

California State Assembly



Assembly Budget Agenda

Assembly Budget Subcommittee No. 3 on Education Finance

Assemblymember David Alvarez, Chair

Tuesday, March 3, 2026

9:00 A.M. – State Capitol, Rm 447

ITEMS TO BE HEARD		
Item	Description	Page
6980	California Student Aid Commission	
6440	University of California	
6610	California State University	
6870	California Community Colleges	
Issues	1. Middle Class Scholarship Update and Proposal Cal Grant and Institutional Aid Update	3
	2. Impact of HR 1 on Financial Aid	10
	3. Financial Aid Segment Update	12
6120	California State Library	
	4. California State Library in 2026	23

Public Comment will be taken in person after the completion of all panels and any discussion from the Members of the committees.

The Governor's Budget proposes about \$4.32 billion in support for the California Student Aid Commission (CSAC) in 2026-27, with about \$3.9 billion from the state General Fund and about \$400 million from federal Temporary Assistance for Needy Families (TANF). Total CSAC funding is proposed to increase by more than 11 percent when compared to the current year. The chart below was compiled by the LAO and indicates funding based on the Governor's Budget.

California Student Aid Commission Budget

(Dollars in Millions)

	2024-25 Actual	2025-26 Revised	2026-27 Proposed	Change From 2025-26	
				Amount	Percent
Spending					
Local assistance					
Cal Grants	\$2,496	\$2,898	\$3,235	\$337	11.6%
Middle Class Scholarships ^a	1,009	—	1,054	1,054	—
Golden State Teacher Grants ^b	93	61	14	-47	-76.5
California College of the Arts ^b	3	20	—	-20	-100.0
California Indian Nations College ^b	—	10	—	-10	-100.0
Other programs	40	40	40	0.3	0.8
Technical adjustment	—	16	4	-12	-77.6
Subtotals	(\$3,640)	(\$3,045)	(\$4,348)	(\$1,303)	(42.8%)
State operations	\$26	\$26	\$28	\$2	6.3%
Totals	\$3,666	\$3,071	\$4,375	\$1,304	42.5%
Funding					
General Fund	\$3,244	\$2,649	\$3,954	\$1,305	49.2%
Ongoing	(2,646)	(2,556)	(3,398)	(842)	(32.9)
One-time ^c	(598) ^d	(93)	(556)	(463)	(496.7)
Federal TANF	400	400	400	—	—
Other funds and reimbursements	22	22	21	-0.2	-0.7

^a Starting in 2025-26, the Middle Class Scholarship program is funded one year in arrears.

^b One-time initiatives.

^c Includes one-time funding for Middle Class Scholarship.

^d Includes carryover funds used to support 2024-25 spending.

TANF = Temporary Assistance for Needy Families.

Items To Be Heard

Issue 1: Middle Class Scholarship Update and Proposal

The Subcommittee will discuss the Middle Class Scholarship program and its funding.

Panel

- Hugo Solis Galeana, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Justin Hurst, California Student Aid Commission
- Catalina Mistler, California Student Aid Commission
- Aprí Medina, University of California Office of the President
- Noelia Gonzalez, California State University Chancellor's Office

Background

The LAO report on the California Student Aid Commission budget proposal provided excellent analysis on the Middle Class Scholarship program and the budget proposal. This background section draws from that report and previous work of the LAO.

State Revamped Middle Class Scholarship Program in 2022-23. The state created the original Middle Class Scholarship program in the 2013-14 budget package to provide partial tuition coverage to certain UC and CSU students. Originally, awards were for students who were not receiving tuition coverage through the Cal Grant program or other need-based financial aid programs. In 2022-23, the state implemented a new set of rules for the Middle Class Scholarship program. The new program focuses on total cost of attendance (rather than only tuition). Under the new program, students may use their awards for nontuition expenses, such as housing and food.

Award Amounts Are Now Calculated Based on Total Cost of Attendance. Middle Class Scholarship award amounts now vary widely among students, with each student's award reflecting their costs and available resources. Starting with a student's total cost of attendance, CSAC deducts the student's available resources, consisting of other gift aid, a student contribution from part-time work earnings, and in some cases a parent contribution. (The parent contribution only applies to dependent students with a household income of more than \$100,000.) This calculation determines the student's remaining costs. Next, CSAC determines what percentage of each student's remaining costs it can cover based on the annual state

