

ITEM 4
PROPOSED STATEWIDE COST ESTIMATE

\$880,067 - \$8,222,922

Initial Claim Period, July 27, 2021 to July 1, 2022 and Fiscal Year 2022-2023

\$1,066,886 - \$ 9,098,707

Fiscal Year 2023-2024 and Following (Plus the Implicit Price Deflator)

Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144

(AB 132, Section 10)

Free Application for Federal Student Aid (FAFSA)

22-TC-05

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March 5, 2024

Exhibit A

Mr. Chris Hill
Department of Finance
915 L Street, 8th Floor
Sacramento, CA 95814

Mr. Arthur Palkowitz
Law Offices of Arthur M. Palkowitz
12807 Calle de la Siena
San Diego, CA 92130

And Parties, Interested Parties, and Interested Persons (See Mailing List)

Re: Draft Proposed Decision, Schedule for Comments, and Notice of Hearing
Free Application for Federal Student Aid (FAFSA), 22-TC-05
Statutes 2021, Chapter 144, Section 10 (AB 132); Education Code Section
51225.7; Government Code Section 30035, Appendix A, Appendix B, Effective
July 27, 2021
Fresno Unified School District, Claimant

Dear Mr. Hill and Mr. Palkowitz:

The Draft Proposed Decision for the above-captioned matter is enclosed for your review and comment.

Written Comments

Written comments may be filed on the Draft Proposed Decision no later than **5:00 pm on March 26, 2024**. Please note that all representations of fact submitted to the Commission must be signed under penalty of perjury by persons who are authorized and competent to do so and must be based upon the declarant's personal knowledge, information, or belief. (Cal. Code Regs., tit. 2, § 1187.5.) Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over an objection in civil actions. (Cal. Code Regs., tit. 2, § 1187.5.) The Commission's ultimate findings of fact must be supported by substantial evidence in the record.¹

You are advised that comments filed with the Commission are required to be electronically filed (e-filed) in an unlocked legible and searchable PDF file, using the Commission's Dropbox. (Cal. Code Regs., tit. 2, § 1181.3(c)(1).) Refer to <https://www.csm.ca.gov/dropbox.shtml> on the Commission's website for electronic filing instructions. If e-filing would cause the filer undue hardship or significant prejudice, filing may occur by first class mail, overnight delivery or personal service only upon approval of a written request to the executive director. (Cal. Code Regs., tit. 2, § 1181.3(c)(2).)

If you would like to request an extension of time to file comments, please refer to section 1187.9(a) of the Commission's regulations.

¹ Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

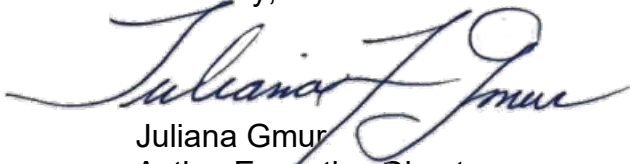
Hearing

This matter is set for hearing on **Friday, May 24, 2024**, at 10:00 a.m. The Proposed Decision will be issued on or about May 10, 2024.

Please notify Commission staff not later than the Wednesday prior to the hearing that you or a witness you are bringing plan to testify and please specify the names of the people who will be speaking for inclusion on the witness list. When calling or emailing, please identify the item you want to testify on and the entity you represent. The Commission Chairperson reserves the right to impose time limits on presentations as may be necessary to complete the agenda.

If you would like to request postponement of the hearing, please refer to section 1187.9(b) of the Commission's regulations.

Sincerely,



Juliana Gmur
Acting Executive Director

ITEM ____
TEST CLAIM
DRAFT PROPOSED DECISION

Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144
(AB 132, Section 10), Effective July 27, 2021

California Code of Regulations, Title 5, Section 30035, Appendix A and Appendix B,
as Added by Register 2022, Number 19, Effective July 1, 2022

Free Application for Federal Student Aid (FAFSA)

22-TC-05

Fresno Unified School District, Claimant

EXECUTIVE SUMMARY

Overview

This Test Claim pleads Education Code section 51225.7 (as added by Stats. 2021, ch. 144 (AB 132)) and California Code of Regulations, Title 5, section 30035, Appendices A and B (as added by Register 2022, Number 19).

Staff finds that Education Code section 51225.7(b), (d), and (e)(1), as added by Statutes 2021, Chapter 144, imposes a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution on school districts. However, staff finds that California Code of Regulations, title 5, section 30035, Appendices A and B, as added by Register 2022, number 19, do *not* impose any requirements on school districts, and therefore do not mandate a new program or higher level of service.

Procedural History

The claimant filed the Test Claim on June 23, 2023.¹ The Department of Finance (Finance) filed comments on the Test Claim on October 6, 2023.² The claimant filed rebuttal comments on November 2, 2023.³ Commission staff issued the Draft Proposed Decision on March 5, 2024.⁴

¹ Exhibit A, Test Claim, filed June 23, 2023.

² Exhibit B, Finance's Comments on the Test Claim, filed October 6, 2023.

³ Exhibit C, Claimant's Rebuttal Comments, filed November 2, 2023.

⁴ Exhibit D, Draft Proposed Decision, issued March 5, 2024.

Commission Responsibilities

Under article XIII B, section 6 of the California Constitution, local agencies and school districts are entitled to reimbursement for the costs of state-mandated new programs or higher levels of service. For local government to be eligible for reimbursement, one or more similarly situated local agencies or school districts must file a test claim with the Commission. “Test claim” means the first claim filed with the Commission alleging that a particular statute or executive order imposes costs mandated by the state. Test claims function similarly to class actions and all members of the class have the opportunity to participate in the test claim process and all are bound by the final decision of the Commission for purposes of that test claim.

The Commission is the quasi-judicial body vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution and not apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”⁵

Claims

The following chart provides a brief summary of the claims and issues raised and staff’s recommendation.

Issue	Description	Staff Recommendation
Was the Test Claim timely filed?	Government Code section 17551(c) requires that a test claim be filed “not later than 12 months after the effective date of the statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.” Section 1183.1(c) of the Commission’s regulations defines 12 months as 365 days.	<i>Timely filed</i> – The test claim statute ⁶ became effective on July 27, 2021, the test claim regulation ⁷ became effective July 1, 2022, and costs were first incurred on July 1, 2022. ⁸ The Test Claim was filed on June 23, 2023, within 365 days of the date costs were first incurred. The Test Claim was timely filed. Because the Test Claim was filed on June 23, 2023, under Government Code

⁵ *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1281, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

⁶ Education Code Section 51225.7, as added by Statutes 2021, chapter 144.

⁷ California Code of Regulations, title 5, section 30035, Appendices A and B, as added by Register 2022, number 19.

⁸ Exhibit A, Test Claim, filed June 23, 2023, page 20 (Declaration of Kim Kelstrom, Chief Executive, Fiscal Services, Fresno Unified School District).

Issue	Description	Staff Recommendation
	Government Code section 17557(e) requires a test claim to be submitted by June 30 following a fiscal year to establish reimbursement eligibility for that fiscal year.	17557, the potential period of reimbursement would begin on July 1, 2021. However, because the Test Claim statute and regulation have later effective dates, the potential period of reimbursement for the Test Claim statute begins on the statute's effective date, July 27, 2021, and the potential period of reimbursement for the Test Claim regulation begins on the regulation's effective date, July 1, 2022.
Do Education Code section 51225.7, as added by Statutes 2021, chapter 144, and California Code of Regulations, title 5, section 30035, Appendices A and B, as added by Register 2022, number 19, impose a reimbursable state-mandated program?	Education Code section 51225.7 requires school districts ⁹ to confirm that pupils in grade 12 either complete and submit the FAFSA or California Dream Act Application or an opt-out form; exempt any pupil that cannot complete a financial aid application or opt-out form and submit an opt-out form on the pupil's behalf; ensure that a pupil in grade 12 is directed to support services necessary to complete the FAFSA or California Dream Act application; and comply with	<i>Partially Approve</i> – Education Code section 51225.7, as added by Statutes 2021, Chapter 144, imposes a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution on school districts, including county offices of education, to confirm that each pupil in grade 12 complete specified financial aid applications, opt-out of the requirement, or be deemed exempt, and requires school districts to ensure that pupils in grade

⁹ The test claim statute activities apply to local educational agencies, which include school districts, county offices of education, and charter schools. Under Government Code section 17514, "school districts" are eligible to seek reimbursement for state-mandated new programs or higher levels of service within the meaning of article XIII B, section 6 of the California Constitution, with Government Code section 17519 defining "school district," as school district, community college district, or county superintendent of schools. The county superintendent of schools is the executive office of the county office of education (Education Code section 1010). Thus, here, school districts and county superintendents of schools are eligible to seek reimbursement.

Issue	Description	Staff Recommendation
	<p>state and federal privacy laws when handling pupil and parent information in connection with these requirements.¹⁰</p> <p>Education Code section 51225.7 also requires the California Student Aid Commission to adopt regulations that include a model opt-out form and acceptable use policy for secure handling of parent, guardian, and pupil personal information gathered by school districts in connection with the requirements of the test claim statute and to make the model form and policy available on its website.¹¹</p> <p>As a result, California Code of Regulations, title 5, section 30035 and Appendices A and B were added, effective July 1, 2022 (Register 2022, No. 19). Appendix A is the model opt-out form and Appendix B is the model acceptable use policy.¹²</p>	<p>12 are directed to services necessary to assist them with completing the appropriate financial aid application.</p> <p>However, the requirement to comply with state and federal privacy laws when handling pupil and parent information in connection with these requirements pursuant to section 51225.7(e)(2) is not new and therefore does not impose a new program or higher level of service.¹³</p> <p>In addition, California Code of Regulations, title 5, section 30035, Appendices A and B do not impose any requirements on school districts and do not mandate a new program or higher level of service.</p>

¹⁰ Education Code section 51225.7(b), (d), (e) (as added by Stats. 2021, ch. 144).

¹¹ Education Code section 51225.7(c), (f) (as added by Stats. 2021, ch. 144).

¹² Exhibit A, Test Claim, filed June 23, 2023, pages 209-215 (California Code of Regulations, title 5, section 30035, Appendices A and B, as added by Reg. 2022, no. 19).

¹³ United States Code, title 20, section 1232g(a)(4), (b); Code of Federal Regulations, title 34, section 99.3; Education Code sections 49060 et seq. and California Code of Regulations, title 5, section 430 et seq. (the California laws that correspond to FERPA); Education Code section 234.7, as added by Statutes 2017, chapter 493 (AB 699);

Staff Analysis

This Test Claim alleges reimbursable state-mandated activities and increased costs arising from Education Code section 51225.7 (as added by Stats. 2021, ch. 144 (AB 132)) and California Code of Regulations, title 5, section 30035, Appendices A and B (as added by Register 2022, Number 19). The test claim statute requires school districts, including county offices of education, to confirm that each pupil in grade 12 complete at least one of two specified financial aid applications, unless the pupil opts out of the requirement or is deemed exempt by the school district;¹⁴ to direct pupils in grade 12 to services necessary to assist them in completing the appropriate financial aid application;¹⁵ and to ensure pupil and parent information shared in connection with the requirements of the statute are handled in compliance with applicable federal and state privacy laws.¹⁶ It also requires the California Student Aid Commission to adopt regulations that include acceptable use policies to provide guidance to local educational agencies on the requirements relating to state privacy laws governing the handling of pupil and parent information shared under the statute, and to post and make available those policies on its website.¹⁷ Appendix A to the regulations is the model opt-out form for school district use. Appendix B to the regulations is the model acceptable use policy.

The Test Claim was timely filed. The potential period of reimbursement for the test claim statute begins on the statute's effective date, July 27, 2021.¹⁸

Staff finds that Education Code section 51225.7 imposes the following new requirements on school districts, including county offices of education:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the

Government Code section 7284 et seq., as added by Statutes 2017, chapter 495 (SB 54); Government Code section 7284.6(a)(1) (Stats. 2017, ch. 495).

¹⁴ Education Code section 51225.7(b), (d).

¹⁵ Education Code section 51225.7(e)(1).

¹⁶ Education Code section 51225.7(e)(2).

¹⁷ Education Code section 51225.7(f).

¹⁸ The potential period of reimbursement for the test claim regulation begins on the regulation's effective date, July 1, 2022. However, because the test claim regulation does not impose any requirements on school districts, the regulation's potential reimbursement period is immaterial to the analysis herein.

requirements of this section by filling out and submitting an opt-out form to the school district or county office of education.¹⁹

- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.²⁰
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.²¹

Although prior law required school districts to provide a paper copy of the FAFSA or California Dream Act Application each pupil, upon request, and to “ensure that each of its pupils receives information on how to properly complete and submit the Free Application for Federal Student Aid (FAFSA) or the California Dream Act Application, as appropriate, at least once *before the pupil enters grade 12*,”²² prior law did not require school districts to confirm that students in grade 12 completed and submitted the FAFSA or California Dream Act Application, opted out of the application submission requirement, or were deemed exempt. Nor were school districts required to direct students in grade 12 to support services to assist them in completing a financial aid application. Thus, the bulleted activities are newly imposed on school districts and are mandated by the state. In addition, the new mandated activities are uniquely imposed on school districts and provide a governmental service to the public by increasing awareness of and access to financial aid resources and higher education.²³ The record also contains substantial evidence that the claimant's costs to comply with the mandated new program or higher level of service exceed \$1,000.²⁴ No state funds have been specifically appropriated to fund this program, nor have any potential sources of offsetting revenues been identified. Additionally, none of the exceptions to reimbursement in Government Code section 17556 apply to deny this Test Claim. Therefore, staff finds that the new mandated activities result in increased costs mandated by the state.

¹⁹ Education Code section 51225.7(b).

²⁰ Education Code section 51225.7(d).

²¹ Education Code section 51225.7(e)(1).

²² Education Code section 51225.8(a), (b) (as added by Stats. 2018, ch. 533), emphasis added.

²³ Exhibit X, Assembly Floor Analysis, Analysis of AB 469, as amended September 3, 2021, page 2.

²⁴ Government Code section 17559(b).

However, the requirement in Education Code section 51225.7(e)(2), to ensure that information shared under the section is handled in compliance with the federal Family Educational Rights and Privacy Act of 2001 (20 U.S.C. Sec. 1232g) (FERPA) and applicable state laws, including Chapters 493 and 495 of the Statutes of 2017, is *not* new and, therefore does not impose a new program or higher level of service. School districts have a preexisting duty under state and federal law to protect the privacy of the student and familial personal information, including financial and immigration information.²⁵

Finally, staff finds that California Code of Regulations, title 5, section 30035, Appendices A and B do not impose any requirements on school districts and, thus, do not constitute a reimbursable state-mandated program.

Conclusion

Based on the foregoing analysis, staff finds that Education Code section 51225.7, as added by Statutes 2021, Chapter 144, imposes a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution on school districts, including county offices of education, to perform the following new state-mandated activities beginning July 27, 2021:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education.²⁶
- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.²⁷

²⁵ United States Code, title 20, section 1232g(a)(4), (b); Code of Federal Regulations, title 34, section 99.3; Education Code sections 49060 et seq. and California Code of Regulations, title 5, section 430 et seq. (the California laws that correspond to FERPA); Education Code section 234.7, as added by Statutes 2017, chapter 493 (AB 699); Government Code section 7284 et seq., as added by Statutes 2017, chapter 495 (SB 54); Government Code section 7284.6(a)(1) (Stats. 2017, ch. 495).

²⁶ Education Code section 51225.7(b).

²⁷ Education Code section 51225.7(d).

- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.²⁸

Staff further finds that California Code of Regulations, title 5, section 30035, Appendices A and B, as added by the test claim regulation, do not impose any requirements on school districts and, therefore, do not constitute a reimbursable state-mandated program.

Staff Recommendation

Staff recommends that the Commission adopt the Proposed Decision to partially approve the Test Claim and authorize staff to make any technical, non-substantive changes to the Proposed Decision following the hearing.

²⁸ Education Code section 51225.7(e)(1).

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE TEST CLAIM

Education Code Section 51225.7 as
Added by Statutes 2021, Chapter 144
(AB 132, Section 10), Effective
July 27, 2021

California Code of Regulations, Title 5,
Section 30035, Appendix A and Appendix
B as Added by Register 2022, Number
19, Effective July 1, 2022

Filed June 23, 2023

Fresno Unified School District, Claimant

Case No.: 22-TC-05

*Free Application for Federal Student Aid
(FAFSA)*

DECISION PURSUANT TO
GOVERNMENT CODE SECTION 17500
ET SEQ.; CALIFORNIA CODE OF
REGULATIONS, TITLE 2, DIVISION 2,
CHAPTER 2.5, ARTICLE 7.

(Adopted May 24, 2024)

DECISION

The Commission on State Mandates (Commission) heard and decided this Test Claim during a regularly scheduled hearing on May 24, 2024. [Witness list will be included in the adopted Decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code sections 17500 et seq., and related case law.

The Commission [adopted/modified] the Proposed Decision to [approve/partially approve/deny] the Test Claim by a vote of [vote will be included in the adopted Decision], as follows:

Member	Vote
Lee Adams, County Supervisor	
Juan Fernandez, Representative of the State Treasurer, Vice Chairperson	
Deborah Gallegos, Representative of the State Controller	
Jennifer Holman, Representative of the Director of the Office of Planning and Research	
Gayle Miller, Representative of the Director of the Department of Finance, Chairperson	
Renee Nash, School District Board Member	

Summary of the Findings

This Test Claim alleges reimbursable state-mandated activities and increased costs arising from Education Code section 51225.7 (as added by Stats. 2021, ch. 144 (AB 132)) and California Code of Regulations, title 5, section 30035, Appendices A and B (as added by Register 2022, Number 19). The test claim statute requires school districts, including county offices of education, to confirm that each pupil in grade 12 complete at least one of two specified financial aid applications, unless the pupil opts out of the requirement or is deemed exempt by the school district;²⁹ to direct pupils in grade 12 to services necessary to assist them in completing the appropriate financial aid application;³⁰ and to ensure pupil and parent information shared in connection with the requirements of the statute are handled in compliance with applicable federal and state privacy laws.³¹ It also requires the California Student Aid Commission to adopt regulations that include acceptable use policies to provide guidance to local educational agencies on the requirements relating to state privacy laws governing the handling of pupil and parent information shared under the statute, and to post and make available those policies on its website.³² Appendix A to the regulations is the model opt-out form for school district use. Appendix B to the regulations is the model acceptable use policy.

The Commission finds that the Test Claim was timely filed. The potential period of reimbursement for the Test Claim statute begins on the statute's effective date, July 27, 2021.³³

The Commission finds that Education Code section 51225.7 imposes the following new requirements on school districts, including county offices of education:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the

²⁹ Education Code section 51225.7(b), (d).

³⁰ Education Code section 51225.7(e)(1).

³¹ Education Code section 51225.7(e)(2).

³² Education Code section 51225.7(f).

³³ The potential period of reimbursement for the test claim regulation begins on the regulation's effective date, July 1, 2022. However, because the test claim regulation does not impose any requirements on school districts, the regulation's potential reimbursement period is immaterial to the analysis herein.

requirements of this section by filling out and submitting an opt-out form to the school district or county office of education.³⁴

- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.³⁵
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.³⁶

Although prior law required school districts to provide a paper copy of the FAFSA or California Dream Act Application each pupil, upon request, and to “ensure that each of its pupils receives information on how to properly complete and submit the Free Application for Federal Student Aid (FAFSA) or the California Dream Act Application, as appropriate, at least once *before the pupil enters grade 12*,”³⁷ prior law did not require school districts to confirm that students in grade 12 completed and submitted the FAFSA or California Dream Act Application, opted out of the application submission requirement, or were deemed exempt. Nor were school districts required to direct students in grade 12 to support services to assist them in completing a financial aid application. Thus, the bulleted activities are newly imposed on school districts and are mandated by the state. In addition, the new mandated activities are uniquely imposed on school districts and provide a governmental service to the public by increasing awareness of and access to financial aid resources and higher education.³⁸ The record also contains substantial evidence that the claimant's costs to comply with the mandated new program or higher level of service exceed \$1,000.³⁹ No state funds have been specifically appropriated to fund this program, nor have any potential sources of offsetting revenues been identified. Additionally, none of the exceptions to reimbursement in Government Code section 17556 apply to deny this Test Claim. Therefore, the Commission finds that the new mandated activities result in increased costs mandated by the state.

³⁴ Education Code section 51225.7(b).

³⁵ Education Code section 51225.7(d).

³⁶ Education Code section 51225.7(e)(1).

³⁷ Education Code section 51225.8(a), (b) (as added by Stats. 2018, ch. 533), emphasis added.

³⁸ Exhibit X, Assembly Floor Analysis, Analysis of AB 469, as amended September 3, 2021, page 2.

³⁹ Government Code section 17559(b).

