



AB 1400 (Bryan) Financial Aid for California Transfer Students at Historically Black Colleges and Universities (HBCUs)

SUMMARY

AB 1400 refocuses the use of funds generated by the College Access Tax Credit from Cal Grant B recipients to only California Community College transfer students attending HBCUs that have a transfer agreement with the California Community Colleges (CCC) Chancellor's Office and indicate their intent to return to California.

BACKGROUND

The College Access Tax Credit was established to incentivize taxpayers to make charitable contributions to the Cal Grant B program, which provides non-tuition awards to students from disadvantaged and low-income backgrounds. Cal Grant B currently provides up to \$1,648 per year for a total of four years for non-tuition related college costs such as housing, food, transportation, textbooks, and other classroom related materials. SB 174 (De León, Chapter 363, Statutes of 2014) and SB 798 (De León, Chapter 367, Statutes of 2014) created the tax credit and supplemental revenue stream to supplement Cal Grant B awards.

NEED FOR THE BILL

In 2017, a federal law, H.R. 1 ("The Tax Cuts and Jobs Act"), represented the most significant tax code overhaul in over three decades; however, after its enactment the annual revenue derived from the College Access Tax Credit fell from approximately \$5.9 million to \$412,000. Given the current level of tax credit funding it is not possible to increase Cal Grant B awards. While creating a new source of supplemental funding for the Cal Grant B program was a commendable goal, the College Access Tax Credit provides only a small resource compared to large and growing number of students eligible for Cal Grant B awards.

As currently structured, the College Access Tax Credit does not meet its goal of increasing financial support for Cal Grant B. For example, in 2021-22 there were 268,901 Cal Grant B recipients but only \$412,000 in CATCF contributions which would have provided a grant award of approximately \$1.50 for each recipient.

HOW AB 1400 ENHANCES THE COLLEGE ACCESS TAX CREDIT

AB 1400 redefines how the College Access Tax Credit could be utilized to support students to provide a greater amount of support to a more targeted population - CCC transfer students at one of 39 HBCUs that have a transfer agreement in place with the CCC Chancellor's Office. This focusing would allow for the granting of a substantive award, \$5,000 one-time award for each student, over the current estimated supplement of \$1.50 for each Cal Grant B recipient. By focusing the

College Access Tax Credit funds on a more targeted basis, California can better address the total cost of attendance for these students.

California does not have any HBCUs, which means that CCC students transferring to these institutions outside the state do not receive any state-based aid. In 2021-22, there were 53 CCC transfer students attending 39 HBCU campuses that have a transfer agreement with the CCC Chancellor's Office. Unlike other programs, like the Chafee Grant, which current or former foster youth can utilize at out-of-state institutions, there is no such support available for students seeking the campus experience that an HBCU can provide.

To ensure that California can benefit from the talent of community college students enrolling at an HBCU, as well as its investment of these tax credit funds, AB 1400 requires that students seeking these grants indicate their intent to return to California after graduation as a condition of receiving an award. Given other initiatives underway by professional or graduate schools in California to recruit HBCU graduates, AB 1400 would be a valuable tool in fostering an HBCU-California pipeline that helps further diversify those programs and related professions, as well as providing greater choice to our CCC transfer students.

CONTACT

- Theresa Southerland, Communications Director, Office of Asm. Isaac Bryan Theresa.Southerland@asm.ca.gov
- Alex Zucco, State and Federal Policy Manager, California Student Aid Commission alex.zucco@csac.ca.gov,
- Rosa de Anda, Policy Consultant, California Student Aid Commission rosa.deanda@csac.ca.gov

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