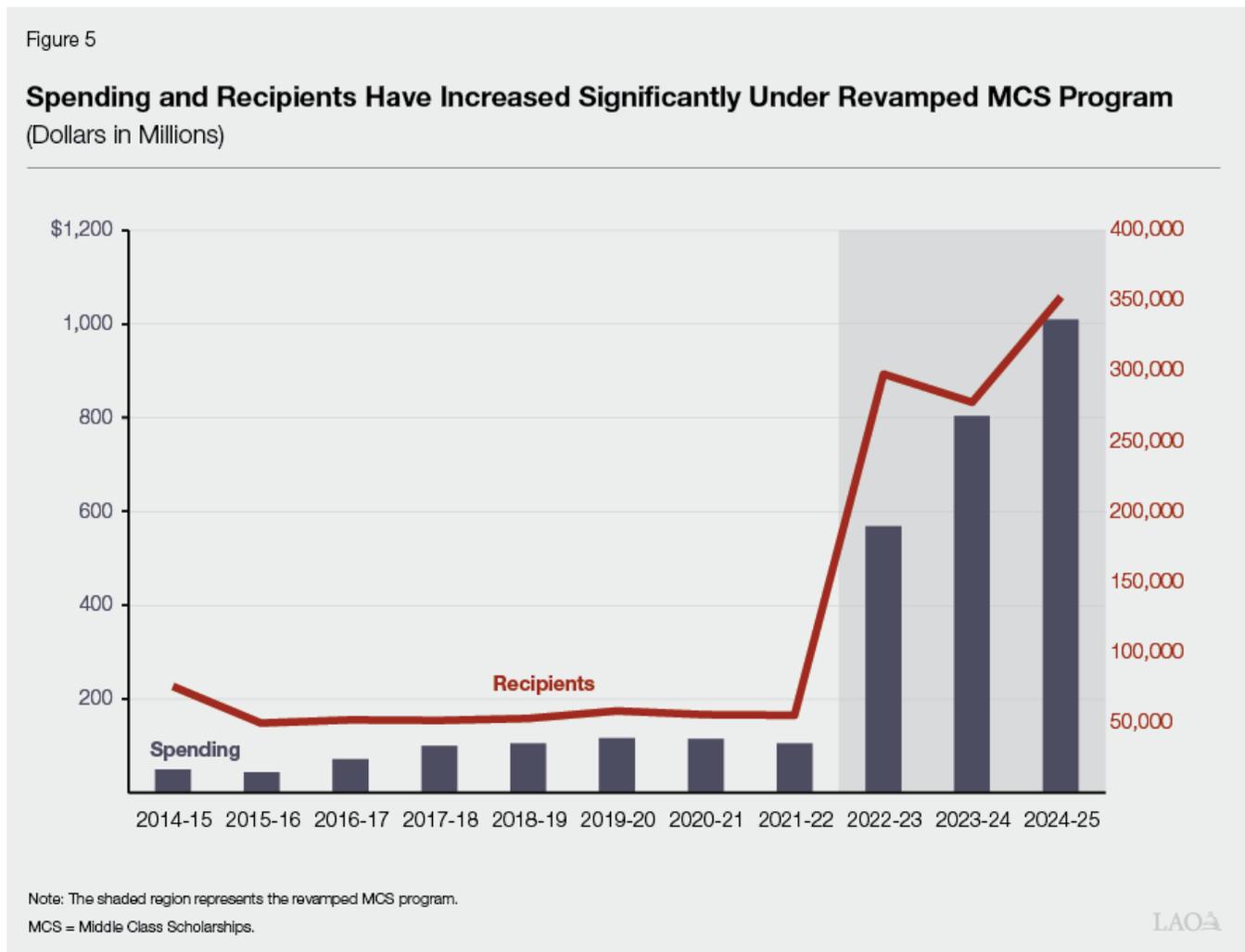
appropriation for the program. Awards cover the same percentage of remaining costs for each student, except foster youth receive awards that cover 100 percent of their remaining costs.

MCS Award Coverage Has Been Determined in Two Ways. Under the revamped program, every student receives the same percentage of their remaining costs covered (except foster youth, who receive awards that cover 100 percent of their remaining costs). From 2022-23 through 2024-25, CSAC determined what percentage of each student's remaining costs to cover based on the annual MCS appropriation. In 2022-23, award coverage was 26 percent, followed by 36 percent in 2023-24, and 35 percent in 2024-25. Using this approach, CSAC could not finalize the percentage of award coverage until August when it received enrollment rosters from campuses. This issue made it challenging for campuses to inform students of their estimated MCS award amounts prior to the start of the academic year. As a result, students often did not know their full financial aid package prior to the start of the academic year. To help mitigate this issue, in 2025-26, rather than setting the appropriation for MCS and adjusting award coverage accordingly, the state locked in the percentage of award coverage that year at 35 percent. The state is now responsible for covering whatever is the associated cost.

Last Year, State Began Funding Program in Arrears. The state also adopted a new budgetary approach for the MCS program last year. Under the new budgetary approach, the state began funding the MCS program one year in arrears. As a result, the state will pay for the cost of MCS awards for the 2025-26 academic year in 2026-27. The state is covering costs in 2025-26 using a General Fund loan.

MCS Recipients and Costs Increased Substantially Under Revamped Program. As Figure 5 shows, the revamped program resulted in a sharp increase in the number of MCS recipients and the amount of spending. For the eight years in which the state implemented the original MCS program, the program gave awards to an average of about 56,000 recipients each year. The state appropriated approximately \$100 million annually over this period. In 2024-25 (three years into the revamped program), the program gave awards to more than 350,000 recipients—about a seven-fold increase. In 2024-25, the state provided \$1 billion General Fund for the MCS program—reflecting about a ten-fold increase.