However, the requirement in Education Code section 51225.7(e)(2), to ensure that information shared under the section is handled in compliance with the federal Family Educational Rights and Privacy Act of 2001 (20 U.S.C. Sec. 1232g) (FERPA) and applicable state laws, including Chapters 493 and 495 of the Statutes of 2017, is *not* new and, therefore does not impose a new program or higher level of service. School districts have a preexisting duty under state and federal law to protect the privacy of the student and familial personal information, including financial and immigration information.⁴⁰

Finally, the Commission finds that California Code of Regulations, title 5, section 30035, Appendices A and B do not impose any requirements on school districts and, thus, do not constitute a reimbursable state-mandated program.

Accordingly, the Commission partially approves this Test Claim for the activities bulleted above, beginning July 27, 2021.

COMMISSION FINDINGS

I. Chronology

07/27/2021	Effective date of Statutes 2021, chapter 588, adding Education Code section 51225.7
07/01/2022	Effective date of Register 2022, number 19, adding California Code of Regulations, title 5, section 30335, Appendices A and B
06/23/2023	The claimant Fresno Unified School District filed the Test Claim. ⁴¹
10/06/2023	The Department of Finance (Finance) filed comments on the Test Claim. ⁴²
11/02/2023	The claimant filed rebuttal comments. ⁴³
03/05/2024	Commission staff issued the Draft Proposed Decision. ⁴⁴

⁴⁰ 20 United States Code, section 1232g(a)(4), (b); Code of Federal Regulations, title 34, section 99.3; Education Code sections 49060 et seq. and California Code of Regulations, title 5, section 430 et seq. (the California laws that correspond to FERPA); Education Code section 234.7, as added by Statutes 2017, chapter 493 (AB 699); Government Code section 7284 et seq., as added by Statutes 2017, chapter 495 (SB 54); Government Code section 7284.6(a)(1) (Stats. 2017, ch. 495).

⁴¹ Exhibit A, Test Claim, filed June 23, 2023.

⁴² Exhibit B, Finance's Comments on the Test Claim, filed October 6, 2023.

⁴³ Exhibit C, Claimant's Rebuttal Comments, filed November 2, 2023.

⁴⁴ Exhibit D, Draft Proposed Decision, issued March 5, 2024.

II. Background

A. Free Application for Federal Student Aid (FAFSA)

The Free Application for Federal Student Aid (FAFSA) is a financial reporting form produced by the U.S. Department of Education to determine the need and eligibility of a student for federal student aid under Title IV of the Higher Education Act of 1965.⁴⁵ The FAFSA collects financial and other information used to calculate the expected family contribution (EFC) for college and to determine a student's eligibility for state and institutional financial aid programs.⁴⁶ "Because financial aid for college takes into consideration the cost of attendance and a family's ability to pay in determining eligibility for financial aid, the FAFSA asks for personal information such as income and tax information and social security number."⁴⁷ To be eligible for federal student aid, a student must be a U.S. citizen or eligible noncitizen.⁴⁸

Over the years, the form has been simplified to make the application process more accessible. In 2021, the FAFSA Simplification Act was enacted as part of the Consolidated Appropriations Act, which further streamlined the FAFSA form and expanded financial aid eligibility to more students by eliminating limitations on student eligibility.⁴⁹ These changes take effect beginning with the 2024-2025 award year.⁵⁰

B. California Dream Act Application

Under the California Dream Act of 2011 (AB 130 and AB 131), undocumented and non-resident students who meet certain non-resident requirements (also known as "AB 540

⁴⁵ Higher Education Act of 1965 (Pub.L. No. 89–329 (Nov. 8, 1965) 79 Stat. 1219); see also 20 U.S.C., § 1090.)

⁴⁶ Exhibit X, California Student Aid Commission, Free Application for Federal Student Aid FAQ, https://www.csac.ca.gov/sites/main/files/file-attachments/all_in_fafsa_faq.pdf (accessed on December 4, 2023), page 1.

⁴⁷ Exhibit X, Senate Committee on Education, Bill Analysis of AB 469, as amended July 5, 2021, page 5.

⁴⁸ Exhibit X, U.S. Department of Education, Eligibility for Federal Student Aid, <https://studentaid.gov/resources/eligibility-text> (accessed on November 14, 2023), page 1.

⁴⁹ Exhibit X, U.S. Department of Education, Dear Colleague Letter GEN-23-11, FAFSA Simplification Act Changes for Implementation in 2024-25 (August 4, 2023), <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2023-08-04/fafsa-simplification-act-changes-implementation-2024-25> (accessed September 27, 2023), page 1. The FAFSA Simplification Act eliminated limitations on student eligibility related to Selective Service registration and drug convictions and eliminated the ban on federal Pell Grant eligibility for confined or incarcerated individuals, amongst other changes.

⁵⁰ Exhibit X, Excerpt from Congressional Research Service, The FAFSA Simplification Act, updated August 4, 2022, page 2.

students”⁵¹) are eligible to apply for state financial aid, such as private scholarships funded through public universities, state-administered financial aid, university grants, community college fee waivers, and Cal Grants.⁵² AB 540 students who submit a California Dream Act Application and meet specified requirements are eligible to apply for student loans through the California DREAM Loan Program.⁵³ In addition to establishing the eligibility of AB 540 students for state financial aid, Education Code section 69508.5 required the California Student Aid Commission to establish procedures and forms (i.e., the California Dream Act Application) to enable eligible non-resident students to participate in California student financial aid programs. The California Student Aid Commission processes the California Dream Act Application.⁵⁴

C. Test Claim Statute (Statutes 2021, Chapter 144) and Regulations Adopted by the California Student Aid Commission (Register 2022, number 19)

Evidence suggests that students who complete a financial aid application are more likely to attend college.⁵⁵ As a result, at least a dozen states have passed or are

⁵¹ Education Code section 68130.5 (AB 540 [2001]) exempts certain California non-resident students from paying non-resident tuition rates at University of California, California State University, and California Community Colleges, if they meet certain requirements.

⁵² Exhibit X, California Student Aid Commission, California Dream Act FAQ’s for Students and Parents, https://www.csac.ca.gov/sites/main/files/file-attachments/california_dream_act_faq.pdf?1694549553 (accessed on December 4, 2023), pages 1-2; AB 130 (Stats. 2011, ch. 93), which amended Education Code section 68130.7 and added Education Code section 66021.7 (non-resident eligibility for scholarships derived from nonstate funds); AB 131 (Stats. 2011, ch. 604), which amended Education Code section 68130.7 and added Education Code sections 66021.6 (non-resident eligibility for student aid programs administered by the California State University, California Community College, and University of California systems), 69508.5 (non-resident eligibility for student financial aid programs administered by the State of California; Student Aid Commission to establish procedures and forms for eligible non-resident students to apply for state student financial aid programs), and 76300.5 (eligibility of non-resident students for fee waiver by community college districts); and Education Code section 68130.5 (requirements for non-resident tuition exemption).

⁵³ Education Code section 70030 et seq., as added by Statutes 2014, chapter 754 (SB 1210).

⁵⁴ Exhibit X, California Student Aid Commission, California Dream Act FAQ’s for Students and Parents, https://www.csac.ca.gov/sites/main/files/file-attachments/california_dream_act_faq.pdf?1694549553 (accessed on December 4, 2023), page 4.

⁵⁵ Exhibit X, Carns, *More States Require High School Seniors to Fill Out Financial Aid Form*, New York Times (Oct. 14, 2022), page 1.

considering passing laws requiring high school seniors to complete the FAFSA.⁵⁶ The test claim statute (Education Code section 51225.7, as added by Statutes 2021, chapter 144) was added as part of the higher education trailer bill to the 2021-22 budget (AB 132). While AB 132 is the statute that added Education Code section 51225.7, the requirements of the test claim statute were originally proposed as part of AB 469 (2021).⁵⁷ The legislative history for AB 469 describes the purpose of the FAFSA and California Dream Act Application filing requirements as follows:

Despite having a higher than average state poverty rate, California in 2018 ranked 30th in the country for FAFSA completion. A recent analysis by EdSource found that, in the year after the outbreak of COVID-19, FAFSA completion rates in California decreased by 11% and CADAA by 45%. These decreases were most significant among low-income students. AB 469 will require LEA's [local educational agencies] to ensure high school seniors complete the FAFSA and CADAA before graduating. The intent of this bill is to improve students' access to financial aid resources that require completion of these forms, such as the Community College Promise program. By connecting students to critical financial aid, AB 469 supports the Governor's and Legislature's vision to increase access to higher education.⁵⁸

The Assembly Committee on Education reported that "[w]hile the decline has occurred across the board, applications declined at steeper rates for students in schools designated as Title 1, those in town and rural areas, and those enrolling a higher

⁵⁶ Exhibit X, Carns, *More States Require High School Seniors to Fill Out Financial Aid Form*, New York Times (Oct. 14, 2022), page 1.

⁵⁷ Exhibit X, Senate Committee on Education, Analysis of AB 469, as amended July 5, 2021, pages 3-5 (describing proposed requirements of AB 469 prior to passage of AB 132 and stating that AB 132 contains provisions that are "nearly identical" to AB 469); Exhibit X, Assembly Floor Analysis, Analysis of AB 469, as amended September 3, 2021, page 1. After AB 132 added Education Code section 51225.7, those requirements were deleted from AB 469. Effective January 1, 2022, AB 469 amended Education Code section 51225.7 to require the California Student Aid Commission and Department of Education to facilitate the completion of the FAFSA and California Dream Act Application by sharing the current school year's roster of pupils and matching the roster with FAFSA and California Dream Act Application pupil application data. AB 469 also added a definition of "outreach program" to mean a non-profit entity that is exempt from taxation under federal law or a public entity with experience in either assisting pupils with completing financial aid applications or serving pupils who are eligible to submit a California Dream Act Application (Education Code section 51225.7, as amended by Statutes 2021, chapter 560 (AB 469)).

⁵⁸ Assembly Committee on Education, Analysis of AB 469, as amended March 29, 2021, page 4.

percentage of students of color.”⁵⁹ The process of completing a financial aid application “poses a significant barrier to many families, particularly those in which no one has previously attended college or might be unfamiliar with the process of seeking financial aid. Such an application form can be daunting, asking students and families a range of specific questions about their household, finances, and taxes paid.”⁶⁰ It is estimated that “school districts’ failure to ensure all their students apply for aid meant that as much as \$550 million in federal and state aid was left untapped by eligible California students.”⁶¹

On May 20, 2022, the California Student Aid Commission issued guidance to high school counselors and school superintendents on the requirements of the test claim statute, stating as follows:

Local Educational Agencies (LEAs) are required to confirm that high school seniors complete a Free Application for Federal Student Aid (FAFSA) or California Dream Act Application (CADAA). Students may alternatively complete an opt-out form, which shall be collected and retained by the high school. These requirements apply beginning with the 2022-23 school year for the 2023-2024 FAFSA/CADAA application cycle that starts on October 1, 2022.

The Commission initiated the rulemaking process to establish a model opt-out form and to establish a model acceptable use policy for data collected by the LEAs in compliance with California Education Code Section 51225.7. The Commission’s proposed regulations received final approval from the Office of Administrative Law on May 10, 2022. Approved regulations and model opt-out form are accessible on the Commission’s website.⁶²

The California Student Aid Commission further explained that the regulations it developed in accordance with Education Code section 51225.7 do not require school districts to use the model opt-out form provided by the Student Aid Commission.

⁵⁹ Assembly Committee on Education, Analysis of AB 469, as amended March 29, 2021, page 4.

⁶⁰ Exhibit X, Excerpt from Campaign for College Opportunity, Financial Aid in California, April 2020, page 2.

⁶¹ Exhibit X, Excerpt from Campaign for College Opportunity, Financial Aid in California, April 2020, page 2.

⁶² Exhibit X, California Student Aid Commission, Special Alert to High School Counselors and County and District Superintendents, May 20, 2022, page 1. The Special Alert erroneously identifies AB 469 as imposing the requirement under Education Code section 51225.7 for local educational agencies to confirm that high school seniors complete the FAFSA or California Dream Act Application. As discussed herein, that requirement was added by the test claim statute (Stats. 2021, ch. 144 [AB 132]).

Rather, districts are “encouraged to seek guidance from their counsel regarding the statutory requirement relating to use of the model opt-out form.”⁶³

III. Positions of the Parties

A. Fresno Unified School District

The claimant, Fresno Unified School District, alleges that Education Code section 51225.7, as added by the test claim statute and California Code of Regulations, title 5, section 30035, Appendices A and B, as added by the test claim regulation, result in reimbursable increased costs mandated by the state.⁶⁴ Specifically, the claimant alleges that Education Code section 51225.7 requires school districts, beginning with the 2022-23 school year, to confirm that a pupil either completes and submits a FAFSA or a California Dream Act Application (California Dream Act Application); to provide parents and legal guardians with the option of opting out of the requirement by filling out and submitting an opt-out form to the district; to exempt the pupil from the requirements and submit an opt-out form on the pupil’s behalf if the district determines that the pupil is unable to complete a financial aid application or an opt-out form; to direct pupils and their parents or legal guardians to assistance services for completing the FAFSA or California Dream Act Application; and to ensure that information shared by parents, legal guardians, and pupils in the process of complying with the requirements is handled in compliance with applicable federal and state privacy laws.⁶⁵

To implement the requirement under Education Code section 51225.7(b) of confirming that a pupil either files the FAFSA or California Dream Act Application, the claimant asserts that school counselors “assist pupils in their senior year of high school and their families to complete the FAFSA starting when application opens in October of the school year until the end of the school year” and “assist undocumented students, DACA recipients, U Visa holders and students under Temporary Protected Status who qualify for a non-resident exemption to apply for the California Dream Act.”⁶⁶ The claimant alleges that school counselors offer opt-out forms at school sites to implement Education Code section 51225.7(c), which permits parents to opt out of the FAFSA and California Dream Act Application requirements.⁶⁷ The claimant further asserts that the test claim statutes require it to designate an individual responsible for implementing and ensuring compliance with an acceptable use policy for any student information it collects pertaining to FAFSA and the California Dream Act Application.⁶⁸

⁶³ Exhibit X, California Student Aid Commission, Special Alert to High School Counselors and County and District Superintendents, May 20, 2022, page 1.

⁶⁴ Exhibit A, Test Claim, filed June 23, 2023, pages 6-7.

⁶⁵ Exhibit A, Test Claim, filed June 23, 2023, pages 9-11.

⁶⁶ Exhibit A, Test Claim, filed June 23, 2023, pages 11-12.

⁶⁷ Exhibit A, Test Claim, filed June 23, 2023, page 12.

⁶⁸ Exhibit A, Test Claim, filed June 23, 2023, pages 16, 18.

The claimant further alleges costs to develop and implement internal policies, training, and procedures relating to assisting pupils with completing the FAFSA, but states that the claimant's own counselors received free local training during fiscal years 2022-23 and 2023-24.⁶⁹ The claimant alleges that all other costs to comply with the test claim statute are \$1,126,435 for fiscal year 2022-23 and \$1,145,366 for fiscal year 2023-24, calculated as ten percent of the total annual time incurred by 80 high school counselors, with a statewide cost estimate of \$60 million.⁷⁰ The claimant is unaware of any potential offsetting funds.

The claimant objects to comments filed by Finance on the basis that they do not comply with sections 1183.2 and 1187.5 of the Commission's regulations because they include representations of fact that are not signed under penalty of perjury and are not supported by documentary evidence.⁷¹ Contrary to what Finance asserts, a test claim is not required to include a fiscal analysis, and the statewide cost estimate may be addressed during the parameters and guidelines process.⁷² The claimant points out that contrary to Finance's assertions, the claimant is not requesting reimbursement for specific training, resources, and parental workshops and did not include those activities in the statewide cost estimate.⁷³ Furthermore, Finance's concern that costs are overstated because a more simplified FAFSA beginning in 2024-25 may result in a reduction in required activities "may also be addressed during the parameters and guidelines process or by a request for mandate redeterminations."⁷⁴

The claimant disagrees with Finance's assertion that the activities required by the test claim statute were already required by Education Code section 49600(d), asserting instead that "AB 132 changed discretionary activities to mandated activities":

Requiring a pupil to complete and submit the FAFSA form; or determining if the pupil is exempt; or that a pupil may opt out of the requirements is not the same as the prior law requiring developing pupil knowledge of financial aid planning for postsecondary education by providing pupils with financial aid information on FAFSA.

The requirements prior to AB 132 were not the same for traditional school counselor duties. Even if a school counselor was performing the activities mandated by AB 132 prior to its enactment, it was not required to. AB 132 changed discretionary activities to mandated activities. Furthermore, it is

⁶⁹ Exhibit A, Test Claim, filed June 23, 2023, pages 11, 13, 16.

⁷⁰ Exhibit A, Test Claim, filed June 23, 2023, pages 14-18.

⁷¹ Exhibit C, Claimant's Rebuttal Comments, filed November 2, 2023, page 1.

⁷² Exhibit C, Claimant's Rebuttal Comments, filed November 2, 2023, page 2.

⁷³ Exhibit C, Claimant's Rebuttal Comments, filed November 2, 2023, page 2.

⁷⁴ Exhibit C, Claimant's Rebuttal Comments, filed November 2, 2023, pages 2, 4.

presumed the legislature would not enact a new law that was already required.⁷⁵

B. Department of Finance

Finance acknowledges that “AB 132 establishes new responsibilities for LEAs and school districts” but asserts that “Education Code section 51225.7(b) does not require LEAs to provide the specific training, resources, and parental workshops” set forth in the Test Claim.⁷⁶ Finance argues that the requirements established by AB 132 “generally fall within the scope of school counselor duties” under Education Code section 49600(d) and (e), namely, advising and providing information to students on financial aid for postsecondary education programs, including the FAFSA and California Dream Action Application.⁷⁷ Finance also asserts that the claimant has failed to provide sufficient evidence that existing state funding provided or accessible to school districts for financial aid outreach is inadequate and beginning in the 2024-25 school year, a new, streamlined FAFSA form will simplify the financial aid application process and “may reduce the assistance needed to facilitate its completion.”⁷⁸

IV. Discussion

Article XIII B, section 6 of the California Constitution provides in relevant part the following:

Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the state shall provide a subvention of funds to reimburse such local government for the costs of such programs or increased level of service...

The purpose of article XIII B, section 6 is to “preclude the state from shifting financial responsibility for carrying out governmental functions to local agencies, which are ‘ill equipped’ to assume increased financial responsibilities because of the taxing and spending limitations that articles XIII A and XIII B impose.”⁷⁹ Thus, the subvention requirement of section 6 is “directed to state-mandated increases in the services provided by [local government] ...”⁸⁰

Reimbursement under article XIII B, section 6 is required when the following elements are met:

⁷⁵ Exhibit C, Claimant’s Rebuttal Comments, filed November 2, 2023, page 3.

⁷⁶ Exhibit B, Finance’s Comments on the Test Claim, filed October 6, 2023, page 2.

⁷⁷ Exhibit B, Finance’s Comments on the Test Claim, filed October 6, 2023, page 2.

⁷⁸ Exhibit B, Finance’s Comments on the Test Claim, filed October 6, 2023, page 3.

⁷⁹ *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 81.

⁸⁰ *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56.

1. A state statute or executive order requires or “mandates” local agencies or school districts to perform an activity.⁸¹
2. The mandated activity constitutes a “program” that either:
 - a. Carries out the governmental function of providing a service to the public; or
 - b. Imposes unique requirements on local agencies or school districts and does not apply generally to all residents and entities in the state.⁸²
3. The mandated activity is new when compared with the legal requirements in effect immediately before the enactment of the test claim statute or executive order and it increases the level of service provided to the public.⁸³
4. The mandated activity results in the local agency or school district incurring increased costs, within the meaning of section 17514. Increased costs, however, are not reimbursable if an exception identified in Government Code section 17556 applies to the activity.⁸⁴

The Commission is vested with the exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6 of the California Constitution.⁸⁵ The determination whether a statute or executive order imposes a reimbursable state-mandated program is a question of law.⁸⁶ In making its decisions, the Commission must strictly construe article XIII B, section 6 of the California Constitution, and not apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”⁸⁷

⁸¹ *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874.

⁸² *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874-875 (reaffirming the test set out in *County of Los Angeles* (1987) 43 Cal.3d 46, 56).

⁸³ *San Diego Unified School Dist.* (2004) 33 Cal.4th 859, 874-875, 878; *Lucia Mar Unified School District v. Honig* (1988) 44 Cal.3d 830, 835.

⁸⁴ *County of Fresno v. State of California* (1991) 53 Cal.3d 482, 487; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1265, 1284; Government Code sections 17514 and 17556.

⁸⁵ *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 335.

⁸⁶ *County of San Diego v. State of California* (1997) 15 Cal.4th 68, 109.

⁸⁷ *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1265, 1280 [citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817].

A. The Test Claim Was Timely Filed.

Government Code section 17551(c) requires that a test claim be filed “not later than 12 months after the effective date of the statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.” Section 1183.1(c) of the Commission’s regulations defines 12 months as 365 days.⁸⁸ Government Code section 17557(e) requires a test claim to be submitted by June 30 following a fiscal year to establish reimbursement eligibility for that fiscal year.

The test claim statute became effective on July 27, 2021, the test claim regulation became effective July 1, 2022, and costs were first incurred on July 1, 2022.⁸⁹ The Test Claim was filed on June 23, 2023, within 365 days of the date costs were first incurred. Accordingly, the Test Claim was timely filed.

