Summary of Key 2022-23 State Budget Actions Impacting Commission Programs

2022-23 State Budget Summary on Higher Education Provisions

CA State Budget and the Commission Presentation Presented on September 8, 2022