Figure 5 - Spending and Recipients Have Increased Significantly Under Revamped MCS Program:



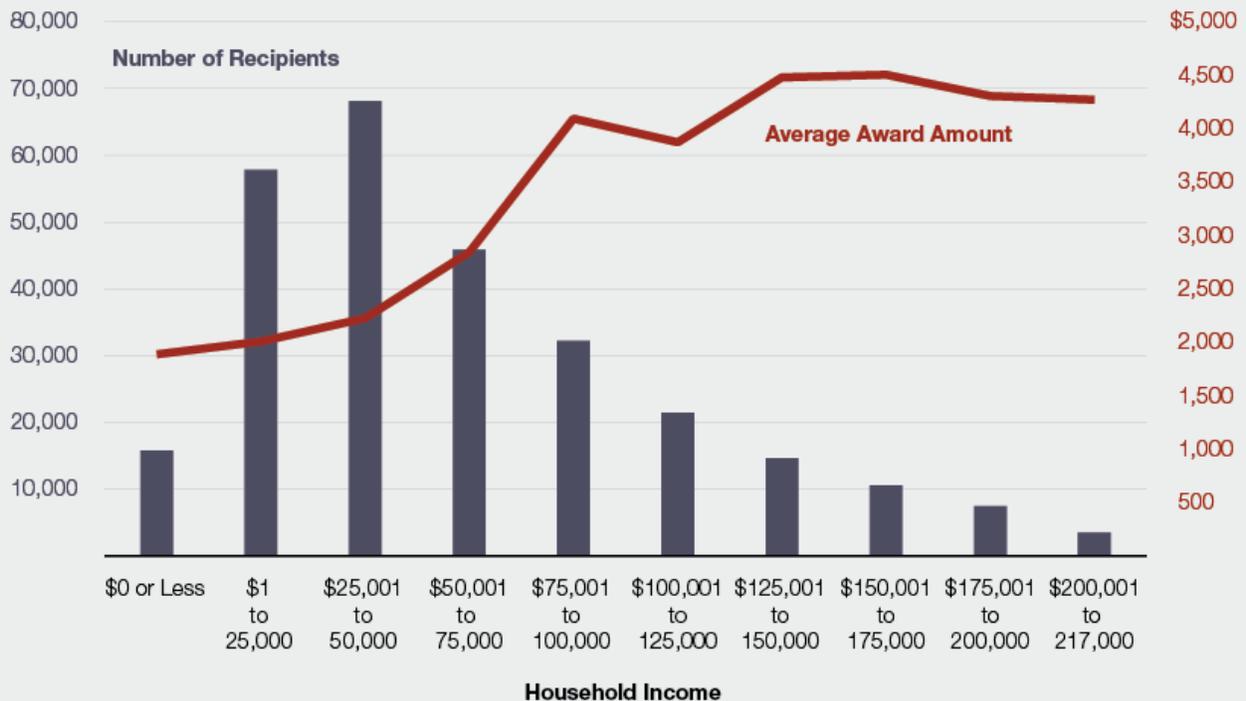
Increase in MCS Spending Stems Primarily From Expanding Eligibility to Cal Grant Recipients. In 2024-25, about 190,000 (55 percent) MCS recipients were also Cal Grant recipients (that is, students who were not eligible for awards under the original program). These recipients account for roughly 80 percent of the increase in MCS spending. Though much of the increase in MCS recipients under the revamped program is due to expanded eligibility, some is due to higher enrollment at UC and CSU. Specifically, from 2021-22 (the year before MCS was revamped) to 2024-25, resident undergraduate enrollment increased by 7.5 percent and 2.1 percent at UC and CSU, respectively.

2026-27 Proposal

Governor Proposes Reducing Award Coverage to 17.5 Percent in 2026-27. The Governor’s budget reduces MCS award coverage by half - from 35 percent to 17.5 percent - for the 2026-27 award year. This is the only proposed higher education budget solution. The solution does not come with any associated new out-year obligations (unlike certain other solutions that effectively push out costs). The proposed funding level is \$513 million ongoing General Fund. The reduction in award coverage would decrease MCS spending by \$541 million, resulting in a like amount of General Fund savings. The administration scores the \$541 million as one-time savings. (For the past three years, the state has supported the program using a mix of ongoing and one-time General Fund.) The Governor’s budget maintains the new budgetary approach of funding MCS awards one year in arrears. Given this budgetary approach, the state would not achieve the identified one-time General Fund savings until 2027-28.

Figure 6

MCS Program Serves Fewer High-Income Students but at Higher Award Amounts
2023-24



Note: 2023-24 is the most recent data available on MCS recipients by income bracket.
MCS = Middle Class Scholarship.



Middle Class Scholarship Program

Key Information by Segment

	2024-25 Actual	2025-26 Revised	2026-27 Proposed	Change from 2025-26	
				Amount	Percent
Recipients					
CSU	250,587	239,590	251,569	11,979	5%
UC	101,848	109,984	115,483	5,499	5
CCC ^a	117	93	98	5	5
Total	352,552	349,667	367,150	17,483	5%
Spending (Dollars in Millions)					
CSU	\$711	\$719	\$360	-\$358	-50% ^b
UC	298	335	183	-152	-45
CCC ^a	1	— ^c	— ^c	— ^c	-45
Total	\$1,009	\$1,054	\$544^d	-\$511	-48%
Average Award					
CSU	\$2,836	\$2,999	\$1,432	-\$1,568	-52% ^b
UC	2,926	3,050	1,586	-\$1,464	-48
CCC ^a	5,255	4,227	2,198	-\$2,029	-48

LAO Recommendation

Consider Adopting Proposal to Reduce MCS Award Amounts Given Projected Budget Deficits. Both our office and the administration are projecting notable out-year budget deficits. The Governor’s budget, however, has only one proposed budget solution in the higher education area addressing these deficits. Given the state’s fiscal outlook, the Legislature likely will need to consider not only this MCS proposal but many other budget-balancing proposals over the next couple of years. Given the MCS program has significant overlap with the Cal Grant program, is less targeted to lower-income students, and is more complex to convey and administer than

other financial aid programs, reducing MCS award coverage could be among the least disruptive choices the Legislature faces.