Because the Test Claim was filed on June 23, 2023, under Government Code 17557, the potential period of reimbursement would begin on July 1, 2021. However, because the test claim statute and regulation have later effective dates, the potential period of reimbursement for the test claim statute begins on the statute’s effective date, July 27, 2021, and the potential period of reimbursement for the test claim regulation begins on the regulation’s effective date, July 1, 2022.

⁸⁸ California Code of Regulations, title 2, section 1183.1(c).

⁸⁹ Exhibit A, Test Claim, filed June 23, 2023, page 20 (Declaration of Kim Kelstrom, Chief Executive, Fiscal Services, Fresno Unified School District).

B. Education Code Section 51225.7(b), (d), and (e)(1), as Added by Statutes 2021, Chapter 144, Imposes a Reimbursable State-Mandated New Program or Higher Level of Service on School Districts Within the Meaning of Article XIII B, Section 6 of the California Constitution. However, California Code of Regulations, Title 5, Section 30035, Appendices A and B, as Added by Register 2022, Number 19, Do Not Impose Any Requirements on School Districts.

1. Education Code Section 51225.7(b), (d), and (e)(1), as Added by Statutes 2021, Chapter 144, Imposes New Requirements on School Districts. However, California Code of Regulations, Title 5, Section 30035, Appendices A and B, as Added by Register 2022, Number 19, Impose Requirements on the California Student Aid Commission, But Not on School Districts.

- a. Education Code section 51225.7(b), (d), (e)(1), and (e)(2) imposes requirements on school districts to confirm that each pupil in grade 12 completes one of two specified financial aid applications, opts out of the requirement, or is deemed exempt; to ensure that pupils in grade 12 are directed to necessary support services to complete the appropriate financial aid application; and to ensure that school districts abide by existing federal and state student privacy laws with respect to these records.

Education Code section 51225.7 requires “local education agencies” to confirm that pupils in grade 12 complete a student financial aid application or an opt-out form.⁹⁰ If the local education agency determines that the pupil cannot complete the application or an opt-out form, it must exempt the pupil and submit an opt-out form on the pupil’s behalf.⁹¹ Section 51225.7 also requires local education agencies to ensure that grade 12 pupils and their parents are directed to support services necessary to comply with the financial aid application requirement and that information shared in connection with these requirements is handled in compliance with applicable state and federal privacy laws.⁹²

Education Code section 51225.7(a) defines key terms used in the section, including “pupil” as limited to a pupil in grade 12 who attends a local educational agency high school and “local educational agencies” as school districts, county offices of education, and charter schools.⁹³ Under Government Code section 17514, “school districts” are eligible to seek reimbursement for state-mandated new programs or higher levels of service within the meaning of article XIII B, section 6 of the California Constitution. Government Code section 17519 defines “school district,” as “any school district,

⁹⁰ Education Code section 51225.7(b) (as added by Stats. 2021, ch. 144).

⁹¹ Education Code section 51225.7(d) (as added by Stats. 2021, ch. 144).

⁹² Education Code section 51225.7(e) (as added by Stats. 2021, ch. 144).

⁹³ Education Code section 51225.7(a)(1), (a)(3) (as added by Stats. 2021, ch. 144).

community college district, or county superintendent of schools.” The county superintendent of schools is the executive officer of the county office of education.⁹⁴ Thus, as described below, the test claim statute imposes requirements on K-12 school districts and county offices of education and, therefore, K-12 school districts and county superintendents of schools are eligible to seek reimbursement for the requirements imposed by the test claim statute, and are hereafter referred to as “school districts”.⁹⁵

Education Code section 51225.7(b) requires that beginning with the 2022–23 school year, except as provided in subdivisions (c) and (d), the school district confirm that a pupil in grade 12 complies with at least one of the following:

- (1) The pupil completes and submits to the United States Department of Education a Free Application for Federal Student Aid.
- (2) If the pupil is exempt from paying nonresident tuition pursuant to Section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Section 69508.5 for purposes of the California Dream Act.⁹⁶

As explained above, a pupil must be a U.S. citizen or eligible noncitizen in order to be eligible for the FAFSA.⁹⁷ Pupils who are not citizens but who meet other eligibility criteria may file the California Dream Act application in lieu of the FAFSA.⁹⁸ Education Code section 68130.5 exempts specified California non-resident students from paying non-resident tuition rates at University of California, California State University, and California Community Colleges, if they meet certain requirements. And Education Code section 69508.5, which established the California Dream Act, provides that students who are exempt from paying nonresident tuition under section 68130.5 are eligible to participate in any student financial aid program administered by the State of California, and required the California Student Aid Commission to establish procedures and forms to enable eligible non-resident students to participate in state financial aid programs.

⁹⁴ Education Code section 1010. County offices of education provide alternative educational programs for students attending county community schools who have been expelled from school, referred as a condition of probation, or who are homeless. (Ed. Code, § 1981, 1984, 48852.7, 48859.)

⁹⁵ Because school districts and county superintendents of schools fall within the definition of “school districts” under Government Code section 17519, this Decision uses the term “school districts” to refer to both school districts and county superintendents of schools as eligible claimants.

⁹⁶ Education Code section 51225.7(b) (as added by Stats. 2021, ch. 144).

⁹⁷ Exhibit X, U.S. Department of Education, Eligibility for Federal Student Aid, <https://studentaid.gov/resources/eligibility-text> (accessed on November 14, 2023), page 1.

⁹⁸ Education Code section 70030 et seq., as added by Statutes 2014, chapter 754 (SB 1210).

Thus, the “form established pursuant to Section 69508.5” means the California Dream Act Application to be completed by qualifying pupils in lieu of the FAFSA.

Education Code section 51225.7(c) authorizes the “parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older,” to opt out of the financial aid application requirement in subdivision (b) “by filling out and submitting an opt-out form” to the school district.⁹⁹ Section 51225.7(c) further requires the Student Aid Commission to make the opt-out form available “to all local educational agencies pursuant to subdivision (f).”¹⁰⁰ Subdivision (f) requires the Student Aid Commission, on or before July 1, 2022, to adopt regulations that include a model opt-out form and to post and make available the form on its website.¹⁰¹ California Code of Regulations, title 5, section 30035(a), as added by Register 2022, Number 19, specifies that a model opt-out form for school district use is attached as Appendix A to the regulation.

Education Code section 51225.7(d) requires the school district to exempt the pupil “or, if applicable, the pupil’s parent or legal guardian” from the financial aid application requirement in subdivision (b) if the school district determines that the pupil is unable to complete either a financial aid application or opt-out form.¹⁰² Section 51225.7(d) further requires the school district to complete and submit an opt-out form on behalf of the exempted student.¹⁰³

Education Code section 51225.7(e)(1) requires the school district to “ensure” that it “directs” each pupil and, if applicable, the pupil’s parent or legal guardian, “to any support and assistance services necessary” to complete and submit either the FAFSA or California Dream Act Application “that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.”¹⁰⁴

Section 51225.7(e)(2) requires that a school district “ensure” that it handles pupil and parent information, including personal data, shared in connection with these requirements in compliance with applicable federal and state privacy laws as follows:

(e) The governing board or body of the local educational agency shall ensure both of the following:

[¶]

⁹⁹ Education Code section 51225.7(c) (as added by Stats. 2021, ch. 144).

¹⁰⁰ Education Code section 51225.7(c) (as added by Stats. 2021, ch. 144).

¹⁰¹ Education Code section 51225.7(f) (as added by Stats. 2021, ch. 144).

¹⁰² Education Code section 51225.7(d) (as added by Stats. 2021, ch. 144).

¹⁰³ Education Code section 51225.7(d) (as added by Stats. 2021, ch. 144).

¹⁰⁴ Education Code section 51225.7(e)(1) (as added by Stats. 2021, ch. 144).

(2) Information shared by parents, legal guardians, and pupils under this section is handled in compliance with the federal Family Educational Rights and Privacy Act of 2001 (20 U.S.C. Sec. 1232g) and applicable state laws, including Chapters 493 and 495 of the Statutes of 2017, regardless of any person's immigration status or other personal information, in order to protect all pupil and parent data to the fullest extent possible so that schools and all personal data remain safe.¹⁰⁵

Section 51225.7(f) requires that the Student Aid Commission, on or before July 1, 2022, adopt regulations that include acceptable use policies to provide guidance on the requirements relating to state law specified in subdivision (e)(2) and post and make available those policies on its website. California Code of Regulations, title 5, section 30035(b), as added by Register 2022, Number 19, specifies that a model acceptable use policy “for the secure handling of parent, guardian, and pupil personal information gathered by local education agencies pursuant to Education Code Section 51225.7(e)(2)” is attached as Appendix B to the regulation.

The claimant asserts that Education Code section 51225.7(e)(2) requires the school district to designate an individual responsible for implementing and ensuring compliance with an acceptable use policy as well as the confidentiality of information pertaining to the financial aid applications for purposes of complying with Education Code section 51225.7.¹⁰⁶ Section 51225.7(e)(2), however, simply requires school districts to ensure they abide by existing federal and state student privacy laws. To the extent that the claimant relies on California Code of Regulations, title 5, section 30035, Appendix B in asserting that a school district must designate an individual to oversee the acceptable use policy, that argument similarly fails. Appendix B is the model acceptable use policy adopted by the California Student Aid Commission and states in relevant part that “[Local Educational Agency] designates [XXXXXXXX], [Position] as the individual responsible for implementing this policy and ensuring compliance with its provisions.”¹⁰⁷ There is no language in the test claim statute or regulation, however, requiring a school district to adopt an acceptable use policy, and therefore, the language in the model acceptable use policy (Appendix B) stating that the local educational agency designate an individual responsible for implementing and ensuring compliance with the policy, is not a requirement imposed on school districts by the test claim statute or regulation. Furthermore, school districts have a preexisting duty under other state laws to establish written policies and procedures governing access to, and the confidentiality of, all pupil records and are required to designate an individual to oversee the implementation of such policies.¹⁰⁸

¹⁰⁵ Education Code section 51225.7(e)(2) (as added by Stats. 2021, ch. 144).

¹⁰⁶ Exhibit A, Test Claim, filed June 23, 2023, page 16.

¹⁰⁷ California Code of Regulations, title 5, section 30035, Appendix B, as added by Register 2022, number 19.

¹⁰⁸ California Code of Regulations, title 5, sections 431(a) (“Local governing boards shall designate a certificated employee as custodian of records. Such employee shall be

Therefore, the Commission finds that Education Code section 51225.7 requires school districts, including county offices of education, to perform the following activities:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education.¹⁰⁹
- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.¹¹⁰
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.¹¹¹
- Ensure that information shared by parents, legal guardians, and pupils under this section is handled in compliance with the federal Family Educational Rights and Privacy Act of 2001 (20 U.S.C. Sec. 1232g) and applicable state laws, including Chapters 493 and 495 of the Statutes of 2017, regardless of any person's immigration status or other personal information, in order to protect all pupil and parent data to the fullest extent possible so that schools and all personal data remain safe.

charged with districtwide responsibility for implementing board policies relating to pupil records”), 431(c) (“Each district shall establish written policies and procedures for pupil records which implement Education Code Section 49060, and Title 5 regulations relating to pupil records”). “Pupil record” is broadly defined as “information relative to an individual pupil gathered within or without the school system and maintained within the school system, regardless of the physical form in which it is maintained.” California Code of Regulations, title 5, section 430(d).

¹⁰⁹ Education Code section 51225.7(b).

¹¹⁰ Education Code section 51225.7(d).

¹¹¹ Education Code section 51225.7(e)(1).

The claimant also alleges that Education Code section 51225.7 requires school districts to develop and implement internal policies, training, and procedures to assist pupils with completing the FAFSA and California Dream Act Application; train staff to administer the FAFSA; and to provide support and assistance to pupils in grade 12 and their families with completing and submitting the FAFSA and the California Dream Act Application, namely through school counselor assistance and in-person workshops.¹¹² The claimant also states that Education Code section 51225.7(c) requires school counselors to offer opt-out forms at school sites.¹¹³

Developing and implementing internal policies, training, and procedures, training staff on how to assist pupils in grade 12 with completing and submitting the FAFSA and California Dream Act Application, and providing “support and assistance” to pupils in completing the appropriate financial aid application through school counseling sessions and in-person “parent night” workshops are not required by the plain language of Education Code section 51225.7. Rather, the test claim statute requires the school district to “confirm” that a pupil in grade 12 files either the FAFSA or California Dream Act Application or submits an opt-out form, and to direct students to external support services necessary to complete the financial aid application, but does not specify how the school district satisfy these requirements.

Furthermore, while section 51225.7(c) provides that a pupil or parent may opt out of the financial aid application requirement by submitting an opt-out form to the school district, the plain language of that subdivision does not require a school district, either through a school counselor or otherwise, to provide the pupil or parent with an opt-out form. Section 51224.7(c), (f) require the California Student Aid Commission to develop a model opt-out form and make it available to school districts on its website, but the test claim statute does not require the school district to provide an opt-out form to pupils and parents seeking to opt-out of the financial aid application requirement.¹¹⁴

- b. The requirements imposed on school districts by Education Code section 51225.7(b), (d), and (e)(1) are new; however, the requirement in Education Code section 51225.7(e)(2) is *not* new.

Education Code section 51225.7(b), (d), and (e)(1) (as added by Stats. 2021, ch. 144) impose new requirements on school districts. Prior law did not require school districts to confirm that students in grade 12 completed and submitted the FAFSA or California Dream Act Application, opted out of the application submission requirement, or were

¹¹² Exhibit A, Test Claim, filed June 23, 2023, pages 11-12, 13-14.

¹¹³ Exhibit A, Test Claim, filed June 23, 2023, page 12.

¹¹⁴ Developing policies and procedures, training staff, and offering the opt-out forms at school sites may be proposed for inclusion in the Parameters and Guidelines if they are supported by substantial evidence showing they are “reasonably necessary” to comply with the mandate. Government Code section 17557(a) and California Code of Regulations, title 2, section 1183.7(d) and 1187.5.

deemed exempt. Nor were school districts required to direct students in grade 12 to support services to assist them in completing a financial aid application.

Under prior law, Education Code section 51225.8 (Stats. 2018, ch. 533) required school districts, beginning with the 2020-21 school year, to “ensure that each of its pupils receives information on how to properly complete and submit the Free Application for Federal Student Aid (FAFSA) or the California Dream Act Application, as appropriate, at least once *before the pupil enters grade 12*” and to “ensure that a paper copy of the FAFSA or California Dream Act Application is provided to each pupil, upon request.”¹¹⁵ Section 51225.8 gives the school district discretion on how it disseminates this financial aid application information, which may be through in-class instruction, existing programs, family information sessions, or school counseling sessions.

These activities do not overlap with the requirements of the test claim statute. The requirements under Section 51225.8 pertain to activities the district must perform *at least once before the pupil enters grade 12*, whereas the test claim statute activities are limited to *pupils in grade 12*, who are at the stage of completing a financial aid application. Furthermore, unlike the test claim statute, Section 51225.8 does not impose a requirement on the school district to confirm that a pupil either completes and submits the FAFSA or California Dream Act Application or opts out of the requirement, nor does it require the district to submit an opt-out form on behalf of any student it deems unable to comply with the application or out-out requirements. Nor does Section 51225.8 require a school district to direct students to support and assistance services to complete the appropriate financial aid application, such as programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.

Finance argues that the requirements imposed on school districts by the test claim statute fall within the scope of the school counselor duties described in Education Code sections 49600(d)(4) and (e)(5), which provide as follows:

(d) Educational counseling *shall* include academic counseling and postsecondary services, in the following areas... (4) Academic planning for access and success in higher education programs, including advisement on courses needed for admission to colleges and universities, standardized admissions tests, and financial aid.

* * *

(e) Educational counseling *may* also include counseling in any of the following... (5) Developing pupil knowledge of financial aid planning for postsecondary education by providing pupils with financial aid information, including, but not limited to, information on the Free Application for Federal Student Aid (FAFSA), the California Dream Act application (California Dream Act Application), the Cal Grant Program established

¹¹⁵ Education Code section 51225.8(a), (b) (as added by Stats. 2018, ch. 533), emphasis added.

pursuant to Chapter 1.7 (commencing with Section 69430) of Part 42 of Division 5 of Title 3, local and national scholarship programs, financial aid programs and resources for foster and homeless youth, fee waiver programs, and other financial aid programs and options, and net college cost.¹¹⁶

This argument fails for several reasons. At the time the test claim statute became effective, Section 49600 did not contain subdivision (e)(5) or similar language.¹¹⁷ And even if it had, subdivision (e)(5) does not impose any requirements on a school district (“Educational counseling *may* also include...”).¹¹⁸ Additionally, Finance has omitted the opening provision in Section 49600 (Stats. 2017, ch. 641), which states that a school district “*may* provide a comprehensive educational counseling program for all pupils enrolled in the school district.”¹¹⁹ Thus, at the time the test claim statute was enacted, Education Code section 49600 authorized, but did not require, school districts to provide educational counseling, and any requirements imposed on school counselors, including those listed in subdivision (d)(4), stemmed from the voluntary decision of a school district to provide educational counseling.¹²⁰

More importantly, however, the requirements under Section 49600 are not the same as those under the test claim statute. Under Section 49600(d)(4), when districts elected to provide an educational counseling program, school counselors were required to advise students on financial aid for higher education programs.¹²¹ They were not required to “confirm” that students either completed the FAFSA or California Dream Act Application or opted out of the requirement, or to exempt students deemed unable to comply with those requirements. Nor were they required to direct students to external outreach programs for assistance with completing the appropriate financial aid application.

¹¹⁶ Exhibit B, Finance’s Comments on the Test Claim, filed October 6, 2023, page 1, citing Education Code section 49600(d)(4), (e)(5), as amended by Statutes 2022, chapter 153.

¹¹⁷ Section 49600, as amended by Statutes 2022, chapter 153, added subdivision (e)(5) effective January 1, 2023, *after* the test claim statute’s July 27, 2021 effective date. At the time the test claim statute became effective, Section 49600(d)(4) (Stats. 2017, ch. 641) stated as follows:

(d) Educational counseling shall include academic counseling, in which pupils receive counseling in the following areas... (4) Academic planning for access and success in higher education programs, including advisement on courses needed for admission to public colleges and universities, standardized admissions tests, and financial aid.

¹¹⁸ Education Code section 49600(d)(4), (e)(5), as amended by Statutes 2022, chapter 153; Education Code section 75 (“‘Shall’ is mandatory and ‘may’ is permissive”).

¹¹⁹ Education Code section 49600(a), as amended by Statutes 2017, chapter 641.

¹²⁰ Education Code section 75: “‘Shall’ is mandatory and ‘may’ is permissive.”

¹²¹ Section 49600(d)(4), as amended by Statutes 2017, chapter 641.

Furthermore, the test claim statute imposes requirements on “local educational agencies” (including school districts), not school counselors. Therefore, school districts can choose to have any one of their employees perform the required activities under the test claim statute.

Accordingly, the Commission finds that the requirements imposed by Education Code section 51225.7(b), (d), and (e)(1) (as added by Stats. 2021, ch. 144) are new.

However, the requirement in Education Code section 51225.7(e)(2) is *not* new. That section requires school districts to “ensure that information shared by parents, legal guardians, and pupils under this section is handled in compliance with the federal Family Educational Rights and Privacy Act of 2001 (20 U.S.C. Sec. 1232g) and applicable state laws, including Chapters 493 and 495 of the Statutes of 2017, regardless of any person's immigration status or other personal information, in order to protect all pupil and parent data to the fullest extent possible so that schools and all personal data remain safe.” School districts have a preexisting duty under the federal Family Educational Rights and Privacy Act (FERPA) and state law to maintain the confidentiality of student education records, and risk losing federal funding if they disclose “personally identifiable information in education records,” with “education records” broadly defined as records that contain information directly related to a student that are maintained by an educational agency or institution, or by a party acting for the agency or institution.¹²² An educational agency or institution is permitted to disclose personally identifiable information from a student’s education record without prior consent in connection with the student’s application for or receipt of financial aid.¹²³

Similarly, “Chapters 493 and 495 of Statutes 2017” refers to AB 699 (2017) and SB 54 (2017), respectively, which are state laws aimed at protecting the immigration and citizenship status of pupils. As relevant here, AB 699 added Education Code section 234.7, which prohibits a school from collecting information regarding the immigration status of pupils or their family members, except as required by law or to administer a state or federal educational program.¹²⁴ SB 54 added Government Code section 7284 et seq., which prohibits state and local law enforcement agencies, including school police and security departments, from using money or personnel to investigate, interrogate, detain, detect, or arrest persons for immigration enforcement purposes, including providing an individual’s “personal information,” as defined in Civil Code section 1798.3 (“any information that is maintained by an agency that identifies or describes an individual, including, but not limited to, the individual’s name, social security number, physical description, home address, home telephone number,

¹²² United States Code, title 20, section 1232g(a)(4), (b); Code of Federal Regulations, title 34, section 99.3. Education Code sections 49060 et seq. and California Code of Regulations, title 5, section 430 et seq. are the California laws that correspond to FERPA.

