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## AB-402 Student financial aid: Cal Grant Program and the California Community College Expanded Entitlement Program. (2025-2026)

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AMENDED IN ASSEMBLY MAY 23, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

### ASSEMBLY BILL

NO. 402

Introduced by Assembly Member Patel

February 04, 2025

An act to amend Section 69432 of, and to amend and repeal Section 69435.5 of, the Education Code, relating to student financial aid.

### LEGISLATIVE COUNSEL'S DIGEST

AB 402, as amended, Patel. Student financial aid: Cal Grant Program and the California Community College Expanded Entitlement Program.

(1) Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program, provides awards to certain California postsecondary students to help pay the costs of postsecondary education. Existing law sets the maximum Cal Grant A and B tuition award amount for new recipients in the 2023–24 award year at \$9,358 for students attending independent institutions of higher education. Existing law authorizes community colleges to award an associate degree for transfer, and provides that the Cal Grant A and B tuition award amount for future years for students attending independent institutions of higher education depends on the number of commitments those institutions make to accept associate degrees for transfer. Beginning with the 2024–25 award year, existing law sets the maximum tuition award amount for new Cal Grant A and B recipients at either \$9,358 or \$8,056, depending upon whether the number of new unduplicated transfer students accepted by those institutions who have been given associate degree for transfer commitments in the prior award year exceeds statutory targets.

This bill would ~~set the 2024–25 award year amount for new Cal Grant A and B recipients attending an independent institution of higher education at \$9,358. Beginning~~ *set, beginning* with the ~~2025–26~~ *2026–27* award year, ~~the bill would set~~ *and subject to an appropriation for this purpose*, the maximum tuition award amount for new Cal Grant A and B recipients at either \$9,708 or \$8,056, with the higher amount conditioned on the achievement of the target numbers for associate degree for transfer commitments that apply for the prior award year.

(2) Existing law establishes a California Community College Expanded Entitlement Award for students who were not awarded a Cal Grant A or B award at the time of the student's high school graduation but who will be enrolled at a California community college during the award year and meet other criteria. Existing law authorizes a student who receives a California Community

College Expanded Entitlement Award to subsequently transfer to a University of California or California State University campus and remain eligible to receive the award. Existing law also authorizes a student who receives a California Community College Expanded Entitlement Award and who subsequently transfers to an independent institution of higher education to remain eligible to receive the award, but only if General Fund moneys over the multiyear forecasts beginning in the 2024–25 fiscal year are available to support ongoing augmentations and actions, and if funding is provided in the annual Budget Act to implement the Cal Grant Reform Act.

This bill would instead authorize a student who receives a California Community College Expanded Entitlement Award and who subsequently transfers to an independent institution of higher education to remain eligible to receive the award without the above-described conditions.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~SECTION 1. Section 69432 of the Education Code is amended to read:~~

~~69432.(a)(1) Cal Grant Program awards shall be known as "Cal Grant A Entitlement Awards," "Cal Grant B Entitlement Awards," "California Community College Expanded Entitlement Awards," "California Community College Transfer Entitlement Awards," "Competitive Cal Grant A and B Awards," "Cal Grant C Awards," and "Cal Grant T Awards."~~

~~(2) For purposes of this section, "associate degree for transfer commitment" means a commitment by an independent institution of higher education that chooses to accept the California Community College associate degree for transfer pursuant to Section 66749.6.~~

~~(b) Maximum award amounts for students at independent institutions of higher education, private for-profit postsecondary educational institutions, and for Cal Grant C and T awards shall be identified in the annual Budget Act. Maximum award amounts for Cal Grant A and B awards for students attending public institutions shall be referenced in the annual Budget Act.~~

~~(c)(1) Notwithstanding subdivision (b), and subdivision (c) of Section 66021.2, commencing with the 2013–14 award year, the maximum tuition award amounts for Cal Grant A and B awards for students attending private for-profit postsecondary educational institutions shall be four thousand dollars (\$4,000).~~

~~(2) Notwithstanding paragraph (1) of this subdivision, subdivision (b) of this section, and subdivision (c) of Section 66021.2, commencing with the 2018–19 award year, the maximum tuition award amounts for Cal Grant A and B awards for students attending private for-profit postsecondary educational institutions accredited by the Western Association of Schools and Colleges shall be nine thousand eighty-four dollars (\$9,084) for new recipients, unless otherwise specified in the Budget Act of 2018.~~