Consider Funding Program Using More Standard Budget Practice. Paying for MCS costs one year in arrears effectively creates a debt obligation for the state. Once one-time funding becomes available, we recommend the Legislature give high priority to retiring this debt. We recommend the state return to paying for MCS the way it pays for other state programs—in the year in which the costs are generated. Even funding MCS in the traditional way, the state could still set the award coverage percentage for each award year. Setting award coverage would provide greater clarity to campuses and students. As it does with other state programs, the state could budget based on an estimate of MCS program costs for the coming fiscal year. It could then allow CSAC to access a small loan towards the end of the fiscal year if the budget appropriation falls short of covering program costs. The state could then true up the actual cost the following year. This would be similar to how the Cal Grant program is funded.

Staff Comments

In 2012 Middle Class Scholarship was envisioned by the California Assembly to respond to the post-Great Recession reality that even when typical middle class California families sent their children to California public higher education segments, these students and families were left with sizable costs and lingering debts. Since that time, changes to Cal Grant, increased segment aid, and a focus on student basic needs and housing have all been deployed to reduce student costs and need for borrowing to attend UC, CSU, and Community Colleges. The current year funding level of the Middle Class Scholarship represents the closest the state has come to the idea of a guaranteed debt free education for California students at our public universities, resembling the fabled tales of the near-free college educations the State provided in the 1960's. With 350,000 students receiving an average of over \$4,000 last year, the Middle Class Scholarship has been a key program that families rely on to afford their investment in education.

There are two major downsides to the program. The first is that the growth and expansion of the program are unfolding when the State is one stock market swoon away from having to pair expenditures to balance the budget. If the State wants to continue to grow the program to where it can provide the assurance of debt free college for most middle class households, it likely needs to think of an interim baseline funding level for the program to sustain at until the operating deficit is closed and the state can again think of expanding current services.

The second challenge to the program is that its structure and funding changes have made it difficult for California students to rely on it as intended. Students applying to college are facing a significant multi-year financial decision that will dictate their income and wealth potentially for their entire life. The complexity of the Middle Class Scholarship award calculation, and the changing grant amounts of the program, make it difficult for families to project how the program

fits into a two-four year financial commitment. The Governor's proposed Middle Class Scholarship likely means some California families are surprised that next year's college costs \$2,000 more than it did this year. Given recent wealth surveys found that nearly 40 percent of American households lack even a \$400 emergency fund for unexpected expenses, such a big unexpected cost may overwhelm many families. The Subcommittee may wish to consider how the program could be structured to provide greater certainty to recipients that need assurance throughout their college career.

Suggested Questions:

1. How has the Middle Class Scholarship impacted college affordability for California families?
2. Last year, the Middle Class Scholarship reimbursed 35 percent of remaining costs, and this year it is proposed for half that amount. Is there a policy rationale the Legislature should consider about the optimal level of reimbursement of cost the Middle Class Scholarship Should provide?
3. How does the Middle Class Scholarship interact with aid provided by the segments? If the Legislature adopts the Governor's proposal, would the segments provide any aid to replace any of the reduced grant amounts?
4. For the segments, has the new approach to budgeting setting the Middle Class Scholarship awards at a fixed number changed how the program works for your students?

Staff Recommendation: Hold Open.

Issue 2: Impact of HR 1 on Financial Aid

The Subcommittee will discuss the impact of the federal passage of HR 1 on financial aid programs.

Panel

- Hugo Solis Galeana, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Justin Hurst, California Student Aid Commission
- Catalina Mistler, California Student Aid Commission
- Aprí Medina, University of California, Office of the President
- David O'Brien, Vice Chancellor of External Relations, California Community Colleges Chancellor's Office
- Chris Ferguson, Executive Vice Chancellor of Finance and Strategic Initiatives, California Community Colleges Chancellor's Office

Background

HR 1, the "One Big Beautiful Bill" signed in July 2025, included changes to the existing federal student loan program. The bill did the following:

- Eliminated the Graduate Plus Loan Program and placed a cap on the borrowing capacity to up to \$100,000 for graduate students and for \$200,000 for professional students. Students are currently allowed to borrow up to the full cost of attendance each year;
- Limits the Parent Plus Loan program to \$65,000 per student. Currently, parents are allowed to borrow up to the full cost of attendance for the student;
- Placed a new aggregate lifetime loan amount of \$275,500 regardless of the amount repaid or forgiven;
- Terminated all repayment plans authorized under the income-contingent repayment statute; and,
- Replaced existing repayment plans with two new standard plans and a new income-based plan.

Staff Comments

There is considerable concern that the financial aid caps imposed in HR 1 will result limit access to vital training for health care professionals at all levels. Often certain medical professional training specialties require education that typically exceeds the \$275,500 lifetime loan amount just for the graduate education, but for many students their existing debt for their undergraduate

education may make the dream of becoming a doctor impossible to afford. On February 23, 2026 Assembly Budget Subcommittee #1 held a hearing to discuss the implications of this change in detail.