¹²³ Code of Federal Regulations, title 34, section 99.31(a)(4).

¹²⁴ Education Code section 234.7, as added by Statutes 2017, chapter 493 (AB 699).

education, financial matters, and medical or employment history”).¹²⁵ Thus, under these federal and state laws, school districts were already required to protect the privacy of student and familial personal information, including financial and immigration information.

Furthermore, as stated above, school districts have a preexisting duty under state law to establish written policies and procedures governing access to, and the confidentiality of, all pupil records and are required to designate an individual to oversee the implementation of such policies.¹²⁶

Thus, the requirement in section 51225.7(e)(2), to ensure that school districts comply with FERPA and state student privacy laws when handling information shared in connection with completing the FAFSA or California Dream Action Application, is not new.

- c. California Code of Regulations, title 5, section 30035, Appendices A and B do not impose any requirements on school districts and, thus, do not constitute a reimbursable state-mandated program.

Education Code section 51225.7(f) requires that by July 1, 2022, the Student Aid Commission adopt regulations that include a model opt-out form and acceptable use policy for maintaining the privacy of pupil and parent data as referenced in Section 51225.7(e)(2). As a result, California Code of Regulations, title 5, section 30035 and Appendices A and B were added, effective July 1, 2022 (Register 2022, No. 19). Appendix A is the model opt-out form and Appendix B is the model acceptable use policy.¹²⁷

The claimant cites this regulation and appendices as additional bases for the test claim activities.¹²⁸ However, these regulations do not impose any requirements on school districts. Rather, section 30035 states that it “provides” a model opt-out form (Appendix A) for local educational agencies “to document grade 12 pupils who elect not to submit,

¹²⁵ Government Code section 7284 et seq., as added by Statutes 2017, chapter 495 (SB 54); Government Code section 7284.6(a)(1) (Stats. 2017, ch. 495).

¹²⁶ California Code of Regulations, title 5, sections 431(a) (“(a) Local governing boards shall designate a certificated employee as custodian of records. Such employee shall be charged with districtwide responsibility for implementing board policies relating to pupil records”), 431(c) (“(Each district shall establish written policies and procedures for pupil records which implement Education Code Section 49060, and Title 5 regulations relating to pupil records”). “Pupil record” is broadly defined as “information relative to an individual pupil gathered within or without the school system and maintained within the school system, regardless of the physical form in which it is maintained.” California Code of Regulations, title 5, section 430(d).

¹²⁷ Exhibit A, Test Claim, filed June 23, 2023, pages 209-215 (California Code of Regulations, title 5, section 30035, Appendices A and B, as added by Reg. 2022, no. 19).

¹²⁸ Exhibit A, Test Claim, filed June 23, 2023, pages 2, 6, 7, 9, 10, 12-18.

or are determined to be exempt from submitting” a FAFSA or California Dream Act Application; and a model acceptable use policy (Appendix B) “for the secure handling of parent, guardian, and pupil personal information gathered by local education agencies.”¹²⁹ Furthermore, guidance issued by the California Student Aid Commission explains that the regulations do not require school districts to use the model opt-out form.¹³⁰

Thus, the plain language of California Code of Regulations, title 5, section 30035, and Appendices A and B do not impose any requirements on school districts.

2. The New Activities Required by Education Code section 51225.7(b), (d), and (e)(1), as Added by Statutes 2021, Chapter 144, Are Mandated by the State on School Districts.

To be reimbursable under article XIII B, section 6 of the California Constitution, the new requirements imposed by Education Code section 51225.7(b), (d), and (e)(1), must be mandated by the state; or ordered, commanded, or legally compelled by state law.¹³¹ The California Supreme Court defined legal compulsion as follows:

Legal compulsion occurs when a statute or executive action uses mandatory language that “ ‘require[s]’ or ‘command[s]’ ” a local entity to participate in a program or service. [citations omitted] [construing the term “mandates” in art. XIII B, § 6 to mean “ ‘orders’ or ‘commands’ ”].) Stated differently, legal compulsion is present when the local entity has a mandatory, legally enforceable duty to obey.¹³²

Here, the plain language of Education Code section 51225.7(b), (d), and (e)(1) states that school districts “shall” perform the activities of confirming that a pupil in grade 12 completes the FAFSA or California Dream Act Application or submits an opt-out form; exempting any pupil that cannot complete a financial aid application or opt-out form and submitting an opt-out form on the pupil’s behalf; and ensuring that pupils in grade 12 are directed to the necessary support services to complete the appropriate financial aid application. Education Code section 75 provides that “[s]hall is mandatory and ‘may’ is permissive.”

¹²⁹ California Code of Regulations, title 5, section 30035, Appendices A and B, as added by Register 2022, number 19.

¹³⁰ Exhibit X, California Student Aid Commission, Special Alert to High School Counselors and County and District Superintendents, May 20, 2022, page 1.

¹³¹ *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874; *Department of Finance v. Commission on State Mandates (Kern High School Dist.)* (2003) 30 Cal.4th 727, 741.

¹³² *Coast Community College Dist. v. Commission on State Mandates* (2022) 13 Cal.5th 800, 815. See also *San Diego Unified School Dist. v. Commission on State Mandates* (2004) 33 Cal.4th 859, 874.

Accordingly, the Commission finds that Education Code section 51225.7 imposes the following state-mandated activities on school districts, including county offices of education, beginning July 27, 2021:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education.¹³³
- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.¹³⁴
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.¹³⁵

3. The Activities Mandated by Education Code Section 51225.7(b), (d), and (e)(1), as Added by Statutes 2021, Chapter 144, Constitute a New Program or Higher Level of Service.

State mandate reimbursement is not required for any and all costs that might be incurred by local government as an incident of a change in law or regulation. Alleged costs must also constitute a new program or higher level of service within the meaning of article XIII B, section 6. The California Supreme Court explained in *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, that a new program or higher level of service means “programs that carry out the governmental function of providing services to the public, or laws which, to implement a state policy, impose unique requirements on local government and do not apply generally to all residents and entities in the state,” as follows:

¹³³ Education Code section 51225.7(b).

¹³⁴ Education Code section 51225.7(d).

¹³⁵ Education Code section 51225.7(e)(1).

Looking at the language of section 6 then, it seems clear that by itself the term “higher level of service” is meaningless. It must be read in conjunction with the predecessor phrase “new program” to give it meaning. Thus read, it is apparent that the subvention requirement for increased or higher level of service is directed to state mandated increases in the services provided by local agencies in existing “programs.” But the term “program” itself is not defined in article XIII B. What programs then did the electorate have in mind when section 6 was adopted? We conclude that the drafters and the electorate had in mind the commonly understood meanings of the term – *programs that carry out the governmental function of providing services to the public, or laws which, to implement a state policy, impose unique requirements on local governments and do not apply generally to all residents and entities in the state.*¹³⁶

As indicated above, the state-mandated activities are newly imposed on school districts. Furthermore, the requirements are imposed uniquely on school districts. In addition, the courts have held that education is a peculiarly governmental function administered by local agencies as a service to the public.¹³⁷ Additionally, requiring school districts to confirm that all twelfth grade students either apply for financial aid or complete an opt-out form and ensure students are directed to necessary support services to assist them in completing the appropriate financial aid application provides a service to the public by increasing awareness of and access to financial aid resources and higher education.¹³⁸

Thus, the Commission finds that the above-listed activities mandated by Education Code section 51225.7(b), (d), and (e)(1), as added by Statutes 2021, chapter 144, impose a new program or higher level of service.

4. Education Code Section 51225.7(b), (d), and (e)(1), as Added by Statutes 2021, Chapter 144, Imposes Increased Costs Mandated by the State Within the Meaning of Article XIII B, Section 6 of the California Constitution and Government Code Section 17514.

The final criteria that must be met for the mandated new requirements to constitute a reimbursable state-mandated program under article XIII B, section 6 of the California Constitution is that the mandated activities must result in a school district incurring increased costs mandated by the state within the meaning of Government Code section 17514. That section defines “costs mandated by the state” as any increased costs that a local agency or school district incurs as a result of any statute or executive order that mandates a new program or higher level of service. Government Code section 17564 also provides that “[n]o claim shall be made pursuant to Sections 17551, . . . , nor shall

¹³⁶ *County of Los Angeles v. State of California* (1987) 43 Cal.3d 46, 56, emphasis added.

¹³⁷ *Long Beach Unified Sch. Dist. v. State of California* (1990) 225 Cal.App.3d 155, 172.

¹³⁸ Exhibit X, Assembly Floor Analysis, Analysis of AB 469, as amended September 3, 2021, page 2.

any payment be made on claims submitted pursuant to Sections 17551 or 17561, . . . , unless these claims exceed one thousand dollars (\$1,000).” Even if the claims exceed \$1,000, however, the claimed costs are not reimbursable if an exception identified in Government Code section 17556 applies.

The claimant alleges that it has incurred increased costs of \$1,126,435 for fiscal year 2022-23 and \$1,145,366,30 for fiscal year 2023-24.¹³⁹ These figures represent ten percent of the total salary and benefits for eighty high school counselors during the 2022-2023 and 2023-2024 school years, respectively, based on the claimant’s assertion that the test claim statute activities are performed by school counselors.¹⁴⁰ The claimant supports these claimed costs with a declaration from Kim Kelstrom, Chief Executive, Fiscal Services, Fresno Unified School District, stating that the test claim statute activities performed by eighty high school counselors involve a total of ten percent of the counselors’ time during the respective school year.¹⁴¹ The declaration further explains that a high school counselor’s caseload averages 350-400 students, and there are approximately 3,538 high school seniors in the district based on enrollment data as of June 7, 2023.¹⁴² The claimant also offers as evidence a spreadsheet showing salary and benefits calculations for high school counselors in the district for fiscal year 2023-2024.¹⁴³

Thus, the record contains substantial evidence that the claimant’s costs to comply with the mandated new program or higher level of service exceed \$1,000.¹⁴⁴ Further, no state funds have been specifically appropriated to fund this program, nor have any potential sources of offsetting revenues been identified. Additionally, none of the exceptions to reimbursement in Government Code section 17556 apply to deny this Test Claim. Therefore, the Commission finds that the test claim statute imposes increased costs mandated by the state.

V. Conclusion

Based on the foregoing analysis, the Commission partially approves this Test Claim and finds that Education Code section 51225.7, as added by Statutes 2021, Chapter 144, imposes a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution on school districts, including county offices of education, to perform the following new state-mandated activities beginning July 27, 2021:

¹³⁹ Exhibit A, Test Claim, filed June 23, 2023, pages 14-18.

¹⁴⁰ Exhibit A, Test Claim, filed June 23, 2023, pages 13-18.

¹⁴¹ Exhibit A, Test Claim, filed June 23, 2023, pages 22, 25 (Declaration of Kim Kelstrom, Chief Executive, Fiscal Services, Fresno Unified School District).

¹⁴² Exhibit A, Test Claim, filed June 23, 2023, pages 22, 25.

¹⁴³ Exhibit A, Test Claim, filed June 23, 2023, pages 29-31.

¹⁴⁴ Government Code section 17559(b).

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education.¹⁴⁵
- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.¹⁴⁶
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.¹⁴⁷

The Commission further finds that California Code of Regulations, title 5, section 30035, Appendices A and B, as added by the test claim regulation, do not impose any requirements on school districts and, therefore, do not constitute a reimbursable state-mandated program.

¹⁴⁵ Education Code section 51225.7(b).

¹⁴⁶ Education Code section 51225.7(d).

¹⁴⁷ Education Code section 51225.7(e)(1).

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On March 5, 2024, I served the:

- **Current Mailing List dated February 16, 2024**
- **Draft Proposed Decision, Schedule for Comments, and Notice of Hearing issued March 5, 2024**

Free Application for Federal Student Aid (FAFSA), 22-TC-05
Statutes 2021, Chapter 144, Section 10 (AB 132); Education Code Section 51225.7; Government Code Section 30035, Appendix A, Appendix B, Effective July 27, 2021
Fresno Unified School District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 5, 2024 at Sacramento, California.



Jill L. Magee
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 2/16/24

Claim Number: 22-TC-05

Matter: Free Application for Federal Student Aid (FAFSA)

Claimant: Fresno Unified School District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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August 1, 2024

Exhibit B

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And Parties, Interested Parties, and Interested Persons (See Mailing List)

Re: Decision and Parameters and Guidelines

Free Application for Federal Student Aid (FAFSA), 22-TC-05
Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144
(AB 132, Section 10), Effective July 27, 2021
Fresno Unified School District, Claimant

Dear Mr. Palkowitz and Ms. Sidarous:

On July 26, 2024 the Commission on State Mandates adopted the Decision and Parameters and Guidelines on the above-captioned matter.

Please keep the Decision and Parameters and Guidelines together as one document, as it together constitutes the entire decision of the Commission and the "Decision" portion informs the interpretation of the "Parameters and Guidelines." It is hoped that by providing the entire Decision and Parameters and Guidelines with the claiming instructions that claimants will be better equipped to correctly claim reimbursement, resulting in fewer reductions upon audit and fewer incorrect reduction claims.

Sincerely,


Heather Halsey
Executive Director

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE PARAMETERS AND GUIDELINES	Case No.: 22-TC-05
Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144 (AB 132, Section 10)	<i>Free Application for Federal Student Aid (FAFSA)</i>
Period of reimbursement begins July 27, 2021	DECISION PURSUANT TO GOVERNMENT CODE SECTION 17500 ET SEQ.; CALIFORNIA CODE OF REGULATIONS, TITLE 2, DIVISION 2, CHAPTER 2.5, ARTICLE 7. (Adopted July 26, 2024) (Served August 1, 2024)

PARAMETERS AND GUIDELINES

The Commission on State Mandates adopted the attached Decision on
July 26, 2024.



Heather Halsey, Executive Director

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE PARAMETERS AND GUIDELINES

Education Code Section 51225.7, as
Added by Statutes 2021, Chapter 144
(AB 132, Section 10)

Period of reimbursement begins
July 27, 2021

Case No.: 22-TC-05

*Free Application for Federal Student Aid
(FAFSA)*

DECISION PURSUANT TO
GOVERNMENT CODE SECTION 17500
ET SEQ.; CALIFORNIA CODE OF
REGULATIONS, TITLE 2, DIVISION 2,
CHAPTER 2.5, ARTICLE 7.

(Adopted July 26, 2024)

(Served August 1, 2024)

DECISION

The Commission on State Mandates (Commission) heard and decided this Decision and Parameters and Guidelines during a regularly scheduled hearing on July 26, 2024. Arthur Palkowitz appeared on behalf of the Fresno Unified School District (claimant).

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code sections 17500 et seq., and related case law.

The Commission adopted the Proposed Decision and Parameters and Guidelines by a vote of 5-0, as follows:

Member	Vote
Lee Adams, County Supervisor	Yes
Shannon Clark, Representative of the Director of the Office of Planning and Research	Yes
Deborah Gallegos, Representative of the State Controller	Yes
Renee Nash, School District Board Member	Yes
William Pahland, Representative of the State Treasurer, Vice Chairperson	Yes
Michelle Perrault, Representative of the Director of the Department of Finance, Chairperson	Absent

I. Summary of the Mandate

These Parameters and Guidelines address state-mandated activities arising from Education Code section 51225.7 (Stats. 2021, ch. 144), which requires school districts,

including county offices of education, to confirm that each pupil in grade 12 complete at least one of two specified financial aid applications, unless the pupil opts out of the requirement or is deemed exempt by the school district, and to direct pupils in grade 12 to services necessary to assist them in completing the appropriate financial aid application.

On May 24, 2024, the Commission on State Mandates (Commission) adopted a Decision finding that the test claim statute (Ed. Code § 51225.7, Stats. 2021, ch. 144) imposes a reimbursable state-mandated program upon school districts, including county offices of education, within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission partially approved the Test Claim for the following reimbursable activities beginning July 27, 2021:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Education Code section 51225.7(b)).
- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Education Code section 51225.7(d)).
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Education Code section 51225.7(e)(1)).

The Commission also found that California Code of Regulations, title 5, section 30035, Appendices A and B, as added by the test claim regulation (Reg. 2022, No. 19), do not impose any requirements on school districts and, therefore, do not constitute a reimbursable state-mandated program.

II. Procedural History

On May 24, 2024, the Commission adopted the Test Claim Decision.¹ On May 30, 2024, Commission staff issued the Draft Expedited Parameters and Guidelines.² On June 20, 2024, the State Controller (Controller) filed comments on the Draft Expedited Parameters and Guidelines, stating that no changes are recommended.³ Neither the claimants nor the Department of Finance (Finance) filed comments on the Draft Expedited Parameters and Guidelines. Pursuant to section 1183.9(d) of the Commission's regulations, Commission staff did not issue a Draft Proposed Decision and Parameters and Guidelines for comment because no substantive comments were filed on the Draft Expedited Parameters and Guidelines.⁴

III. Positions of the Parties

A. State Controller

The Controller filed comments on the Draft Expedited Parameters and Guidelines stating that no changes are recommended.⁵

No other comments were filed.

IV. Discussion

The Parameters and Guidelines contain the following information:

A. Eligible Claimants (Section II. of the Parameters and Guidelines)

Any "school district" as defined in Government Code section 17519, except for community colleges, that incurs increased costs as a result of this mandate is eligible to claim reimbursement.

B. Period of Reimbursement (Section III. of the Parameters and Guidelines)

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The claimant filed the test claim on June 23, 2023, establishing eligibility for reimbursement

¹ Exhibit A, Test Claim Decision, adopted May 24, 2024.

² Exhibit B, Draft Expedited Parameters and Guidelines, issued May 30, 2024.

³ Exhibit C, Controller's Comments on the Draft Expedited Parameters and Guidelines, filed June 20, 2024.

⁴ California Code of Regulations, title 2, section 1183.9(d) provides: "If no comments are filed on the draft expedited parameters and guidelines that raise substantive issues regarding any of the elements described in section 1183.7, a draft proposed decision in accordance with section 1183.13(a) of these regulations need not be prepared and the executive director may schedule the proposed decision and parameters and guidelines for adoption at the next regularly scheduled hearing in accordance with section 1183.13(d) of these regulations."

⁵ Exhibit C, Controller's Comments on the Draft Expedited Parameters and Guidelines, filed June 20, 2024, page 1.

for the 2021-2022 fiscal year. However, the test claim statute was effective on July 27, 2021. Therefore, based on the later effective date of the statute, costs incurred are reimbursable on or after July 27, 2021.

C. Reimbursable Activities (Section IV. of the Parameters and Guidelines)

The Commission partially approved this Test Claim for the following reimbursable activities beginning July 27, 2021:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Education Code section 51225.7(b)).
- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Education Code section 51225.7(d)).
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Education Code section 51225.7(e)(1)).

D. Claim Preparation and Submission (Section V. of the Parameters and Guidelines)

Section V. of the Parameters and Guidelines (Claim Preparation and Submission) identifies the direct costs that are eligible for reimbursement.

E. Offsetting Revenues and Reimbursements (Section VII. of the Parameters and Guidelines)

Section VII. of the Parameters and Guidelines governs offsetting revenues (i.e., funds that are not a claimant's proceeds of taxes) required to be identified and deducted from any claim submitted for reimbursement.

F. Remaining Sections of the Parameters and Guidelines

The remaining sections of the Parameters and Guidelines contain standard boilerplate language.

V. Conclusion

Based on the foregoing analysis, the Commission hereby adopts the Proposed Decision and Parameters and Guidelines.

PARAMETERS AND GUIDELINES⁶

Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144
(AB 132, Section 10)

Free Application for Federal Student Aid (FAFSA)

22-TC-05

Period of reimbursement begins July 27, 2021

I. SUMMARY OF THE MANDATE

These Parameters and Guidelines address state-mandated activities and increased costs arising from Education Code section 51225.7 (Stats. 2021, ch. 144), which requires school districts, including county offices of education, to confirm that each pupil in grade 12 complete at least one of two specified financial aid applications, unless the pupil opts out of the requirement or is deemed exempt by the school district, and to direct pupils in grade 12 to services necessary to assist them in completing the appropriate financial aid application.

On May 24, 2024, the Commission on State Mandates (Commission) adopted a Decision finding that the test claim statute (Ed. Code § 51225.7, Stats. 2021, ch. 144) imposes a reimbursable state-mandated program upon school districts, including county offices of education, within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission partially approved this Test Claim for the following reimbursable activities beginning July 27, 2021:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Education Code section 51225.7(b)).

⁶ Please note that the Decision and Parameters and Guidelines is a single document and must be read as a whole. It is not intended to be separated and should be posted in its entirety.

- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Education Code section 51225.7(d)).
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Education Code section 51225.7(e)(1)).

The Commission also found that California Code of Regulations, title 5, section 30035, Appendices A and B, as added by the test claim regulation (Reg. 2022, No. 19), do not impose any requirements on school districts and, therefore, do not constitute a reimbursable state-mandated program.

II. ELIGIBLE CLAIMANTS

Any "school district" as defined in Government Code section 17519, except for community colleges, that incurs increased costs as a result of this mandate is eligible to claim reimbursement.