~~(d) Notwithstanding subdivision (b) of this section, and subdivision (c) of Section 66021.2, the maximum tuition award amounts for Cal Grant A and B awards for students attending independent institutions of higher education shall be as follows:~~

~~(1) For the 2015–16 to 2020–21 award years, inclusive, nine thousand eighty-four dollars (\$9,084) for new recipients.~~

~~(2) For the 2021–22 award year, nine thousand two hundred twenty dollars (\$9,220) for new recipients.~~

~~(3) For the 2022–23 to 2024–25 award years, inclusive, nine thousand three hundred fifty-eight dollars (\$9,358) for new recipients.~~

~~(4) For the 2025–26 award year and each year thereafter:~~

~~(A) If the number of new unduplicated transfer students accepted by independent institutions of higher education who have been given associate degree for transfer commitments in the prior award year meets or exceeds the target specified in subdivision (h), nine thousand seven hundred eight dollars (\$9,708) for new recipients.~~

~~(B) If the number of new unduplicated transfer students accepted by independent institutions of higher education who have been given associate degree for transfer commitments in the prior award year is less than the target specified in subdivision (h), eight thousand fifty-six dollars (\$8,056) for new recipients.~~

~~(c)(1) The renewal award amount for a student whose initial award is subject to a maximum award amount specified in this section shall be calculated pursuant to paragraph (2) of subdivision (a) of Section 69433.~~

~~(2) Notwithstanding paragraph (1) of this subdivision, and paragraph (2) of subdivision (a) of Section 69433, the maximum tuition award amounts for Cal Grant A and B awards for students attending independent institutions of higher education shall be nine thousand seven hundred eight dollars (\$9,708) for renewal recipients, if the student first received a new award before the 2024–25 award year.~~

~~(f) It is the intent of the Legislature that independent institutions of higher education make a good faith effort to make the process for transferring from the California Community Colleges easier for resident students and a decision determining the maximum award amounts made pursuant to this section for students attending an independent institution of higher education will be made with consideration of the effort of the institution to make that process easier.~~

~~(g) The association representing the largest number of independent institutions of higher education shall submit a report relative to the implementation of this section to the Department of Finance and the Legislature, in conformity with Section 9795 of the Government Code, on or before April 15 of each year.~~

~~(h)(1) For the 2025–26 award year and each award year thereafter, the target number of new unduplicated recipients accepted by independent institutions of higher education who have been given associate degree for transfer commitments shall be equal to the number of new transfer students attending independent institutions of higher education who were given associate degree for transfer commitments in the prior award year, adjusted by the percentage change in the total number of new transfer students from the year two years prior, compared to the prior year.~~

~~(2) Notwithstanding paragraph (1), it is the intent of the Legislature that the target number of new unduplicated recipients accepted by independent institutions of higher education who have been given associate degree for transfer commitments will increase each year.~~

~~(i) For purposes of this section, “independent institution of higher education” has the same meaning as in Section 66010.~~

**SECTION 1.** *Section 69432 of the Education Code is amended to read:*

**69432.** (a) (1) Cal Grant Program awards shall be known as “Cal Grant A Entitlement Awards,” “Cal Grant B Entitlement Awards,” “California Community College Expanded Entitlement Awards,” “California Community College Transfer Entitlement Awards,” “Competitive Cal Grant A and B Awards,” “Cal Grant C Awards,” and “Cal Grant T Awards.”

(2) For purposes of this section, “associate degree for transfer commitment” means a commitment by an independent institution of higher education that chooses to accept the California Community College associate degree for transfer pursuant to Section 66749.6.

(b) Maximum award amounts for students at independent institutions of higher education, private for-profit postsecondary educational institutions, and for Cal Grant C and T awards shall be identified in the annual Budget Act. Maximum award amounts for Cal Grant A and B awards for students attending public institutions shall be referenced in the annual Budget Act.

(c) (1) Notwithstanding subdivision (b), and subdivision (c) of Section 66021.2, commencing with the 2013–14 award year, the maximum tuition award amounts for Cal Grant A and B awards for students attending private for-profit postsecondary educational institutions shall be four thousand dollars (\$4,000).

(2) Notwithstanding paragraph (1) of this subdivision, subdivision (b) of this section, and subdivision (c) of Section 66021.2, commencing with the 2018–19 award year, the maximum tuition award amounts for Cal Grant A and B awards for students attending private for-profit postsecondary educational institutions accredited by the Western Association of Schools and Colleges shall be nine thousand eighty-four dollars (\$9,084) for new recipients, unless otherwise specified in the Budget Act of 2018.