This Subcommittee can add to that discussion to explore how the changes to federal policy will impact all higher education affordability.

This item is to discuss the impact of HR 1 on Financial Aid. The Subcommittee will also consider direct impacts that HR 1 and federal actions have had directly on the segments in future hearings. This will include a discussion on how the segments are preparing for students impacted by HR 1 work requirements.

Suggested Questions:

1. Does the Student Aid Commission expect the changes to financial aid to impact California students in the upcoming academic year.
2. How are the segments adjusting their approach to financial aid for the upcoming year because of the changes in financial aid?
3. Do families with undergraduate students at public segments typically exceed the lifetime or parent loan caps to fund education costs? Does the Student Aid Commission or LAO have any information regarding on how this will impact California private colleges.
4. Do the UC or CSU expect that graduate enrollment will be impacted due to the limits on student loans for graduate students?

Staff Recommendation: Hold Open

Issue 3: Financial Aid Segment Update

This issue will explore overall state of financial aid for students at each segment by discussion the interaction between tuition rates, FAFSA trends, CalGrant data, and institution aid.

Panel

- Hugo Solis Galeana, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Justin Hurst, California Student Aid Commission
- Catalina Mistler, California Student Aid Commission
- Aprí Medina, University of California, Office of the President
- Noelia Gonzalez, California State University
- Allison Beer, California Community Colleges Chancellor's Office

Background

In previous issues on this agenda, the Subcommittee explored a policy change to the Middle Class Scholarship and the impact of federal program reductions. This issue considers financial need and affordability for students by looking at the segments collectively.

Tuition

Both the UC and CSU anticipate tuition and fee increases for the budget year, as noted in the chart below.

Tuition and Fees by Higher Education Segment

Mandatory Academic-Year Charges for Full-Time Resident Students

	2024-25 Actual	2025-26 Actual	2026-27 Assumed ^a	Change from 2025-26	
				Amount	Percent
College of the Law, San Francisco					
Enrollment fees ^b	\$49,383	\$53,087	\$54,680	\$1,593	3.0%
Other fees	1,242	1,242	1,242	—	—
University of California					
Undergraduate tuition and fees ^c	\$14,436	\$14,934	\$15,588	\$654	4.4%
Graduate tuition and fees, academic	14,016	14,430	15,066	636	4.4
Graduate tuition and fees, professional	19,125-71,050	16,530-74,316	17,229-77,946	Various	Various
Average campus fee ^d	1,726	1,812	1,852	\$40	2.2%
California State University					
Undergraduate tuition	\$6,084	\$6,450	\$6,838	\$388	6.0%
Teacher credential tuition	7,062	7,488	7,938	450	6.0
Graduate, tuition, master's ^e	7,608	8,064	8,548	484	6.0
Graduate tuition, business	14,448	15,336	16,252	916	6.0
Graduate tuition, doctoral	12,546-18,900	13,296-20,034	14,094-21,236	Various	Various
Average campus fee ^d	1,981	2,194	2,304	\$110	5.0%
California Community Colleges					
Enrollment Fee	\$1,380	\$1,380	\$1,380	—	—
Maximum campus fees ^f	258	264	272	8	2.8

Additionally, housing costs, meals, and transportation for students are usually estimated to cost about \$25,000 per year.

UC has a 6-year tuition predictability policy for students, so their tuition is set when they enroll.

Financial Aid applications.

California college students receive more than \$12 billion annually in federal financial aid, with most of the funding targeting low- and middle-income students who qualify for programs based on family income and assets. Of that funding, about \$8 billion is in the form of student loans,

while the Pell Grant provides about \$4 billion. Other programs, including work-study and Supplemental Education Opportunity Grants, provide about \$300 million, according to data compiled by the LAO. A maximum Pell Grant for an individual student is expected to be \$7,395 in 2026-27, and students can use the funding to help cover tuition or other college costs. About 900,000 students attending California schools received a Pell Grant in 2023-24, according to federal data. Federally-funded financial aid, administered by the U.S. Department of Education, is the largest source of aid to California students.

Students are required to annually submit a FAFSA to the U.S. Department of Education to determine eligibility for federal financial aid. In addition, CSAC and the higher education systems use data from the FAFSA to determine eligibility for state programs like the Cal Grant and Middle Class Scholarship, and institutional aid programs.

California has long supported undocumented students by charging in-state tuition and providing state financial aid to eligible students. CADAA was launched during the 2013-14 Cal Grant application period with the passage of the California Dream Act in 2011. CADAA allows students who qualify under Education Code section 69508.5 to apply for various forms of state-funded financial aid, as well as institutional aid.

In the 2021-2022 State Budget Act, the State of California adopted a new requirement that starting in the 2022-2023 academic year, local education agencies, including charter schools, will be required to confirm that all high school seniors have completed a FAFSA or a CADAA, expanding access to financial aid to thousands of students, who may have otherwise not been aware of this opportunity. After a change to the FAFSA caused confusion in delays in recent past years, the California Student Aid Commission appears on track to exceed its 2025 performance.