III. PERIOD OF REIMBURSEMENT

Government Code section 17557(e) states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The claimant filed the test claim on June 23, 2023, establishing eligibility for reimbursement for the 2021-2022 fiscal year. However, the test claim statute was effective on July 27, 2021. Therefore, based on the later effective date of the statute, costs incurred are reimbursable on or after July 27, 2021.

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.
2. Pursuant to Government Code section 17561(d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller (Controller) within 120 days of the issuance date for the claiming instructions.
3. Pursuant to Government Code section 17560(a), a school district may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
4. If revised claiming instructions are issued by the Controller pursuant to Government Code section 17558(c), between November 15 and February 15, a school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim. (Gov. Code §17560(b).)

5. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564(a).
6. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event, or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant that incurs increased costs, the following activities are reimbursable:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Education Code section 51225.7(b)).
- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if

applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Education Code section 51225.7(d)).

- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Education Code section 51225.7(e)(1)).

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV., Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

4. Fixed Assets

Report the purchase price paid for fixed assets (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs may include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs; and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

School districts must use the California Department of Education approved indirect cost rate for the year that funds are expended.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5(a), a reimbursement claim for actual costs filed pursuant to this chapter⁷ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV., must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING REVENUES AND REIMBURSEMENTS

Any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any other funds, shall be identified and deducted from any claim submitted for reimbursement.

⁷ This refers to title 2, division 4, part 7, chapter 4 of the Government Code.

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558(b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 90 days after receiving the adopted parameters and guidelines from the Commission, to assist local governments in claiming costs to be reimbursed. The claiming instructions shall be derived from these parameters and guidelines and the decisions on the test claim and parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561(d)(1), issuance of the claiming instructions shall constitute a notice of the right of the eligible claimants to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of an eligible claimant, the Commission shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557(d), and California Code of Regulations, title 2, section 1183.17.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The decisions adopted for the test claim and parameters and guidelines are legally binding on all parties and interested parties and provide the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record. The administrative record is on file with the Commission.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On August 1, 2024, I served the:

- **Current Mailing List dated July 31, 2024**
- **Decision and Parameters and Guidelines adopted July 26, 2024**

Free Application for Federal Student Aid (FAFSA), 22-TC-05
Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144
(AB 132, Section 10), Effective July 27, 2021
Fresno Unified School District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on August 1, 2024 at Sacramento, California.



Jill Magee
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 7/31/24

Claim Number: 22-TC-05

Matter: Free Application for Federal Student Aid (FAFSA)

Claimant: Fresno Unified School District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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April 25, 2025

Exhibit C

Ms. Anne Kato
State Controller's Office
Local Government Programs and
Services Division
3301 C Street, Suite 740
Sacramento, CA 95816

Mr. Arthur Palkowitz
Law Offices of Arthur M. Palkowitz
12807 Calle de la Siena
San Diego, CA 92130

And Parties, Interested Parties, and Interested Persons (See Mailing List)

**Re: Draft Proposed Statewide Cost Estimate, Schedule for Comments,
and Notice of Hearing**
Free Application for Federal Student Aid (FAFSA), 22-TC-05
Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144
(AB 132, Section 10), Effective July 27, 2021
Fresno Unified School District, Claimant

Dear Ms. Kato and Mr. Palkowitz:

The Draft Proposed Statewide Cost Estimate for the above-captioned matter is enclosed for your review and comment.

Written Comments

Written comments may be filed on the Draft Proposed Statewide Cost Estimate not later than **5:00 p.m. on May 5, 2025**. You are advised that comments filed with the Commission are required to be electronically filed (e-filed) in an unlocked legible and searchable PDF file, using the Commission's Dropbox. (Cal. Code Regs., tit. 2, § 1181.3(c)(2).) Refer to <https://www.csm.ca.gov/dropbox.shtml> on the Commission's website for electronic filing instructions. If e-filing would cause the filer undue hardship or significant prejudice, filing may occur by first class mail, overnight delivery or personal service only upon approval of a written request to the executive director. (Cal. Code Regs., tit. 2, § 1181.3(c)(3).)

Hearing

This matter is set for hearing on **May 23, 2025, in person at 10:00 a.m., at California Department of Food and Agriculture (CDFA), First Floor Auditorium, 1220 N Street, Sacramento, California, 95814 and via Zoom.**

The Proposed Statewide Cost Estimate will be issued on or about May 9, 2025.

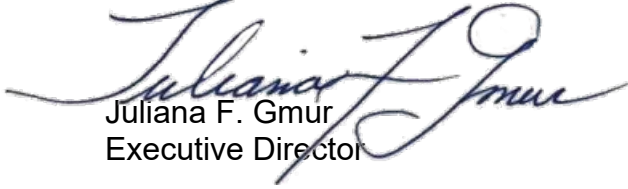
This matter is proposed for the Consent Calendar. Please let us know in advance if you oppose having this item placed on the Consent Calendar.

Please also notify Commission staff not later than noon on the Tuesday prior to the hearing, May 20, 2025, that you or a witness you are bringing plan to testify and please specify the names of the people who will be speaking for inclusion on the witness list and the names and email addresses of the people who will be speaking both in person and remotely to receive a hearing panelist link in Zoom.

Ms. Kato and Mr. Palkowitz
April 25, 2025
Page 2

The last communication from Commission staff will be the Proposed Statewide Cost Estimate, which will be issued approximately 2 weeks prior to the hearing, and it is incumbent upon the participants to let Commission staff know if they wish to testify or bring witnesses.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Juliana F. Gmur". The signature is fluid and cursive, with a large, stylized "J" and "G".

Juliana F. Gmur
Executive Director

ITEM ____

DRAFT PROPOSED STATEWIDE COST ESTIMATE

\$880,067 - \$8,222,922

Initial Claim Period, July 27, 2021 to July 1, 2022 and Fiscal Year 2022-2023

\$1,066,886 - \$ 9,098,707

Fiscal Year 2023-2024 and Following (Plus the Implicit Price Deflator)

Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144

(AB 132, Section 10)

Free Application for Federal Student Aid (FAFSA)

22-TC-05

The Commission on State Mandates (Commission) adopted this Statewide Cost Estimate by a vote of [vote count will be included in the adopted Statewide Cost Estimate] during a regularly scheduled hearing on May 23, 2025 as follows:

Member	Vote
Lee Adams, County Supervisor	
Deborah Gallegos, Representative of the State Controller, Vice Chairperson	
Karen Greene Ross, Public Member	
Renee Nash, School District Board Member	
William Pahland, Representative of the State Treasurer	
Michelle Perrault, Representative of the Director of the Department of Finance, Chairperson	
Matt Read, Representative of the Director of the Office of Land Use and Climate Innovation	

STAFF ANALYSIS

Summary of the Mandate, Eligible Claimants, and Period of Reimbursement

This Statewide Cost Estimate addresses statewide increased costs arising from Education Code section 51225.7 (Stats. 2021, ch. 144), which requires school districts, including county offices of education, to confirm that each pupil in grade 12 complete at least one of two specified financial aid applications, unless the pupil opts out of the requirement or is deemed exempt by the school district, and to direct pupils in grade 12 to services necessary to assist them in completing the appropriate financial aid application.

On May 24, 2024, the Commission on State Mandates (Commission) adopted a Decision finding that the test claim statute (Ed. Code § 51225.7, Stats. 2021, ch. 144) imposes a reimbursable state-mandated program on school districts, including county offices of education, within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission partially approved this Test Claim for the following reimbursable activities beginning July 27, 2021:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Education Code section 51225.7(b)).
- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Education Code section 51225.7(d)).
- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Education Code section 51225.7(e)(1)).¹

The Commission found that developing and implementing internal policies, training, and procedures, training staff on how to assist pupils in grade 12 with completing and submitting the FAFSA and California Dream Act Application, and providing “support and assistance” to pupils in completing the appropriate financial aid application through school counseling sessions and in-person “parent night” workshops are not required by the plain language of Education Code section 51225.7 and are not eligible for reimbursement.² The Commission also found that the test claim statute does not require school districts to adopt an acceptable use policy that provides guidance on how to handle pupil and parent data shared under the test claim statute. Therefore, the language in the model acceptable use policy adopted by the California Student Aid Commission (Appendix B) stating that the local educational agency designate an

¹ Exhibit A, Test Claim Decision, page 38.

² Exhibit A, Test Claim Decision, page 27.

individual responsible for implementing and ensuring compliance with the policy, is not a requirement imposed on school districts by the test claim statute or regulation.³

Furthermore, school districts have a preexisting duty under other state laws to establish written policies and procedures governing access to, and the confidentiality of, all pupil records and are required to designate an individual to oversee the implementation of such policies. Thus, these activities are not eligible for reimbursement.⁴ Finally, the Commission found that California Code of Regulations, title 5, section 30035, Appendices A and B, as added by the test claim regulation (Reg. 2022, No. 19), do not impose any requirements on school districts, and therefore do not constitute a reimbursable state-mandated program.⁵

The Commission adopted the Test Claim Decision on May 24, 2024,⁶ and the Decision and Parameters and Guidelines on July 26, 2024,⁷ approving reimbursement for any "school district" as defined in Government Code section 17519, except for community colleges, that incurs increased costs as a result of this mandate.

The initial reimbursement period is July 27, 2021 to July 1, 2023 and fiscal year 2023-2024. Eligible claimants were required to file initial claims with the State Controller's Office (Controller) by February 27, 2025. Late initial reimbursement claims may be filed until February 27, 2026, but will incur a 10 percent late filing penalty of the total amount of the initial claim without limitation.⁸

Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

- Commencing with the 2022–23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Education Code section 51225.7(b)).
- If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if

³ Exhibit A, Test Claim Decision, page 25.

⁴ Exhibit A, Test Claim Decision, page 25.

⁵ Exhibit A, Test Claim Decision, pages 33-34.

⁶ Exhibit A, Test Claim Decision.

⁷ Exhibit B, Decision and Parameters and Guidelines.

⁸ Government Code section 17561(d)(3).

applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Education Code section 51225.7(d)).

- Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Education Code section 51225.7(e)(1)).⁹

Offsetting Revenues and Reimbursements

According to the Parameters and Guidelines:

Any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, state and federal funds, any service charge, fee, or assessment authority to offset all or part of the costs of this program, and any other funds, shall be identified and deducted from any claim submitted for reimbursement.¹⁰

This is standard boilerplate language. No specific offsetting revenue was identified.

Statewide Cost Estimate

Staff reviewed 50 unaudited reimbursement claims submitted by 26 school districts, as compiled by the Controller. Staff developed the Statewide Cost Estimate based on the assumptions and methodology discussed herein.

Table 1. Initial Reimbursement Period Cost Estimate

Commencing with the 2022-23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the	\$674,131 - \$6,784,735
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⁹ Exhibit B, Decision and Parameters and Guidelines, pages 8-9.

¹⁰ Exhibit B, Decision and Parameters and Guidelines, page 10.

requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Education Code section 51225.7(b)).	
If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Education Code section 51225.7(d)).	\$76,743 – \$1,048,728
Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Education Code section 51225.7(e)(1)).	\$81,438 - \$1,731,521
Indirect Costs identified	\$47,755 - \$501,332
Offsetting Revenues or Other Reimbursements	(\$0)
10 Percent Late Filing Penalty	(\$0 - \$1,843,394)
Total Costs	\$880,067 - \$8,222,922

Table 2. Estimated Annual Costs for 2023-2024 and Following

Commencing with the 2022-23 school year, confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a Free Application for Federal Student Aid (FAFSA); or, if the pupil is exempt from paying nonresident tuition pursuant to Education Code section 68130.5, the pupil completes and submits to the Student Aid Commission a form established pursuant to Education Code section 69508.5 for purposes of the California Dream Act (also known as the California Dream Act Application), unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements of this section by filling out and submitting an opt-out form to the school district or county office of education (Education Code section 51225.7(b)).	\$766,668 - \$6,816,681
If it is determined that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the	\$99,098 - \$980,820

pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf (Education Code section 51225.7(d)).	
Ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations (Education Code section 51225.7(e)(1)).	\$144,809 - \$2,625,639
Indirect Costs identified	\$56,311 - \$524,258
Offsetting Revenue	(\$0)
Late Filing Penalty	(\$0 - \$1,848,691)
Total Costs	\$1,066,886 - \$9,098,707

Assumptions

1. There are fewer claims in the first two years of the reimbursement period because the requirement to confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a FAFSA, a California Dream Act Application, or an opt out form does not start until the 2022-2023 school year (more than a year after the beginning of the period of reimbursement), and no one-time activities were approved or requested by school districts as reasonably necessary activities to comply with the mandate. There are six claims filed for 2021-2022, 18 claims filed for 2022-2023, and 26 claims filed for 2023-2024. Since six school districts filed reimbursement claims for fiscal year 2021-2022, and reimbursement does not begin until the 2022-2023 school year (which typically runs from August 2022 through June 2023, with costs beginning in fiscal year 2022-2023), the Commission does not count those six claims in the calculation of this Statewide Cost Estimate.¹¹
2. The Fresno Unified School District (FUSD) is removed from the estimated calculations because it claimed over \$2.2 million for Activity A in 2022-2023, or \$449.28 per pupil for 4,903 seniors for all three activities. This amount is over three times the next highest district that claimed for the initial claiming period (ABC Unified at \$140.13 per pupil).

¹¹ The following school districts filed reimbursement claims for fiscal year 2021-2022: Anaheim Union High School District, Fremont Union High School District, Gateway Unified, Hemet Unified, Santa Clara Unified, Twin Rivers Unified.

3. Offsetting revenue will be \$0 because that was the amount identified in all the reimbursement claims filed, and no specific offsetting revenue was identified in the Decision and Parameters and Guidelines.
4. The Public Policy Institute of California calculated 57.6 percent of 472,751 seniors filed a FAFSA or California Dream Act Application in 2022-2023, and 74.9 percent of 466,682 seniors filed either of these applications in 2023-2024.¹² The PPIC article also mentions a drop in financial aid applications in 2023-2024 because of the new federal FAFSA Simplification Act late rollout and problems with the form.
5. The total amount for this program may be lower than the Statewide Cost Estimate based on the Controller's audit findings. Pursuant to Government Code section 17561, the Controller may conduct audits and reduce any claim it deems to be excessive or unreasonable.
6. Only 26 school districts filed 2023-2024 reimbursement claims out of 421 eligible public-school districts that include grade 12 pupils.¹³ The low filing rate is likely due to the number of districts that will choose to opt into the K-12 Mandate Block Grant rather than filing claims (see #6 below).
7. The future annual costs for this program may be lower than the Statewide Cost Estimate if this program is added to the K-12 Mandate Block Grant and school districts voluntarily participate in the Block Grant. School districts that voluntarily participate in a program added to the block grant cannot claim through the State's reimbursement process.¹⁴ The block grant allows school districts to receive a per pupil allocation to carry out reimbursable state-mandated activities.

Methodology

A. Initial Reimbursement Period (2022-2023) Cost Estimate

The low estimate for the initial reimbursement period (fiscal year 2022-2023) is based on 17 actual unaudited reimbursement claims filed for 2022-2023 (all except Fresno Unified as explained below). The high estimate of potential costs multiplies the amount calculated per pupil by all seniors statewide in 2022-2023, multiplied by the percentage

¹² Exhibit X (3), Public Policy Institute of California, Implementing California's Universal Financial Aid Application Policy, <https://www.ppic.org/publication/implementing-californias-universal-financial-aid-application-policy/> (accessed on April 22, 2025), Table 3, pages 8, 14.

¹³ Exhibit X (1), California Department of Education, List of School Districts, <https://www.cde.ca.gov/re/lr/do/schooldistrictlist.asp> (accessed on Feb. 19, 2025). Elementary school districts were subtracted from the total.

¹⁴ Government Code section 17581.6(c)(3).

of seniors that filed a FAFSA or California Dream Act Application (for Activity A), or the percentage that opted out (for Activity B).¹⁵

Activity A., requires the school district to confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a FAFSA; or, if the pupil is exempt from paying nonresident tuition, the pupil completes and submits to the Student Aid Commission a California Dream Act Application, unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements.

Activity A., claims are calculated on a per-pupil basis by dividing the costs claimed by the number of seniors in the 17 claiming school districts.¹⁶ All claiming districts are used in the calculation except for Fresno Unified School District (FUSD), which claimed over \$2.2 million for Activity A. in 2022-2023, or \$449.28 per pupil for 4,903 seniors for all three activities. This amount is over three times the next highest district that claimed for the initial claiming period (ABC Unified at \$140.13 per pupil).

Activity A. actual costs claimed [\$674,130.70] / the number of pupils [26,707] =
Activity A. cost per pupil [\$25.24]

Activity A., high estimate, cost per pupil [\$25.24] * the number of seniors statewide (466,682) = [\$11,779,053.68] * the percentage who filed a FAFSA or California Dream Act Application [57.6%] = **Activity A. cost [\$6,784,735]**

Activity B., requires school districts, if they determine that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.

Activity B., the low estimate is calculated by dividing the costs claimed by the number of seniors in the 11 school districts that filed for reimbursement for Activity B., not including FUSD for the same reasons stated above for Activity A. The high estimate is the cost per pupil multiplied by the number of seniors statewide, multiplied by the percentage who opted out of filing a FAFSA or California Dream Act Application.

Activity B. actual costs claimed [\$76,742.99] / the number of pupils [14,463] =
Activity B. cost per pupil [\$5.30]

¹⁵ Exhibit X (3), Public Policy Institute of California, Implementing California's Universal Financial Aid Application Policy, <https://www.ppic.org/publication/implementing-californias-universal-financial-aid-application-policy/> (accessed on April 22, 2025), Table 3, page 8.

¹⁶ District data was obtained from <https://www.ed-data.org/>. Only schools that include grade 12 pupils were counted. Exhibit X (2), Ed Data, Education Data Partnership, Fiscal, Demographic, and Performance Data on California's K-12 Schools, <https://www.ed-data.org/> (accessed on April 18, 2025).

Activity B. high estimate, cost per pupil (\$5.30) * the number of seniors statewide (466,682) = [\$2,473,414.60] * the percentage who opted out of filing a FAFSA or California Dream Act Application (42.4%) = **Activity B. cost [\$1,048,728]**

Activity C., requires school districts to ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.

Activity C., claims are calculated by dividing the costs claimed by the number of seniors in the 10 school districts that filed for reimbursement for Activity C., except for FUSD for the same reasons stated above for Activity A. The high estimate is the cost per pupil multiplied by the number of seniors statewide, multiplied by the percentage of districts that filed reimbursement for Activity C. in 2022-2023.

Activity C. actual costs claimed [\$81,437.95] / the number of pupils [12,916] = **Activity C. cost per pupil [\$6.31]**

Activity C. high estimate, cost per pupil (\$6.31) * the number of seniors statewide (466,682) = [\$2,944,763.42] * the percentage of districts that filed for Activity C (58.8%) = **Activity C. cost [\$1,731,521]**

Indirect Costs: The low estimate for indirect costs is those indirect costs actually claimed for 2022-2023, except for FUSD for the reasons stated above under Activity A. The high estimate is the combined cost for all activities multiplied by the average indirect cost rate for all claims, less indirect costs claimed.

Indirect Costs Actually Claimed [\$47,755.43]

Indirect cost high estimate, Sum of high estimate for Activities A., B., and C. [\$9,565,984] * average indirect cost rate for all claims [5.74%] = [\$549,087.48] – indirect costs claimed [\$47,755.43] = **[\$501,332]**

Offsetting Revenues: The low estimate is \$0 because none of the initial claims compiled by the Controller reported offsetting revenues. The high estimate is also \$0 because there is no data upon which to make an estimate.

Late Filing Penalties: The low estimate is \$0 because none of the initial claims compiled by the Controller were assessed a late filing penalty. The high estimate is the direct and indirect combined cost per pupil for Activities A., B., and C. (calculated by adding the cost per pupil for Activities A., B., and C. to the average indirect cost per pupil (indirect costs per pupil calculated by dividing the indirect costs by the average of pupils in the districts that claimed), multiplied by the number of seniors statewide, less penalties imposed for 2022-2023, multiplied by the 10 percent late-filing penalty.

Late Filing Penalty high estimate, combined cost per pupil (\$39.50) * number of seniors statewide (466,682) = [\$18,433,939] – penalties [\$0] * 10% late filing penalty = **[\$1,843,394]**

B. Projected Annual Costs for Fiscal Year 2023-2024 and Following

Beginning in fiscal year 2023-2024, future statewide costs are estimated at \$1,066,886 - \$9,098,707 annually for all direct and indirect costs. The high estimate of potential costs is based on the 25 claimants (all except FUSD as explained below) that filed for reimbursement for 2023-2024, multiplying the amount calculated per pupil by all seniors statewide in 2023-2024, by the percentage of seniors that filed a FAFSA or California Dream Act Application (for Activity A.), or the percentage that opted out (for Activity B.).¹⁷

Activity A., requires the school district to confirm that a pupil in grade 12 either completes and submits to the United States Department of Education a FAFSA; or, if the pupil is exempt from paying nonresident tuition, the pupil completes and submits to the Student Aid Commission a California Dream Act Application, unless the parent or legal guardian of the pupil, or the pupil if the pupil is a legally emancipated minor or 18 years of age or older, elects to opt out of the requirements.