(d) Notwithstanding subdivision (b) of this section, and subdivision (c) of Section 66021.2, the maximum tuition award amounts for Cal Grant A and B awards for students attending independent institutions of higher education shall be as follows:

(1) For the 2015–16 to 2020–21 award years, inclusive, nine thousand eighty-four dollars (\$9,084) for new recipients.

(2) For the 2021–22 award year, nine thousand two hundred twenty dollars (\$9,220) for new recipients.

(3) For the 2022–23 and 2023–24 award years, nine thousand three hundred fifty-eight dollars (\$9,358) for new recipients.

(4) ~~For~~ *Except as provided in paragraph (5),* for the 2024–25 award year and each year thereafter:

(A) If the number of new unduplicated transfer students accepted by independent institutions of higher education who have been given associate degree for transfer commitments in the prior award year meets or exceeds the target specified in subdivision (h), nine thousand three hundred fifty-eight dollars (\$9,358) for new recipients.

(B) If the number of new unduplicated transfer students accepted by independent institutions of higher education who have been given associate degree for transfer commitments in the prior award year is less than the target specified in subdivision (h), eight thousand fifty-six dollars (\$8,056) for new recipients.

*(5) Notwithstanding subparagraph (A) of paragraph (4), and subject to an appropriation for purposes of this paragraph, for the 2026–27 award year and each year thereafter, if the number of new unduplicated transfer students accepted by independent institutions of higher education who have been given associate degree for transfer commitments in the prior award year meets or exceeds the target specified in subdivision (h), nine thousand seven hundred eight dollars (\$9,708) for new recipients.*

(e) (1) The renewal award amount for a student whose initial award is subject to a maximum award amount specified in this section shall be calculated pursuant to paragraph (2) of subdivision (a) of Section 69433.

(2) Notwithstanding paragraph (1) of this subdivision, and paragraph (2) of subdivision (a) of Section 69433, the maximum tuition award amounts for Cal Grant A and B awards for students attending independent institutions of higher education shall be nine thousand three hundred fifty-eight dollars (\$9,358) for renewal recipients, if the student first received a new award before the 2022–23 award ~~year~~ *year, except as provided in paragraph (3).*

*(3) Notwithstanding paragraphs (1) and (2) of this subdivision, and paragraph (2) of subdivision (a) of Section 69433, and subject to an appropriation for purposes of this paragraph, the maximum tuition award amounts for Cal Grant A and B awards for students attending independent institutions of higher education shall be nine thousand seven hundred eight dollars (\$9,708) for renewal recipients, if the student first received a new award before the 2026–27 award year.*

(f) It is the intent of the Legislature that independent institutions of higher education make a good faith effort to make the process for transferring from the California Community Colleges easier for resident students and a decision determining the maximum award amounts made pursuant to this section for students attending an independent institution of higher education will be made with consideration of the effort of the institution to make that process easier.

(g) The association representing the largest number of independent institutions of higher education shall submit a report relative to the implementation of this section to the Department of Finance and the Legislature, in conformity with Section 9795 of the Government Code, on or before April 15 of each year.

(h) (1) For the 2024–25 award year and each award year thereafter, the target number of new unduplicated recipients accepted by independent institutions of higher education who have been given associate degree for transfer commitments shall be equal to the number of new transfer students attending independent institutions of higher education who were given associate degree for transfer commitments in the prior award year, adjusted by the percentage change in the total number of new transfer students from the year two years prior, compared to the prior year.

(2) Notwithstanding paragraph (1), it is the intent of the Legislature that the target number of new unduplicated recipients accepted by independent institutions of higher education who have been given associate degree for transfer commitments will increase each year.

(i) For purposes of this section, “independent institution of higher education” has the same meaning as in Section 66010.

**SEC. 2.** Section 69435.5 of the Education Code, as amended by Section 10 of Chapter 54 of the Statutes of 2022, is amended to read:

**69435.5.** (a) Commencing with the 2021–22 academic year, a student who was not awarded a Cal Grant A or B award pursuant to Article 2 (commencing with Section 69434) or Article 3 (commencing with Section 69435) at the time of the student’s high school graduation but will be enrolled at a California community college during the award year and meets all of the criteria set forth in subdivision (b) shall be entitled to a Cal Grant A or B award.