This Subcommittee hearing will occur 119 days before the June 30th deadline for students to submit their FAFSA/CA Dream Act applications. As of February 26, 2026, the California Student Aid Commission provided the following dashboard on the current status of applications, showing nearly half of all graduating high school seniors have completed applications.



Submitted: 244,660 Completed: 240,943

FAFSA/CA Dream Act Applications

244,660
High School Seniors

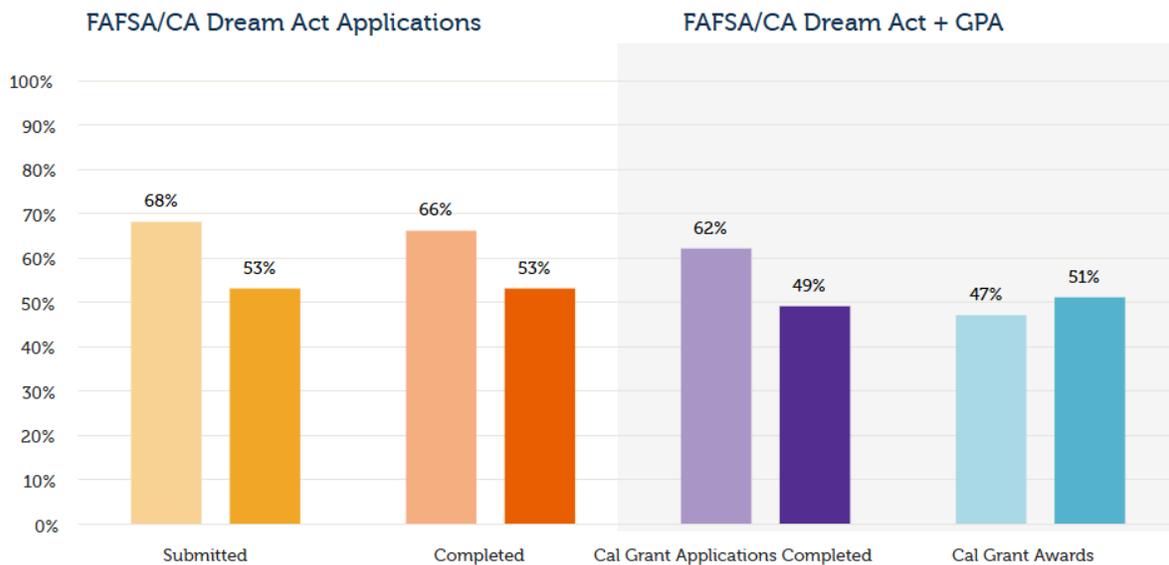


Completed with GPA: 224,083 Awarded: 114,739

FAFSA/CA Dream Act + GPA

224,083
High School Seniors

The chart below shows the final 2025 numbers, as compared to the current progress for this year.



California Public High Schools	Enrollment	Submitted	Completed	Cal Grant Applications	Cal Grant Awards
2025	467,388	321,256	310,906	293,896	140,856
2026	453,568	244,660	240,943	224,083	114,739

Cal Grant

The Cal Grant program is the state’s largest financial aid program, providing more than 400,000 California college students with tuition coverage and/or some support for other college-related costs. Most of the program is an entitlement, meaning if a student meets certain criteria, they are automatically eligible once they have successfully completed the FAFSA or the CADAA. The program is complex: there are three types of Cal Grant awards - Cal Grant A, B, and C. The award types vary in the amount of tuition and non-tuition coverage they provide. There is also a competitive Cal Grant program, which provides a Cal Grant A, B or C to some income-eligible students who do not meet other criteria for the entitlement program. Eligibility criteria include income and asset ceilings, which can vary by family size, and high school GPA. The LAO charts on the next two pages indicate Cal Grant recipients and spending by segment, by program, and by award type.

Figure 1

Cal Grant Amounts Vary by Award Type, Sector, and Student Characteristics

Maximum Annual Award for a New, Full-Time Undergraduate Student, 2026-27

Tuition Awards	
Cal Grant A and B	
UC	\$15,588
Nonprofit institutions	9,358
WASC-accredited for-profit institutions	8,056
CSU	6,838
Other for-profit institutions	4,000
Cal Grant C	
Private institutions	\$2,462
Access Awards ^a	
Cal Grant A	
Students with dependent children	\$6,000
Foster youth	6,000
Cal Grant B	
Students with dependent children	\$6,000
Foster youth	6,000
Other students	1,648
Cal Grant C	
Students with dependent children	\$4,000
Foster youth	4,000
Other CCC students	1,094
Private institution students	547

^aAccess awards generally may cover any living cost, including housing, food, transportation, books, and supplies. Cal Grant C awards for students attending private institutions may cover only books, supplies, and equipment. Students attending private for-profit institutions are ineligible for “students with dependent children” and “foster youth” awards.

WASC = Western Association of Schools and Colleges.