Activity A., claims are calculated on a per-pupil basis by dividing the costs claimed by the number of seniors in the 24 claiming school districts (Hanford Joint Union did not claim for Activity A.). All claiming districts are used in the calculation except for FUSD, which claimed over \$2.2 million for Activity A. in 2023-2024, or \$472.96 per pupil for 4,997 seniors for all three activities. This amount is over three times the next highest district that claimed for the initial claiming period (ABC Unified at \$137.41 per pupil).

Activity A. actual costs claimed [\$766,667.96] / the number of pupils [34,839] =
Activity A. average cost per pupil [\$22.01]

Activity A. high estimate, cost per pupil [\$22.01] * the number of seniors statewide (477,945) = [\$10,519,569.45] * the percentage who filed a FAFSA or California Dream Act Application [64.8%] = **Activity A. cost [\$6,816,681]**

Activity B., requires school districts, if they determine that a pupil is unable to complete and submit the FAFSA or California Dream Act Application, or an opt-out form, exempt the pupil or, if applicable, the pupil's parent or legal guardian, and complete and submit an opt-out form on the pupil's behalf.

Activity B., the low estimate is calculated by dividing the costs claimed by the number of seniors in the 14 school districts that filed for reimbursement for Activity B., not including FUSD for the same reasons stated above for Activity A. The high estimate is the cost per pupil multiplied by the number of seniors statewide, multiplied by the percentage who opted out of filing a FAFSA or California Dream Act Application.

Activity B. actual costs claimed [\$99,098.28] / the number of pupils [16,990] =
Activity B. average cost per pupil [\$5.83]

¹⁷ Exhibit X (3), Public Policy Institute of California, Implementing California's Universal Financial Aid Application Policy, <https://www.ppic.org/publication/implementing-californias-universal-financial-aid-application-policy/> (accessed on April 22, 2025), Table 3, page 8.

Activity B. high estimate, cost per pupil [\$5.83] * the number of seniors statewide (477,945) = [\$2,786,419.35] * the percentage who opted out of filing a FAFSA or California Dream Act Application (35.2%) = **Activity B cost [\$980,820]**

Activity C., requires school districts to ensure that each pupil in grade 12 and, if applicable, the pupil's parent or legal guardian, is directed to any support and assistance services necessary to comply with the financial aid application requirement described in Education Code section 51225.7(b) that may be available through outreach programs, including, but not limited to, those programs operated by the Student Aid Commission, postsecondary immigration resource centers, college readiness organizations, community-based organizations, and legal resource organizations.

Activity C., claims are calculated by dividing the costs claimed by the number of seniors in the 17 school districts that filed for reimbursement for Activity C., except for FUSD for the same reasons stated above for Activity A. The high estimate is the cost per pupil multiplied by the number of seniors statewide, multiplied by the percentage of districts that filed reimbursement for Activity C in 2022-2023.

Activity C. actual costs claimed [\$144,809.11] / the number of pupils [17,242] = **Activity C. average cost per pupil [\$8.40]**

Activity C. high estimate, cost per pupil (\$8.40) * the number of seniors statewide (477,945) = [\$4,014,738] * the percentage of districts that filed for Activity C (65.4%) = **Activity C. cost [\$2,625,639]**

Indirect Costs: The low estimate for indirect costs is those indirect costs actually claimed for 2023-2024 except for FUSD for the reasons stated above under Activity A. The high estimate is the combined cost for all activities multiplied by the average indirect cost rate for all claims, less indirect costs claimed.

Indirect Costs Actually Claimed [\$56,311.33]

Indirect cost high estimate, Sum of high estimate for Activities A., B., and C. [\$10,423,140] * average indirect cost rate for all claims [5.57%] = [\$580,568.89] – indirect costs claimed [\$56,311.33] = **[\$524,258]**

Offsetting Revenues: The low estimate is \$0 because none of the initial claims compiled by the Controller reported offsetting revenues. The high estimate is also \$0 because there is no data upon which to make an estimate.

Late Filing Penalties: The low estimate is \$0 because none of the initial claims compiled by the Controller were assessed a late filing penalty. The high estimate is the direct and indirect combined cost per pupil for Activities A., B., and C. (calculated by adding the cost per pupil for Activities A., B., and C. to the average indirect cost per pupil (indirect costs per pupil calculated by dividing the indirect costs by the average of pupils in the districts that claimed), multiplied by the number of seniors statewide, less penalties imposed for 2022-2023, multiplied by the 10 percent late-filing penalty.

Late Filing Penalty high estimate, combined cost per pupil (\$38.68) * number of seniors statewide (477,945) = [\$18,486,912.60] – penalties [\$0] * 10% late filing penalty = [\$1,848,691]

Draft Proposed Statewide Cost Estimate

On April 25, 2025, Commission staff issued the Draft Proposed Statewide Cost Estimate.¹⁸

Staff Recommendation

Staff recommends that the Commission adopt this Statewide Cost Estimate of \$880,067 - \$8,222,922 for the Initial Claim Period that began on July 27, 2021 and ends on June 30, 2023.

¹⁸ Exhibit C, Draft Proposed Statewide Cost Estimate, issued April 25, 2025.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On April 25, 2025, I served the:

- **Current Mailing List dated April 18, 2025**
- **Draft Proposed Statewide Cost Estimate, Schedule for Comments, and Notice of Hearing issued April 25, 2025**

Free Application for Federal Student Aid (FAFSA), 22-TC-05
Education Code Section 51225.7, as Added by Statutes 2021, Chapter 144
(AB 132, Section 10), Effective July 27, 2021
Fresno Unified School District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on April 25, 2025 at Sacramento, California.



Jill Magee
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 4/18/25

Claim Number: 22-TC-05

Matter: Free Application for Federal Student Aid (FAFSA)

Claimant: Fresno Unified School District

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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List of School Districts

Current and historical information about the number and type of school districts in California.

School districts are government entities that provide public elementary and/or secondary education to students within a specific territory. For purposes of this page, “school district” does not refer to a county office of education, a charter school, a joint powers authority, or any other entity or organizational structure in the field of education. The number of school districts change as school districts are divided or combined with their neighbors, and some school districts are terminated.

A school district typically is configured as an elementary school district (kindergarten through grade 8), a high school district (grades 9 through 12), or a unified school district (kindergarten through grade twelve). Furthermore, elementary school districts are components of either a high school district or a unified school district (*Education Code [EC] Section 35515*) with the boundaries of the high school district or the unified school district coextensive with the boundaries of its component districts (*EC Section 35540*). However, legislation, State Board of Education (SBE) approved waivers of the Education Code, or other circumstances have created exceptions to typical configuration of school districts.

The table below provides information on the number of school districts in California for current fiscal year and prior fiscal years.

Other information about school district organization is available on the California Department of Education’s School District Organization web page.

Number of School Districts in California by Type

Fiscal Year	Elementary	High School	High School with Jr. High Program	Unified	Total
2024-25	516	66	10	345	937
2023-24	517	66	10	345	938
2022-23	518	66	10	345	939
2021–22	519	66	10	345	940
2020–21	522	66	10	344	942

2019–20	523	66	10	344	943
2018–19	524	66	10	344	944
2017–18	524	66	10	344	944
2016–17	525	66	10	344	945

List of School Districts in California

Provides a list of school districts in the state of California for the current and prior fiscal years. The information on this page will be updated annually.

- [Fiscal Year 2024-25 \(XLSX\)](#)
- [Fiscal Year 2023-24 \(XLSX\)](#)
- [Fiscal Year 2022-23 \(XLSX\)](#)
- [Fiscal Year 2021–22 \(XLSX\)](#)
- [Fiscal Year 2020–21 \(XLSX\)](#)
- [Fiscal Year 2019–20 \(XLSX\)](#)
- [Fiscal Year 2018–19 \(XLSX\)](#)
- [Fiscal Year 2017–18 \(XLSX\)](#)
- [Fiscal Year 2016–17 \(XLSX\)](#)

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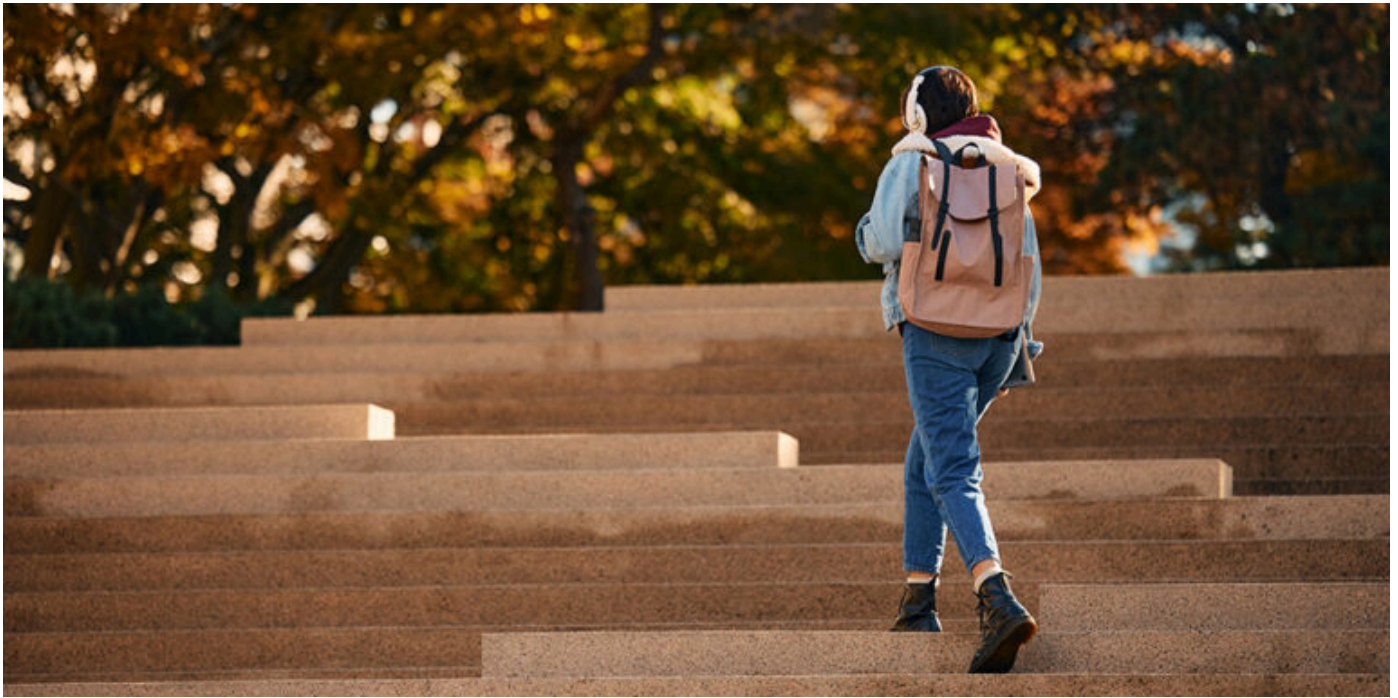
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REPORT · OCTOBER 2024

Implementing California's Universal Financial Aid Application Policy

Kevin Cook, Jacob Jackson, and Selina Gomez, with research support from Madeline Roorda

Supported with funding from the Evelyn and Walter Haas, Jr. Fund, Kresge Foundation, and Sutton Family Fund

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Key Takeaways

The Free Application for Federal Student Aid (FAFSA) is the gateway to accessing federal, state, and institutional financial aid. The California Dream Act Application (CADAA) assesses undocumented students' eligibility for state and local financial aid. Despite financial aid's importance, too many California high school graduates fail to complete these forms, resulting in missed opportunities, college decisions made with limited information, and unclaimed aid. Following the example of a handful of other states, California recently enacted a universal financial aid application completion policy to address the issue, starting in the 2022–2023 school year. We find

Initial data suggests an increase in FAFSA/CADAA completion, particularly among low-income students. In the first year of the policy's implementation, applications from high school seniors prior to the University of California (UC) and California State University (CSU) systems' March 2 deadline increased by 16 percent. Students in the lowest-income group saw the largest increase (21%).

First-year implementation varied across the state. Though implementation levels varied by school district, most districts benefitted from this financial aid policy and saw positive increases in financial aid applications. The variation was often due to district priorities as well as capacity and resource constraints. Despite the differences, districts we spoke to expressed similar goals, obstacles, and strategies.

Promising strategies exist to overcome obstacles. Obstacles to implementation include parental resistance, high student-to-counselor ratios, inconsistent tracking methods, and confusion about enforcement. To overcome these, districts have prioritized clear communication about the requirement, system-wide support, partnerships with community organizations, data sharing, and incentives for students to complete the form.

New FAFSA rollout caused problems in the second year, nationwide and in California. A change to the FAFSA form at the end of December 2023 created unique challenges for students and districts in the second year of the policy's implementation. Though the new form was intended to simplify the process, many students were unable to complete it due to software and identity confirmation issues. However, there is some evidence that the new system has improved as it has been rolled out.

Introduction

California's higher education systems can provide a ladder for economic mobility within the state, but their efficacy is largely dependent on keeping higher education accessible to all Californians. The state's public and private institutions vary in cost from the nation's lowest community college tuition (at about \$1,200 per year) to private institutions like the University of Southern California (over \$64,000). For many students, college access depends upon financial aid. To be eligible for federal aid programs like the Pell Grant, work study, and federal loans, most students and their families must complete and submit the Free Application for Federal Student Aid (FAFSA), created in 1965 through the Higher Education Act. Undocumented students are ineligible for federal programs, but in California they can access state, local, and institutional financial aid through the California Dream Act Application (CADAA). Though the CADAA is a state program, it requires many of the same types of financial information as the FAFSA.

States and most colleges and universities also use FAFSA information to provide additional financial aid. The California Student Aid Commission (CSAC) uses it to determine eligibility for the Cal Grant program, which provides tuition—and some non-tuition—support for a majority of the state's college students. The FAFSA is also the basis for institutional aid programs like UC's Blue and Gold Plan, CSU's State University Grant program, and the California College Promise Grant—which provides free community college tuition.

Access to financial aid—especially grant aid—is critical to student success and college completion. Prior research has shown that every additional \$1,000 spent on grant aid improves student persistence and degree attainment by about 2 percentage points ([Nguyen et al. 2019](#)). Yet historically, most of California's high school graduates do not fill out the FAFSA, without which they cannot qualify for aid. Only 45 percent completed it in the 2021–2022 academic year—a rate relatively unchanged for the past decade. In fact, the state's low FAFSA completion rate left an estimated \$550 million in federal and state aid on the table in the 2020–21 academic year, \$100 million of which would have gone to community college students ([Wu 2019](#); [Wheelhouse 2018](#)).

Moreover, students are making decisions about their futures without full information. The most underserved and needy students are those most likely to be deterred by the aid application process ([Dynarski and Scott-Clayton 2006](#)). Some who could receive aid may decide that college is too expensive and choose not to attend. Others may attend college but do not know aid is available.

In the 2021–22 state budget, policymakers used [Assembly Bill 132](#) (AB 132) to require all public school districts and charter schools in California to ensure that all of their graduating high school seniors complete either the FAFSA or CADAA prior to graduation.¹ Importantly, this policy did not make the financial aid application a graduation requirement. Students were allowed to opt out, with no punitive measures for students or schools for not fully complying.

California's universal FAFSA policy was implemented the year before the federal government made major changes to the application. This confluence of events caused problems. Instead of October, the new form rolled out at the end of December, shortening the amount of time students had to apply for aid. Although it was connected to Internal Revenue Service (IRS) data—which helped decrease the number of questions—many students had difficulty completing the form. This caused slow and low FAFSA completion rates in the 2024–25 award year.

This report analyzes the first year of the universal FAFSA policy implementation. First, we use data from the California Student Aid Commission (CSAC) and the US Department of Education (USDE) to show the overall FAFSA results for high school seniors compared to the prior year. Next, we present findings from interviews and site visits with personnel from school districts and schools across the state. We also incorporate some findings on the problematic rollout of the 2024–25 award year FAFSA, its impact on schools and students, and how that rollout has played a role in FAFSA completion declines this year. We conclude with policy considerations based on the research.

California's FAFSA Policy in a National Context

California's FAFSA completion policy (AB 132) was passed in 2021 to increase awareness of college financial aid availability and therefore college access for students in the state (California Legislative Information 2021). The law aims to maximize federal, state, and institutional financial aid for students, and directs school districts to use existing programs to provide supports for students and their families, coordinate information campaigns, and secure data management. A key aspect is that it provides critical

information to help students choose their best path after high school—whether postsecondary education, an occupational/technical program, or entering the workforce.

As of 2023, California is one of 15 states that have passed legislation for a universal FAFSA completion policy. Eight have implemented it and the other seven have yet to do so (Table 1). Much of the of the legislation is similar; each state requires school districts to ensure that all graduating first-time filers either complete the FAFSA, a state financial aid form, or an opt-out form. However, some mechanisms differ. For example, Louisiana, Texas, and Alabama require a FAFSA completion or an opt-out to graduate. Indeed, Louisiana was the first to do so and is considered the model for other states and school districts across the country that have subsequently adopted similar policies. Maryland, California, Colorado, and Indiana have softer policies. School districts are responsible for ensuring that their graduating seniors complete a FAFSA, state financial aid form, or opt-out, but it is not a graduation requirement and there are no clear enforcement mechanisms.

Table 1
California is among the early implementers of universal FAFSA policies

State	Policy start date (academic year)	Graduation requirement
Louisiana	2017–18	Yes
Illinois	2020–21	Yes
Alabama	2021–22	Yes
Texas	2021–22	Yes
Colorado	2021–22	No
California	2022–23	No
Maryland	2022–23	No
Indiana	2023–24	Yes
New Hampshire	2024–25	Yes
Connecticut	2024–25	Yes
Nebraska	2024–25	Yes
New Jersey	2024–25	Yes
New York	2024–25	No
Oklahoma	2024–25	Yes
Kansas	2027–28	Yes

SOURCE: [National College Attainment Network \(NCAN\)](#).
NOTE: Louisiana and New Hampshire have both repealed their universal FAFSA policies, effective for the 2024-25 academic year.

Every state that implemented this policy saw an immediate increase in FAFSA applications in the first year, though the magnitude of the change varies. Illinois already had one of the highest FAFSA completion rates and implemented the policy right after the COVID-19 pandemic depressed FAFSA completion. Their first year saw increases of 3.1 percent (4,664 applications), compared to a decrease of 4.8 percent in the rest of the nation at the time. Alabama and Texas saw the largest increases in their first year—about one-quarter (6,326 and 49,072 applications, respectively). Meanwhile the rest of the nation's increase was 4.6 percent (Figure 1). Maine's 11.6 percent jump accounts for an increase of 902 applications.

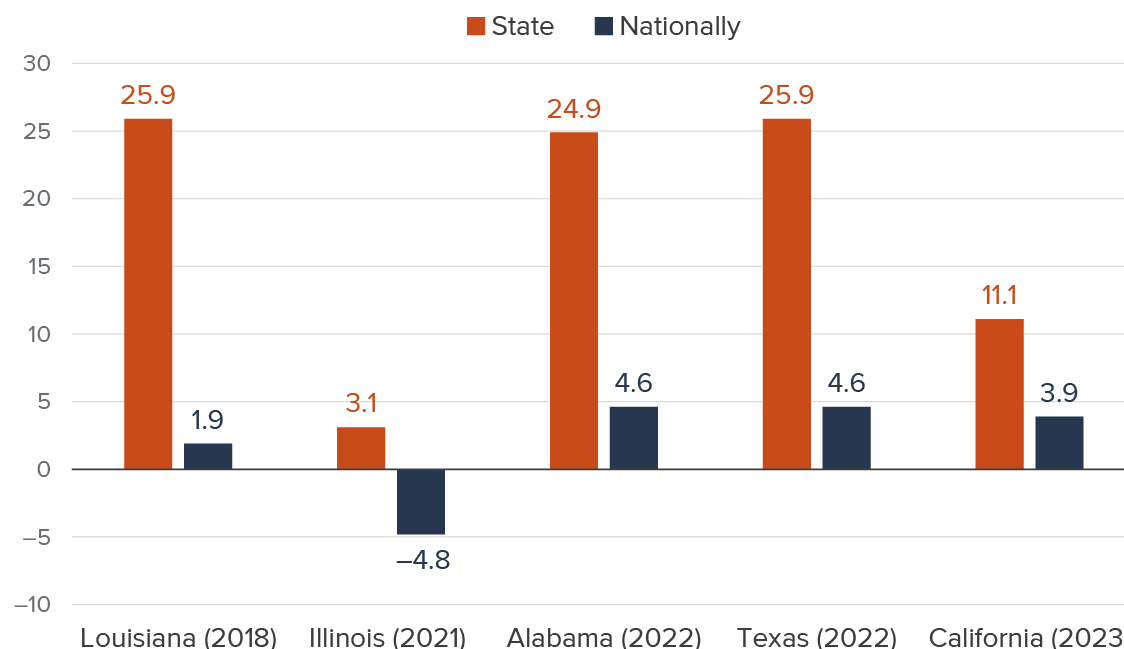
California saw an 11.1 percent overall increase, compared to 3.9 percent nationwide. The National College Attainment Network (NCAN) estimates that by the end of the financial aid cycle, 62 percent of California high school seniors completed the FAFSA, outpacing the national average of 59 percent.² This amounts to 28,487 more FAFSA completions in California over the prior year (DeBaun 2023).