(b) (1) To receive a Cal Grant A award under this article, an applicant shall be enrolled at a California community college during the award year and meet all of the requirements of Article 2 (commencing with Section 69434), with the exception of paragraphs (1) and (8) of subdivision (b) of Section 69434. However, in lieu of meeting the grade point average requirement set forth in paragraph (3) of subdivision (b) of Section 69434, an applicant may submit a community college or college grade point average of at least 2.4 on a 4.0 scale.

(2) To receive a Cal Grant B award under this article, an applicant shall be enrolled at a California community college during the award year and meet all of the requirements of Article 3 (commencing with Section 69435), with the exception of paragraphs (1) and (8) of subdivision (a) of Section 69435.3. However, in lieu of meeting the grade point average requirements of paragraph (3) of subdivision (a) of Section 69435.3, a student may do either of the following:

(A) Demonstrate attainment of a community college or college grade point average of at least 2.0 on a 4.0 scale.

(B) Reestablish the student’s grade point average by completing at least 16 cumulative units of credit for academic coursework at an accredited California community college, as defined by the commission, by regulation, with at least a 2.0 community college grade point average.

(c) (1) The commission shall use the standardized student financial aid application described in Section 69432.9.

(2) An official financial aid application shall be submitted pursuant to Section 69432.9 and submitted or postmarked no later than September 2 of the academic year for which funds would be applied.

(d) Cal Grant A and B awards shall be used only for the purposes set forth in Article 2 (commencing with Section 69434) and Article 3 (commencing with Section 69435), respectively.

(e) (1) A student who receives an award under this article may subsequently transfer to a University of California campus, a California State University campus, or an independent institution of higher education, as defined in Section 66010, and remain eligible to receive the award, if the student meets all other requirements of this article and the general Cal Grant eligibility requirements set forth in Article 1 (commencing with Section 69430).

(2) A student who receives an award under this article and subsequently transfers to a private for-profit postsecondary educational institution shall not remain eligible to receive an award under this article. The student shall remain eligible to apply for a California Community College Transfer Entitlement Award under Article 4 (commencing with Section 69436) or a Competitive Cal Grant A or B award under Article 5 (commencing with Section 69437), if the student meets all requirements of the relevant article and the general Cal Grant eligibility requirements set forth in Article 1 (commencing with Section 69430).

(f) (1) An individual selected for a Cal Grant A award who enrolls in a California community college may elect to have the award held in reserve for a period not to exceed two academic years, except that the commission may extend the period in which the individual's award may be held in reserve for up to three academic years if, in the commission's judgment, the rate of academic progress has been as rapid as could be expected for the personal and financial conditions that the student has encountered. The commission shall, in this case, hold the award in reserve for the additional year. Upon receipt of a request to transfer the award to an institution at which the individual may remain eligible to receive the award pursuant to subdivision (e), the individual shall be eligible to receive the Cal Grant A award previously held in reserve if, at the time of the request, the individual meets all of the requirements of this article. Upon receipt of the request, the commission shall reassess the financial need of the award recipient. The commission may prescribe the forms and procedures to be used for purposes of this section. A recipient's years of eligibility for payment of benefits shall be based upon the recipient's grade level at the time the award is transferred to the tuition or fee-charging qualifying institution.

(2) (A) Individuals selected for a Cal Grant A award that is held in reserve pursuant to this subdivision who meet the qualifying criteria pursuant to subdivision (b) of Section 69465 shall receive an award for access costs pursuant to Article 9 (commencing with Section 69465).

(B) The access award referenced in subparagraph (A) shall be provided annually to qualifying individuals during the period of time that their Cal Grant A award is held in reserve and upon transfer to a tuition or fee-charging qualifying institution, provided that the individual continues to meet the qualifying criteria pursuant to subdivision (b) of Section 69465.

(3) (A) Individuals selected for a Cal Grant A award that is held in reserve pursuant to this subdivision who are not receiving an award for access costs pursuant to paragraph (2) and meet the qualifying criteria pursuant to subdivision (a) of Section 69470 shall receive an award for access costs pursuant to Article 10 (commencing with Section 69470).

(B) The access award referenced in subparagraph (A) shall be provided annually to qualifying individuals during the period of time that their Cal Grant A award is held in reserve and upon transfer to a tuition or fee-charging qualifying institution, provided that the individual continues to meet the qualifying criteria pursuant to subdivision (a) of Section 69470.

**SEC. 3.** Section 69435.5 of the Education Code, as added by Section 11 of Chapter 54 of the Statutes of 2022, is repealed.