Cal Grant Recipients

	2024-25 Actual	2025-26 Revised	2026-27 Proposed	Change From 2025-26	
				Amount	Percent
Total Recipients	453,482	509,593	556,121	46,528	9.1%
By Segment:					
California Community Colleges	193,139	217,098	232,754	15,657	7.2%
California State University	147,812	173,049	197,190	24,141	14.0
University of California	81,543	86,007	91,037	5,030	5.8
Private nonprofit institutions	25,213	27,040	28,680	1,639	6.1
Private for-profit institutions	5,547	6,189	6,366	177	2.9
Other public institutions	226	209	94	-116	-55.2
By Program:					
High School Entitlement	251,679	278,397	302,360	23,963	8.6%
CCC Expanded Entitlement	157,002	183,325	204,819	21,494	11.7
Competitive	20,596	19,288	19,128	-160	-0.8
Transfer Entitlement	16,177	17,377	18,042	665	3.8
Cal Grant C	8,028	11,205	11,772	567	5.1
By Award Type:					
Cal Grant B	317,888	362,294	400,709	38,414	10.6%
Cal Grant A	127,566	136,094	143,641	7,547	5.5
Cal Grant C	8,028	11,205	11,772	567	5.1
By Renewal or New:					
Renewal	236,666	270,878	306,782	35,904	13.3%
New	216,816	238,715	249,339	10,624	4.5

Data reflect California Student Aid Commission (CSAC) estimates. Some categories do not sum to totals due to rounding.

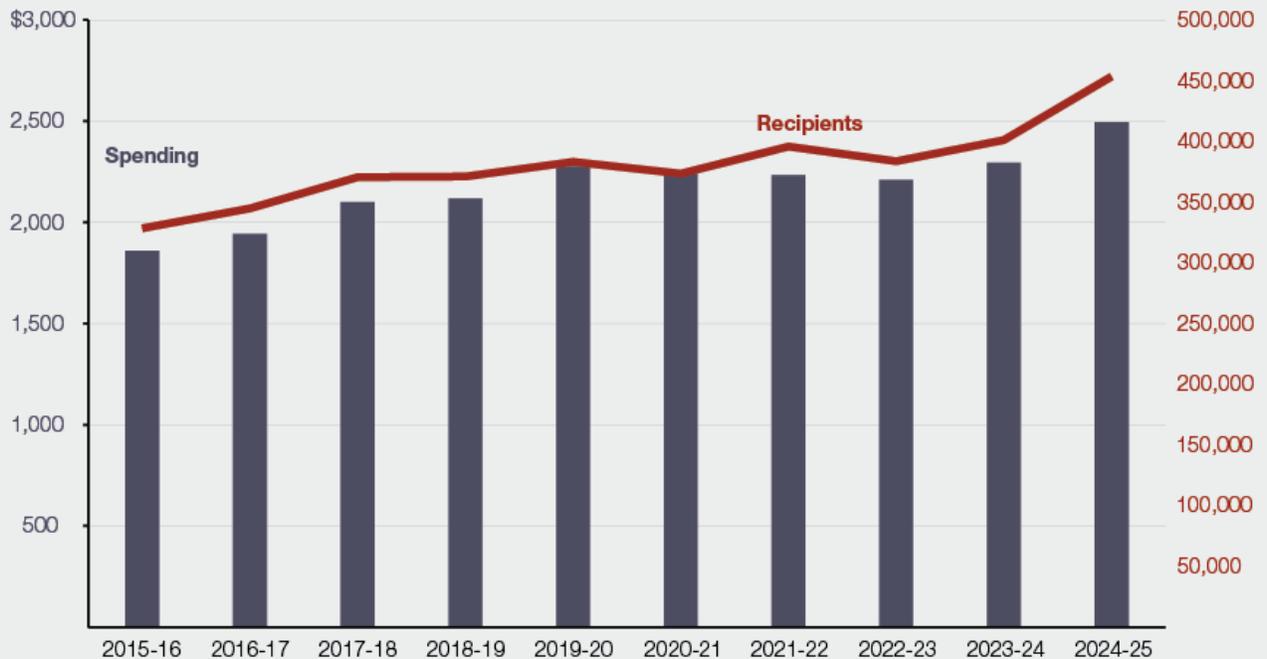
As the charts indicate, most Cal Grants go to students attending public colleges and universities. While community college students are the largest group of recipients, they receive the smallest amount of aid. Conversely, UC students are the smallest group of recipients of the three public segments, but receive the highest amount of aid. This is largely due to the coverage Cal Grant provides: most Cal Grants cover the total amount of tuition at UC and CSU, while community college students typically receive non-tuition aid. Because UC tuition is much higher than CSU, UC students receive the highest amount of Cal Grant support.

For 2026, the maximum Cal Grant A and B award amounts increase for both UC (\$15,588 from \$14,436) and CSU (\$6,838 from \$6,084) to reflect the increase in tuition costs in both segments.

LAO notes that Cal Grant spending and recipient levels have grown in recent years, showing that effort to reach eligible California students and expand access have increase the program utilization.

Figure 2

Cal Grant Recipients and Spending Grew More Quickly in 2024-25 Than Previous Years
(Dollars in Millions)



LAO

Middle Class Scholarship

As discussed in Issue 1 on this agenda, the Middle Class Scholarship provided over \$1 billion to 350,000 students last year. The following table illustrates the use of these funds by segment to further illustrate the full portfolio of financial aid programs available to Californians.