Several additional states have recently passed Universal FAFSA policies that will go into effect during the 2024–25 school year, with most of them electing to make it a graduation requirement. More states are recognizing the importance of completing a financial aid application as a step to obtain postsecondary opportunities, and early evidence in those states that have implemented policies points to positive results (NCAN 2024a).

Figure 1

States implementing universal FAFSA policies experienced first-year growth in completion for high school seniors

% of seniors completing by 6/30



SOURCE: National College Attainment Network (NCAN).

NOTE: This chart shows percent growth in FAFSA completion after the June 30 close of the FAFSA form for the academic year. It shows only FAFSA completion rate and does not include state financial aid programs like the California Dream Act Application.

California's First Year

California's first-year increase suggests that thousands more high school students are receiving information about their financial possibilities for postsecondary education. With FAFSA and CADAA together, the state saw about a 10.7 percent increase in all aid applications by high school students by the September 2 deadline—about 32,822 additional students (Table 2).³

Table 2
FAFSA and CADAA applications increased overall and especially by the UC/CSU March 2 deadline

	2022	2023	Change	% increase
UC/CSU March 2 deadline	259,772	301,693	41,921	16.1%
Federal June 30 deadline	298,434	336,520	38,086	12.8%
CCC September 2 deadline	318,670	36	33,976	10.7%

SOURCE: California Student Aid Commission.

NOTES: “CCC” refers to California Community Colleges. We use March 3, July 1, and September 3 application counts for their respective cutoffs to allow a day for application processing. These numbers reflect total FAFSA and CADAA applications submitted for recent CA high school grads who are incoming freshmen. The 2021–22 academic year coincides with the 2022–23 FAFSA award year; the 2022–23 academic year coincides with the 2023–24 FAFSA award year.

There are three main FAFSA deadlines for students in California. The FAFSA application form for the academic year ends on June 30, but most four-year colleges require students to submit the FAFSA in March so that they can provide students with financial aid information before the student chooses which college to attend. The UC and CSU deadlines are both typically March 2. California holds the FAFSA open until September 2 to allow community college students to apply for state aid programs like Cal Grants and the Middle Class Scholarship program prior to enrolling in the fall. Table 2 shows the increase in applications after the first year of implementation of the universal financial aid application policy for each of these dates. The majority of California’s students at four-year institutions attend UC or CSU. The state saw the number of students applying for aid by the UC/CSU deadline increase by 16 percent—about 42,000 more in the first year of this policy. This suggests that the gains associated with the universal FAFSA policy allowed more students to become eligible for aid there (Cook 2024).

Looking at overall trend in FAFSA completion for the state from the 2017–18 to 2023–24 academic years, we see the increase in FAFSA submissions and completions in the first year of policy implementation. The state historically has seen FAFSA completion rates just above 50 percent, but after the implementation we see a significant increase in submissions and completions by the June 30 cutoff date (Table 3).

Table 3

Combined FAFSA and CADAA submissions and completion rate increased after the universal FAFSA policy change

Academic year	Senior enrollment	Submitted count	Submitted percent	Completed count	Completed percent
2017	464,318	265,208	57.1%	251,970	54.3%
2018	473,019	275,490	58.2%	255,300	54.0%
2019	468,551	265,815	56.7%	251,767	53.7%
2020	464,895	268,901	57.8%	254,231	54.7%
2021	474,265	255,827	53.9%	241,162	50.9%
2022	472,751	272,295	57.6%	251,962	53.3%
2023	466,682	349,536	74.9%	322,522	69.1%
2024	477,945	309,757	64.8%	289,188	60.5%

SOURCE: California Student Aid Commission, Race to Submit portal.

NOTES: These rates and counts show the number of combined FAFSA and CADAA applications submitted and completed for the June 30 federal cut-off date. “Submitted” means all applications that were submitted. “Completed” means applications that were submitted and not rejected due to missing information or errors. Completed applications are a subset of all submitted applications. We use both terms throughout the report depending on what data source we reference. *Application counts for the 2023–24 academic year are still preliminary and could shift by the release of this report.

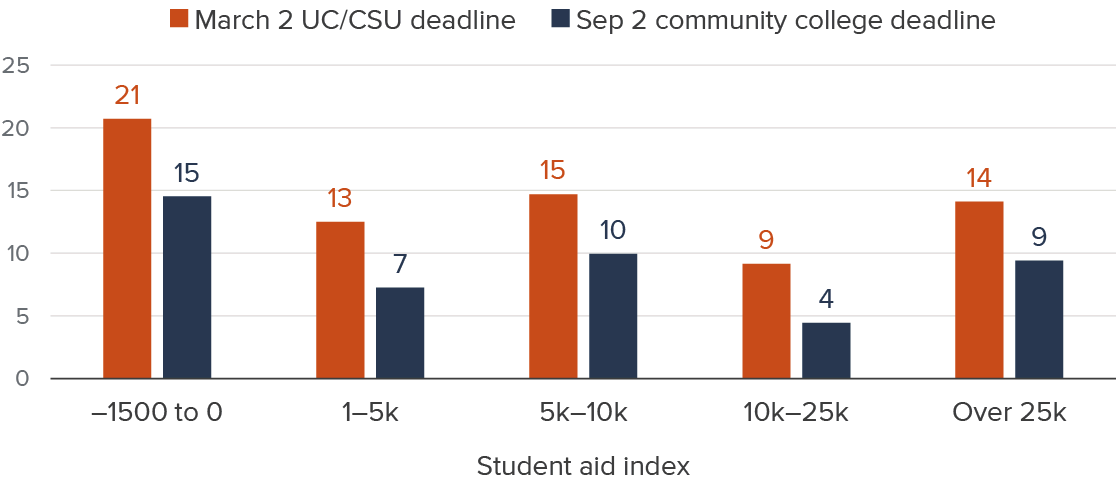
Notwithstanding these positive overall numbers, if the policy is going to help with upward mobility, students from the lowest-income families must fill out financial aid applications, and do so in time to meet submission deadlines. While comprehensive information about financial aid would be helpful for all, students in lower-income families likely have the most to gain in terms of potential for financial aid to make college more accessible. At the same time, research suggests that students who are most likely to benefit from financial aid are less likely to apply for it (DeBaun 2019). Data provided by the California Student Aid Commission (CSAC) allows for an in-depth analysis of student submission rates by income and wealth. Figure 2 shows a breakdown by Student Aid Index (SAI) of the growth in FAFSA submissions in the first year after implementation of the policy.

FAFSA Simplification Act and calculating student need

In 2020, the federal government passed the FAFSA Simplification Act as part of a large omnibus spending bill. The goal was to streamline the FAFSA application process and provide a more accurate way to measure a student and their family’s ability to pay for college. The law introduced a new index number to calculate student financial need, replacing the Expected Family Contribution (EFC) with the Student Aid Index (SAI). This new index takes into account the

sum of student and family available income and assets. Unlike the EFC, the SAI does not consider the count of family members currently in college. It also includes new categories of assets such as small business or family farm ownership. Importantly, the SAI protects more parental income from the assessment and allows for a negative SAI up to \$1,500—thereby increasing the level of possible financial aid for students in the lowest income category. Typically, a negative SAI would indicate a family annual income of about \$25,000 or less. The US Department of Education also expected this change to increase the number of students eligible for the Pell Grant, which can provide up to \$7,395 per year for the 2024–25 academic year.

Figure 2
Students from the lowest income group experienced the highest FAFSA/CADAA submission increase
% change



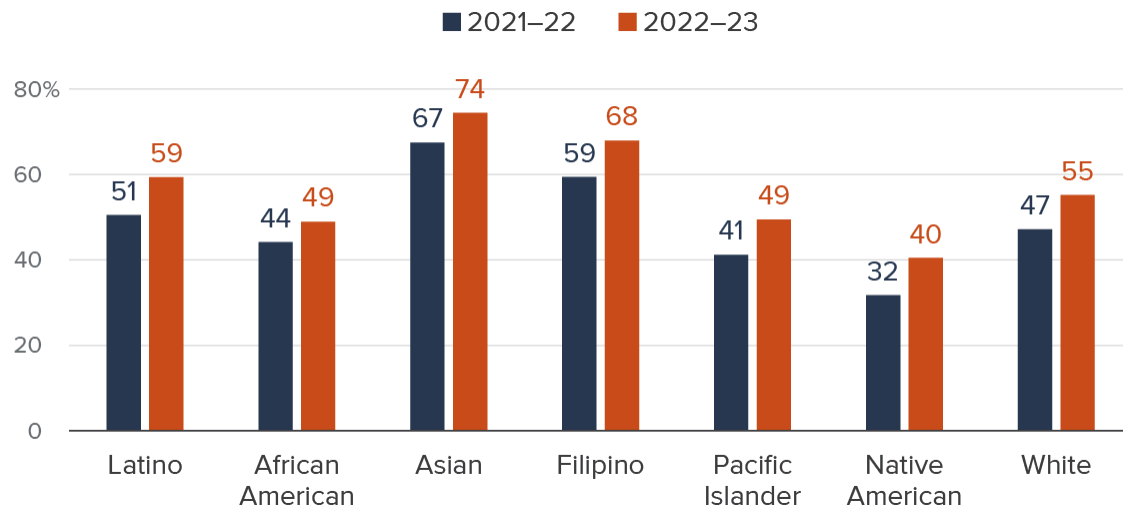
SOURCE: California Student Aid Commission.

NOTES: Includes FAFSA and CADAA applications from 2021–22 and 2022–23 academic year. We do not include a category for unknown applications. The category “unknown” includes incomplete but accepted FAFSA applications. Typically, this category accounts for between 3 and 5 percent of the total number of HS applications—about 10,000–13,000 in raw numbers. See Technical Appendix Table A for details on the numbers represented by these changes.

Our findings showed a similar trend when looking at the increase in FAFSA/CADAA submission rates among high school seniors across race and ethnicity. Each racial/ethnicity sub-group the CSAC and CDE tracked increased by 4 to 9 percentage points, with Latino, Filipino, Pacific Islander, and Native American students experiencing the largest increases (Figure 3). Though California’s universal FAFSA policy appears to increase FAFSA submissions across the board, the fact that it increased the submissions for the state’s lowest-income and least-represented students in the public college system suggests it is a useful strategy to improve equity in student access to college.

Figure 3

Combined FAFSA and CADAA submission rates increased for all races and ethnicities from the 2021–22 to 2022–23 academic years



SOURCE: California Student Aid Commission.

NOTES: Figure shows increases in the FAFSA submission rate by race and ethnicity. Race and ethnicity data are provided by the California Department of Education and then the data is matched to CSAC student records.

Implementation Obstacles and Strategies

To gauge how the first year of the universal FAFSA/CADAA policy implementation progressed across the state, we conducted site visits at three school districts and conducted interviews at 18 school districts. The sample included three rural, seven urban, and eight suburban districts. The group included a mix of districts that had higher and lower FAFSA/CADAA completion rates.⁴ Most commonly we talked to more than one member of staff at the schools, often including school counselors, principals, college readiness specialists, teachers, and superintendents. Through this rich interview data, we identified many similar experiences in terms of obstacles faced and strategies used.⁵

Obstacles

Many of the obstacles to universal FAFSA/CADAA policy implementation have been longstanding, and some were created by the new policy. Counselors, teachers, and other school staff shared during interviews and site visits their challenges in getting all students to complete the FAFSA or CADAA.

Parent participation can be difficult to obtain

Lack of parent cooperation is by far the most recurring obstacle to full implementation. Both parents and students must participate in completing the FAFSA/CADAA. Parents must also enter their tax information from two years prior or allow their student to do so. Interviewees remarked that many parents did not feel comfortable sharing their financial information with students, and some did not feel comfortable sharing the information with the federal government.⁶

As of 2021, 20 percent of California residents under 18 were living in “mixed-status” families—where one parent is a citizen and one is not ([California Immigrant Data Portal 2021](#)). Given the share of undocumented and mixed-status families in the state, fear of exposure or interference with existing legal processes is a concern. For example, a school district in Southern California close to the US–Mexico border noted that the biggest obstacle they faced was parents lacking the necessary tax documentation to complete the form. Missing tax filings, incomplete tax forms, and complications with immigration status made it difficult to complete the process.

School counselor caseloads are too large

At every school and district, school counselors were central to meeting the universal FAFSA/CADAA goal. They were often responsible for family and student outreach. Families often depended on them for tracking completed financial applications. The American School Counselor Association recommends a load of about 250 students per counselor, but our interviews revealed many school counselors have caseloads of upwards of 400 to 500 students ([American School Counselor Association 2024](#)). Research has already shown that high caseloads lead to burnout and further decrease the already limited time school counselors have to counsel students directly ([Bardhoshi et al. 2014](#)). The policy does not provide any new funding up front for more counselors, professional development, or other help for school counselors. Interviewees expressed how their high caseloads limit their ability to know students individually and make sure full implementation is achieved.

Tracking completed applications was complicated

For the first time, schools were tasked with keeping information on completed and uncompleted financial aid applications for each of their high school seniors. School personnel made innovations to determine which seniors had yet to complete a financial aid form and provide the necessary resources and support. For example, staff at a Bay Area urban high school used an online portal on the CSAC website ([Web Grants](#)) to track student completion. They discovered that a significant percentage of the students in this district transferred to another high school or went to a continuing education school but were still being counted as enrolled in their high school.

The portal allows staff to run reports that indicate which students have successfully completed a FAFSA or CADAA. It also provides information on whether a GPA verification form has been uploaded and if this information has been matched to a financial aid application. Although about half the districts interviewed used that portal, inconsistent tracking methods are still a key barrier to a streamlined implementation. Every school we interviewed used some version of a shared Microsoft Excel file or Google document. It would be inherently safer and easier if districts had access to a cloud-based system.

The new opt-out process was confusing to students and staff

As mentioned above, the policy allows students to opt out. The CSAC provided a template for opt-outs, but our interviewees did not always feel there was enough guidance on how to use it. The template requires the following information: pupil name, date of birth, and statewide student identifier (SSID). It also requires a counselor signature and a parent or guardian signature if the student is under 18 years old. A student signature is valid in lieu of parent/guardian if the student is emancipated or over 18 years old. It also includes language stating that submitting an opt-out form does not prohibit a pupil from completing and submitting a financial aid application at any time in the future. A sample opt-out form is provided in [Technical Appendix C](#).

However, the law stipulates that each school district determines the date to submit the form, leaving districts to decipher how and when to provide information to students regarding the opt-out choice. We encountered uncertainty about what happens if students refuse to either apply for aid or opt out, which schools admit some students did. There was also confusion about what to do with the opt-out forms, as there is no mechanism to collect or monitor them. One district we spoke to was concerned with who was collecting the data, how it was being stored, and who had access to it.

Strategies

While the schools and districts saw similar challenges, they found solutions for their student populations that often relied on cooperation and coordination between many individuals at schools and in districts. We highlight some of the common and more innovative solutions that emerged from our interviews and site visits.

Building external partnerships

Parent involvement is critical to building trust with families who must provide the sensitive information needed to complete the FAFSA/CADAA. Trust must be established between the families and district by instilling culturally relevant support and information (College Board Advocacy and Policy Center 2010). Some schools and districts relied on larger partnerships with community resources to do so.

One example is Val Verde Unified School District's partnership with TODEC—Training Occupational Development Educating Communities—a local organization that provides legal services to the undocumented and mixed-status families of their community. Their attorneys provide free legal consultation to families, which cultivates a sense of trust and knowledge when tackling a legal form such as FAFSA/CADAA. TODEC also provides knowledge on the rights of undocumented individuals, conducts town halls, and facilitates college tours.⁷ Although this service is not available to all students, many districts have also partnered with California Student Opportunity and Access Program (Cal-SOAP), which provides financial aid information to families. They offer counseling sessions virtually or in person with families who have yet to complete their form.

Data sharing

Districts we interviewed noted that improved data sharing across high schools was an important tool for locating students and helping them complete the financial aid application process. Having all student data consolidated to a central location readily accessible to school counselors allows for timely interventions to help students and their families. Some districts have achieved data sharing agreements by working with their county's department of education or other partnerships.

For example, Val Verde Unified School District is part of a data-sharing agreement with all 23 districts in their county, administered by the Riverside County Office of Education. Val Verde has steadily increased their FAFSA/CADAA completion rates over a seven-year period—from 69 percent to 92 percent—by improving their student tracking systems and ensuring that pupils whose information reported to CSAC were currently enrolled. They also partner with other schools in the district when students transfer, not just to ensure preciseness, but so that the student also gets the necessary support for filing FAFSA/CADAA at their new school. For Val Verde and other interviewed districts with data-sharing agreements already established, this additional data is pivotal in measuring results and pinpointing errors, which districts can then address in an efficient and impactful manner.

At the state level, two data systems mentioned by districts that we interviewed could also prove valuable in ensuring a greater number of students complete the FAFSA/CADAA, and should provide important information to policymakers and practitioners regarding the impact of increased FAFSA/CADAA completion on college access and affordability. First is the California College Guidance Initiative (CCGI). CCGI provides students from middle school to college age with an online portal that allows them to access information on college, career, and financial aid planning. Importantly, this tool also allows students to complete and submit the FAFSA/CADAA and other critical financial aid information directly to CSAC and the Federal Student Aid authority. CCGI also partners with school districts to provide reporting tools and automate routine tasks, and helps districts manage expanding capacity and analysis of the student data they collect. School districts in California often have rich student data but can lack the capacity to use this data to evaluate the outcomes of different policies and practices.

Second, the Cradle to Career Data System—which will provide California with its first longitudinal, student-level data system—will collect and report data on 11 different variables related to student financial aid. The system will collect information on financial aid eligibility, applications, awards, and debt for the state's high school, public, and private nonprofit colleges. Critically, this data system will also be able to provide information on students who applied for aid and did not receive it, allowing for greater analysis of the barriers students face when navigating the financial aid application process.

Managing policy information flow

One of the most common strategies was prudently managing the information students had access to. Rather than telling students they can either fill out the FAFSA/CADAA or an opt-out form, many districts told them it was a graduation requirement, or simply that they were expected to complete it. Similarly, some chose not to tell students the opt-out form was a choice until later in the school year and after they had attempted other approaches. Opt-outs were generally low (under 10%) at most of the schools we interviewed. The main groups choosing that option were students in Special or Continuing Education groups, students planning to join the military or workforce, and families who had presumed they would not qualify for aid. Even so, despite staff efforts and low numbers of opt-outs, just over 25 percent of students neither applied nor opted out of applying for financial aid (CSAC 2023b).

Incentives and competition

Best practices from several districts show that incentives and friendly competition for schools and students are a key motivation to ensure high FAFSA/CADAA completion rates. Finding a way for students to feel valued for their hard work and effort is important. According to our interviewees, when seniors who complete their financial aid form are celebrated in one form or another, students can look forward to these rewards, which can then become an invaluable tradition.

On a broad level, the California Student Aid Commission created the Race to Submit website, which publicly shares FAFSA/CADAA completion data and strategies. The schools with the highest FAFSA/CADAA completion rates are invited to attend an annual celebration ceremony where they receive banners to display. This friendly competition has been something that many districts have embraced and use as motivation for staff and students alike.⁸

Within individual schools or districts, incentives could be as small as a classroom lunch gathering or as large as a schoolwide festival with activities and prizes. For example, after the FAFSA/CADAA March 2 deadline, Val Verde Unified holds a party called “Cashchella” for high school seniors who have

completed the form—with rides, food, and prizes. Seniors who do not complete the application are not allowed to participate. Administrators, staff, and students all noted that this event is considered a highlight for the year and is a key motivator.

Problems with the FAFSA Simplification Act

The first year of implementation was associated with a 16 percent increase in applications by the UC/CSU deadline (Table 2). However, compliance with the universal FAFSA/CADAA policy was still far from universal. California's financial aid completion rate for the 2022–23 academic year was 69 percent (Table 3). The state was well poised to implement and refine the strategies mentioned above for even more FAFSA/CADAA coverage. But problems with the new FAFSA Simplification Act rollout caused initial aid applications in the 2023–2024 school year to drop considerably.

The FAFSA Simplification Act Rollout Was Complicated

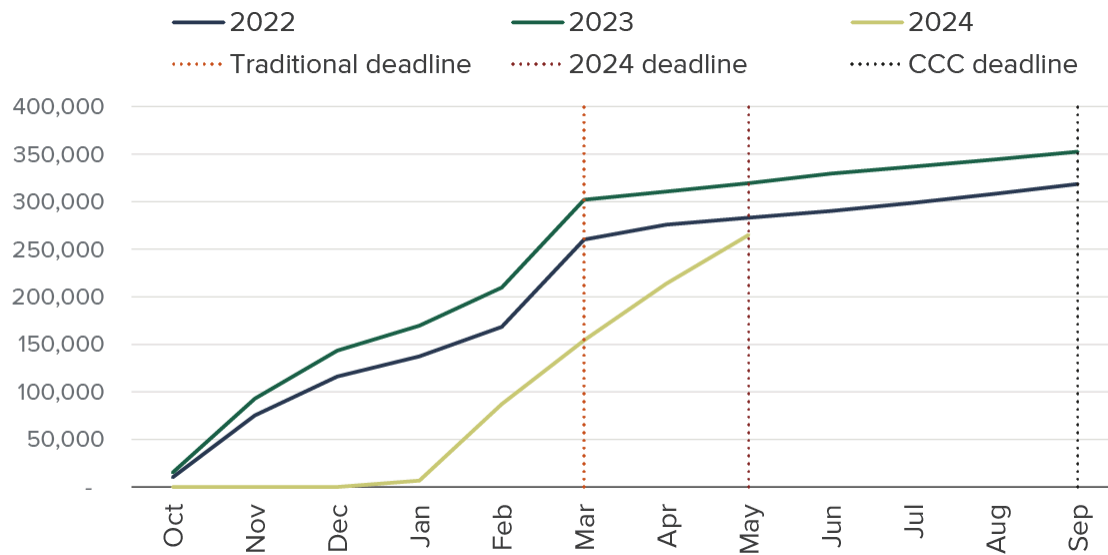
The federal FAFSA Simplification Act was intended to streamline financial aid applications. It reduced the number of questions from 108 to 36, using application programming interfaces (APIs) that automatically populate the applicant and their family's tax information from the IRS.

However, implementation and rollout were premature and many students found it difficult to complete the form. This negatively impacted students in two main ways. October is the month that school counselors traditionally start working with students to begin collecting the necessary information to complete the form. But USDE delayed access to the new FAFSA form from October 2023 to January 2024. This set all the schools' strategies back three months, leaving little time between the rollout and the March 2 financial aid application deadline for UC and CSU.

Secondly, many students could not complete the form due to technical problems, which disproportionately affected mixed-status families. If a parent who is a financial contributor cannot obtain a Federal Student Aid identification number—or if the information they provide does not match exactly to federal tax and immigration data—then the student is unable to advance through the form. As Figure 4 shows, these problems resulted in a late and slow start for FAFSA/CADAA submissions in California and across the nation. UC and CSU extended their application deadline to May 2, allowing an additional 100,000 total applications to be filed. If the deadline had not been shifted, the total number of applications would have been 50 percent less than the prior year.

Figure 4**FAFSA/CADAA applications for 2024 are lower than 2023 but are improving**

Total applications by year, 2022 to 2024

**SOURCE:** California Student Aid Commission.**NOTES:** These numbers reflect total FAFSA and CADAA applications submitted for recent CA high school grads who are incoming freshmen. 2024 refers to applications filled out in 2023–24 academic year.

Applications Dropped Nationwide, but California Fared Better than Most

Due to the new FAFSA rollout, all of the gains made in the first year of the universal FAFSA/CADAA policy were lost by the May 2 deadline in the second year, but those losses were not limited to California. The most recent data available on FAFSA completion for the 2023–24 academic year shows drops for each state compared to the prior year. At the close of the federal FAFSA cycle on June 30, the FAFSA completion rate for high school seniors lags last year by 7.2 percentage points (from 53% down to 46%). For context, between 2019 and 2020 during the onset of the COVID-19 pandemic, the FAFSA completion rate decreased 3.9 percentage points (NCAN 2024b). However, the states with universal FAFSA policies are still near the top of FAFSA completion leaderboards. The top fifteen states in terms of completion percentages include Tennessee (2nd), Louisiana (3rd), Illinois (7th), Texas (8th), and California (13th), all of which have universal policies (NCAN 2024b).

Within California, there are reasons to be concerned. As of the June 30 federal cutoff date, financial aid applications still lag significantly behind 2022 and 2023 levels. The late start and complications kept many students from meeting the UC/CSU March 2 aid deadline, so both systems moved the date to May 2 with the help of the state legislature, which passed a law, [AB 1887](#), to allow for this accommodation (California Legislative Information 2024). However, even with this change, the number of students who submitted FAFSA/CADAA applications by the UC/CSU deadline was down 17 percent, or about 54,000 fewer applications (Figure 4).

Conclusion and Policy Considerations

The first year of implementation saw increased FAFSA/CADAA completion rates in California compared to the rest of the nation. Those gains were concentrated among the groups the policy is intended to help most—those who were likely to have high financial need and be eligible for federal, state, and institutional financial aid. However, it is important to note that problems with the FAFSA Simplification Act rollout the following year impacted students across the country. In California, it resulted in tens of thousands fewer students applying for aid by the UC/CSU deadline. The FAFSA/CADAA release date has been delayed until December for the 2024–25 school year, again condensing the timeframe that students and districts have to ensure their students complete the form. However, given the success of the universal FAFSA/CADAA policy in the first year and the experience gained through the difficult rollout of the new FAFSA form, we remain optimistic that in the coming years more students in California will complete the form and get the information they need to plan their future. To ensure that the state's universal FAFSA/CADAA policy is successful going forward we recommend:

Promote FAFSA/CADAA completion as part of the California School Dashboard. The college readiness dashboard includes data on whether high school students are prepared for success after graduation based on measures like graduation rate, performance on state tests, and college credit courses. But FAFSA/CADAA completion is also a critical step for students learning about their college and career options. The state can measure and report this to integrate FAFSA/CADAA completion into better understanding a school's success.

Improve data sharing among schools and districts. Our research found that linking data systems and improving data sharing and quality are key. At minimum, we recommend that schools within a district share their data. However, it would be even more advantageous if all districts within a region did so, as districts reported that a significant number of FAFSA/CADAA applications become unaccounted for when students move within or across districts. This would aid in tracking student enrollment across high schools, allowing districts to better locate and support them. To accomplish this, districts need additional staff and resources to process, clean, and analyze the rich data they collect. As shown by Val Verde Unified School District and another district in the San Joaquin Valley, involvement from the county government to support data quality, sharing, and access could be a model.

Coordinate efforts and build buy-in across different stakeholders. A more holistic approach to increasing FAFSA/CADAA completion could aid effective implementation and longevity. The more people who are involved, the better the college-going culture at the school or district. This is achieved by slowly building buy-in from stakeholders such as students, parents, teachers, administrators, mayors, legislators, and the community. Most of the successful districts we interviewed had multiple people, multiple points of contact with students and families (classroom, administration, counselors), and events to celebrate milestones. When stakeholders such as mayors and legislators understand and value this policy—not just as it relates to education but the fiscal impact on their communities as a whole—they will be more likely to support implementation.

Build local capacity. Districts should build local capacity by partnering with other school districts in the region and with nonprofits or community organizations that can provide specialized services. Long-lasting impacts are created by implementing culturally relevant support through these partnerships and developing an ethos of postsecondary success.

Notes

1. The change to implement the FAFSA completion policy was passed through a budget trailer bill in the 2021–22 state budget. After the change, Assembly Bill 469 (AB 469) was passed, which required the California Student Aid Commission (CSAC) to implement and support this policy. We reference AB 132 since that was the legislation that created the FAFSA mandate policy in statute.
2. There are multiple deadlines to submit the FAFSA, depending on the college. For UC and CSU, the cutoff date is typically March 2. For community colleges, September 2. We use September 2 to capture all students who have applied by the UC, CSU, and Community College deadline, which is most students in California..
3. This 10.7 percent increase differs from the 11.1 percent mentioned previously due to Figure 1 using FAFSA-only data and Table 2 using FAFSA/CADAA. We also use a different deadline than NCAN. Since CADAA numbers have been historically declining, that impacts the overall growth. The CADAA allows undocumented students to receive state and institutional aid. While we do not have data on CADAA at the high school level, overall, in California about 2 percent—or 35,000—of all aid applications in 2023 were CADAA.
4. A complete list of the interview questions is available in [Technical Appendix B](#). It was critical to identify districts with varying levels of FAFSA/CADAA completion rates for the interviews and site visits to obtain a comprehensive understanding of universal FAFSA/CADAA implementation across schools of different sizes, demographics, and geographical locations. Of the districts we interviewed, FAFSA/CADAA completion rates varied between 34 and 92 percent and the share of enrollment determined to be socioeconomically disadvantaged ranged between 38 and 98 percent (see Technical Appendix Table D).
5. These stakeholders were instrumental in providing various forms of assistance. As literature shows, assistance with the FAFSA form has a substantial impact on the likelihood of submitting an aid application and suggests that streamlining the aid application process could be an effective and efficient way to improve college access ([Bettinger et al. 2013](#)).
6. Counselors we spoke to mentioned that a small number of parents are often uncomfortable sharing their tax information. Though the reasons vary, common concerns were privacy, risk of audit, and citizenship status.
7. This partnership has been developing for many years and attests to the fact that meaningful partnerships take time to cultivate.
8. The Race to Submit website and district rankings were suspended for the 2023–24 school year due to complications from the FAFSA/CADAA Simplification Act implementation.

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Acknowledgments

The authors would like to thank the Evelyn and Walter Haas, Jr. Fund, Kresge Foundation, and Sutton Family Fund for funding this work. We would also like to thank the California Student Aid Commission for providing us with the data necessary to do this work. The authors would also like to express their appreciation for the thoughtful, expert work of this report's reviewers, Ryan Fuller at the California Student Aid Commission, Bill DeBaun of the National College Attainment Network, and Catalina Cifuentes from the Riverside County Office of Education.

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Fiscal Year	Claimant	Reimbursable Activities			Total Direct Cost	Indirect Cost	Indirect Cost Rate	Total Direct & Indirect
		1	2	3				
2021-2022	Anaheim Union High Sd	\$ 80,205.50			\$ 80,205.50	\$ 5,389.80	6.72%	\$ 85,595.30
	Fremont Union High Sd	\$ 16,241.00	\$ 240.00	\$ 3,948.00	\$ 20,429.00	\$ 1,026.00	5.02%	\$ 21,455.00
	Gateway Unified Sd	\$ 199.00	\$ 199.00	\$ 629.00	\$ 1,027.00	\$ 70.00	6.83%	\$ 1,097.00
	Hemet Unified Sd	\$ 25,675.00	\$ 540.00	\$ 16,941.00	\$ 43,156.00	\$ 3,465.00	8.03%	\$ 46,621.00
	Santa Clara Unified Sd	\$ 128,694.00			\$ 128,694.00	\$ 2,561.00	1.99%	\$ 131,255.00
	Twin Rivers Unified Sd	\$ 18,422.25			\$ 18,422.25	\$ 1,026.12	5.57%	\$ 19,448.37
FY Total		\$ 269,436.75	\$ 979.00	\$ 21,518.00	\$ 291,933.75	\$ 13,537.92		\$ 305,471.67
2022-2023	Abc Unified Sd	\$ 208,829.00		\$ 7,824.00	\$ 216,653.00	\$ 9,511.00	4.39%	\$ 226,164.00
	Anaheim Union High Sd	\$ 70,498.48			\$ 70,498.48	\$ 3,919.71	5.56%	\$ 74,418.19
	Beaumont Unified Sd	\$ 394.89		\$ 3,599.24	\$ 3,994.13	\$ 182.13	5.56%	\$ 4,176.26
	Calipatria Unified Sd	\$ 680.59	\$ 680.59	\$ 680.59	\$ 2,041.77	\$ 79.63	3.90%	\$ 2,121.40
	Fremont Union High Sd	\$ 18,649.00	\$ 1,354.00	\$ 8,646.00	\$ 28,649.00	\$ 1,432.00	5.00%	\$ 30,081.00
	Fresno Unified Sd							
	Gateway Unified Sd	\$ 232.00	\$ 232.00	\$ 1,238.00	\$ 1,702.00	\$ 112.00	6.58%	\$ 1,814.00
	Hemet Unified Sd	\$ 29,607.00	\$ 3,908.00	\$ 17,135.00	\$ 50,650.00	\$ 4,650.00	9.18%	\$ 55,300.00
	Lucerne Valley Unified Sd	\$ 1,043.00	\$ 131.00	\$ 1,590.00	\$ 2,764.00	\$ 249.00	9.00%	\$ 3,013.00
	Montebello Unified Sd	\$ 24,377.00	\$ 39,940.00		\$ 64,317.00	\$ 3,383.00	5.26%	\$ 67,699.00
	Monterey Peninsula Unified Sd	\$ 379.51	\$ 1,039.03		\$ 1,418.54	\$ 101.99	7.19%	\$ 1,520.53
	San Joaquin Coe	\$ 1,806.00	\$ 19,812.00		\$ 21,618.00	\$ 2,328.00	10.77%	\$ 23,946.00
	Santa Clara Unified Sd	\$ 140,156.00			\$ 140,156.00	\$ 5,676.00	4.05%	\$ 145,832.00
	Tamalpais Union High Sd	\$ 4,358.85	\$ 133.64	\$ 5,220.84	\$ 9,713.33	\$ 674.11	6.94%	\$ 10,387.44
	Twin Rivers Unified Sd	\$ 23,274.80			\$ 23,274.80	\$ 2,285.59	9.82%	\$ 25,560.39
	Val Verde Sd	\$ 98,562.69	\$ 1,513.59	\$ 17,614.03	\$ 117,690.31	\$ 9,638.84	8.19%	\$ 127,329.15
	Ventura Coe	\$ 5,014.95			\$ 5,014.95	\$ 451.35	9.00%	\$ 5,466.30
	Vista Unified Sd	\$ 46,266.94	\$ 7,999.14	\$ 17,890.25	\$ 72,156.33	\$ 3,081.08	4.27%	\$ 75,237.41
FY Total		\$ 674,130.70	\$ 76,742.99	\$ 81,437.95	\$ 832,311.64	\$ 47,755.43		\$ 880,066.07
Total for 2021 - 2022 & 2022 - 2023 (actual)		\$ 943,567.45	\$ 77,721.99	\$ 102,955.95	\$ 1,124,245.39	\$ 61,293.35	5.74%	\$ 1,185,537.74
Average per filer		\$ 39,315.31	\$ 3,238.42	\$ 4,289.83				
Potential non-filer costs (estimated)		\$ 15,608,178.24	\$ 1,285,651.25	\$ 1,703,063.01	\$ 18,596,892.49	\$ 742,016.01		\$ 19,338,909
Potential total costs (estimated)		\$ 16,551,746	\$ 1,363,373	\$ 1,806,019	\$ 19,721,137.88	\$ 803,309.36		\$ 20,524,446.24

Cost per pupil		\$	25.24	\$	5.31	\$	6.31	\$	36.85	\$	2.65		\$	39.50
		\$	16.54	\$	2.72	\$	3.02	\$	22.28	\$	1.17		\$	23.45
2023-2024	ABC Unified Sd	\$	200,384.00			\$	9,174.00	\$	209,558.00	\$	11,400.00	5.44%	\$	220,958.00
	Alvord Unified Sd	\$	2,303.00	\$	4,299.00	\$	23,860.00	\$	30,462.00	\$	1,880.00	6.17%	\$	32,342.00
	Anaheim Union High Sd	\$	85,709.89					\$	85,709.89	\$	4,508.34	5.26%	\$	90,217.23
	Beaumont Unified Sd	\$	586.80			\$	6,018.85	\$	6,605.65	\$	451.83	6.84%	\$	7,057.47
	Biggs Unified Sd	\$	172.00	\$	80.00	\$	1,703.00	\$	1,955.00	\$	198.00	10.13%	\$	2,153.00
	Calipatria Unified Sd	\$	823.75	\$	823.75	\$	823.75	\$	2,471.25	\$	105.03	4.25%	\$	2,576.28
	Chowchilla Union High Sd	\$	8,122.00	\$	436.00	\$	16.00	\$	8,574.00	\$	676.00	7.88%	\$	9,250.00
	Corona-Norco Unified Sd	\$	4,352.67					\$	4,352.67	\$	162.79	3.74%	\$	4,515.46
	East Nicolaus Jt Union High Sd	\$	302.00			\$	756.00	\$	1,058.00	\$	53.00	4.97%	\$	1,111.00
	Fremont Union High Sd	\$	21,730.00	\$	2,643.00	\$	10,827.00	\$	35,200.00	\$	1,760.00	5.00%	\$	36,960.00
	Fresno Unified Sd							\$	-					
	Gateway Unified Sd	\$	404.00	\$	243.00	\$	1,234.00	\$	1,881.00	\$	155.00	8.26%	\$	2,036.00
	Hanford Joint Union High Sd					\$	1,090.00	\$	1,090.00	\$	41.00	3.74%	\$	1,131.00
	Hemet Unified Sd	\$	38,409.00	\$	5,469.00	\$	28,539.00	\$	72,417.00	\$	4,360.00	6.02%	\$	76,777.00
	Lucerne Valley Unified Sd	\$	1,026.00	\$	129.00	\$	1,706.00	\$	2,861.00	\$	284.00	9.94%	\$	3,145.00
	Montebello Unified Sd	\$	27,548.00	\$	53,601.00			\$	81,149.00	\$	1,623.00	2.00%	\$	82,772.00
	Monterey Peninsula Unified Sd	\$	2,281.32	\$	566.83	\$	14,133.23	\$	16,981.38	\$	967.94	5.70%	\$	17,949.32
	Nevada Joint Union High Sd	\$	6,247.43					\$	6,247.43	\$	546.03	8.74%	\$	6,793.46
	San Joaquin Coe	\$	3,645.00	\$	18,493.00			\$	22,138.00	\$	2,085.00	9.42%	\$	24,224.00
	Santa Clara Unified Sd	\$	143,753.00					\$	143,753.00	\$	8,367.00	5.82%	\$	152,120.00
	Tamalpais Union High Sd	\$	4,727.40	\$	147.60	\$	5,524.08	\$	10,399.08	\$	614.59	5.91%	\$	11,013.67
	Twin Rivers Unified Sd	\$	24,783.40					\$	24,783.40	\$	1,531.61	6.18%	\$	26,315.01
	Val Verde Sd	\$	129,689.65	\$	1,603.09	\$	18,225.69	\$	149,518.43	\$	10,092.49	6.75%	\$	159,610.92
	Ventura Coe	\$	6,476.14					\$	6,476.14	\$	582.85	9.00%	\$	7,058.39
	Vista Unified Sd	\$	52,483.51	\$	10,564.01	\$	20,763.51	\$	83,811.03	\$	3,712.83	4.43%	\$	87,523.86
	Wheatland Union High Sd	\$	708.00			\$	415.00	\$	1,123.00	\$	153.00	13.66%	\$	1,276.00
FY Total		\$	766,667.96	\$	99,098.28	\$	144,809.11	\$	1,010,575.35	\$	56,311.33	5.57%	\$ 1,066,886.07	

Average per filer	\$	29,487.23	\$	3,811.47	\$	5,569.58	\$	38,868.28
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Potential non-filer costs (estimated)	\$	11,647,455.55	\$	1,505,531.56	\$	2,199,984.56	\$	15,352,971.66	\$	589,554.11	\$	15,942,526
Potential total costs (estimated)	\$	12,414,124	\$	1,604,630	\$	2,344,794	\$	16,363,547.01	\$	645,865.44	\$	17,009,412
Cost per pupil	\$	22.01	\$	5.83	\$	8.40	\$	36.24	\$	2.45	\$	38.68

Number of Seniors statewide
2023-2024
466,682

Grade 12 Pupils - A	Grade 12 Pupils - B	Grade 12 Pupils - C	Cost Per Pupil
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5166			\$ 16.57
2735			\$ 7.84
145			\$ 7.57
1867			\$ 24.97
1117			\$ 117.51
3030			\$ 6.42

1614		1614	\$ 140.13
5116			\$ 14.55
1046		1046	\$ 3.99
92	92	92	\$ 23.06
2730	2730	2730	\$ 11.02

198	198	198	\$ 9.16
1835	1835	1835	\$ 30.14
550	550	550	\$ 5.48
1947	1947		\$ 34.77
818	818		\$ 1.86
1442	1442		\$ 16.61
1139			\$ 128.04
1253	1253	1253	\$ 8.29
3048			\$ 8.39
1627	1627	1627	\$ 78.26
281			\$ 19.45
1971	1971	1971	\$ 38.17

26707	14463	12916	\$ 44.39
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18029

1608		1608	\$	137.41
1464	1464	1464	\$	22.09
5168			\$	17.46
1090		1090	\$	6.47
48	48	48	\$	44.85
70	70	70	\$	36.80
289	289	289	\$	32.01
4463			\$	1.01
75		75	\$	14.81
2613	2613	2613	\$	14.14
187	187	187	\$	10.89
		999	\$	1.13
1852	1852	1852	\$	41.46
706	706	706	\$	4.45
2013	2013		\$	41.12
889	889	889	\$	20.19
640			\$	10.61
1801	1801		\$	13.45
1130			\$	134.62
1272	1272	1272	\$	8.66
3133			\$	8.40
1770	1770	1770	\$	90.18
248			\$	28.46
2016	2016	2016	\$	43.41
294		294	\$	4.34
34839	16990	17242	\$	30.62