Middle Class Scholarship Program

Key Information by Segment

	2024-25 Actual	2025-26 Revised	2026-27 Proposed	Change from 2025-26	
				Amount	Percent
Recipients					
CSU	250,587	239,590	251,569	11,979	5%
UC	101,848	109,984	115,483	5,499	5
CCC ^a	117	93	98	5	5
Total	352,552	349,667	367,150	17,483	5%
Spending (Dollars in Millions)					
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CCC ^a	1	— ^c	— ^c	— ^c	-45
Total	\$1,009	\$1,054	\$544^d	-\$511	-48%
Average Award					
CSU	\$2,836	\$2,999	\$1,432	-\$1,568	-52% ^b
UC	2,926	3,050	1,586	-\$1,464	-48
CCC ^a	5,255	4,227	2,198	-\$2,029	-48

Segment Specific Aid Programs

Combining federal and state financial aid programs with institutional aid, each segment has unique financial aid programs it offers California students.

- **Blue and Gold:** The UC system has a “Blue and Gold” policy that most California families that earn up to \$100,000 receive enough grant and scholarship funds to cover their UC tuition. With an average aid package including up to \$22,000 in grants and scholarships, many California students are able to work part-time to cover their remaining costs, allowing them to graduate with minimal debt and often times debt-free.
- **CSU Forward:** The CSU system includes a strategic planning goal that 100 percent of students from families earning under \$75,000 graduate debt free.

- California College Promise Grant (CCPG): waives student enrollment fees and is designed to ensure that the fee policies of the California Community Colleges do not pose a financial barrier to education for any California resident or eligible non-resident. The Legislature and Governor annually determine CCC enrollment fees, which can be adjusted whenever deemed appropriate. Fees are waived for eligible students as defined by the CCPG program through appropriations assessed in the annual state Budget Act.
- Student Success Completion Grant (SSCG): The purpose of the SSCG grant award is to provide California Community College students with additional financial aid to help offset the total cost of community college attendance, and to encourage full time attendance and successful on-time completion.

Staff Comments

Financial aid has been one of the fastest growing parts of the state budget over the last decade, helping millions of California families afford an education. This issue explores how each segment brings together the various program to provide the complete financial aid packages students receive.

In addition to financial aid, many students also qualify for food, health care and income assistance. The Community College play a key role in helping low-income families receiving CalWORKs assistance meet their welfare-to-work goals. As of last year, 21,567 Community College students participated in CalWORKs. The Subcommittee will further discuss this population, as well as basic needs programs, when the segments are discussed later this year.

Suggested Questions:

1. What are the segments' goals for student affordability? Are their plans to improve/increase financial aid for students in the next several years?
2. Have there been lingering problems from the disruption to FAFSA that occurred last year or are things back on track?
3. Are the current FAFSA/CADAA applicant trends in line with expectations? Are there steps the state should be taking now to improve our performance in 2027?
4. Do the segments conduct research on student outcomes associated with financial aid?
5. What would the pros and cons be of expanding the Community College Student Success Grant to include part-time students?

6. Are there other low-cost ideas for increasing financial aid for California college students?

Staff Recommendation: Hold Open

The Governor's Budget proposes \$85.8 million to support for the California Student Library 26-27, with about \$64.2 million from the state General Fund. Total CSAC funding is proposed to increase by more than 11 percent when compared to the current year.

EXPENDITURES BY FUND

Provides expenditures in support of this state agency's programs by funding source for the past, current, and budget years.

Fund Code	Fund	Actual 2024-25*	Estimated 2025-26*	Proposed 2026-27*
0001	General Fund	\$102,167	\$22,674	\$64,212
0020	California State Law Library Special Account	\$195	\$199	\$199
0483	Deaf and Disabled Telecommunications Program Administrative Committee Fund	\$552	\$552	\$552
0890	Federal Trust Fund	\$15,457	\$18,446	\$18,450
0995	Reimbursements	\$6	\$300	\$300
9740	Central Service Cost Recovery Fund	\$2,492	\$2,492	\$2,057
Total Expenditures (All Funds)		\$120,869	\$44,663	\$85,770

Issue 4: California State Library in 2026

The Subcommittee will hear public comment on the state library budget.

Background

The State Library's main state-level functions are (1) serving as the central library for state government; (2) collecting, preserving, and publicizing state literature and historical items; and (3) providing specialized research services to state agencies. In addition to these state-level activities, the State Library passes through state and federal funds to local libraries for specific purposes. These local assistance programs fund literacy initiatives, internet services, and resource sharing, among other things. The State Library provides oversight and technical support for these local assistance programs.

The State Library's ongoing funding comes primarily from the state General Fund and federal funds, with the small remainder coming from special funds and reimbursements. State General Fund typically comprises about two-thirds of total ongoing funding for the State Library, whereas federal funds typically comprise roughly 30 percent of total ongoing funding. Though concern emerged last year that the State Library might have its federal funding terminated, that funding has since been reinstated. Federal funding for 2026-27 is expected to remain at about the same level as in 2025-26.

The Governor's budget does not include any new proposals for the California State Library budget beyond \$1.1 million ongoing General Fund augmentation to cover rent increases for existing facilities. The 2026-27 budget for the State Library also reflects the implementation of a multi-year library investment plan that was agreed to in the 2022 and 2023 budget packages.

Staff Comments

Staff received a request for public comment on the State Library budget. This item was placed on the agenda to facilitate that public comment.

Staff has requested Finance and State Library staff to attend the hearing but has not requested a presentation from the department given the lack of new proposals.

Staff Recommendation: Hold Open.

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 3 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Christian Griffith.