



## **AB 2251 (Rodriguez): Frequently Asked Questions**

### **BILL OVERVIEW**

#### **1. What is the goal of AB 2251?**

The goal of AB 2251 is to ensure that students can more easily access financial aid by:

- (1) Increasing transparency around institutional Cost of Attendance (COA) budgets; and
- (2) Standardizing the COA adjustment process to ensure that institutional policies are accessible and free from unnecessary barriers.

#### **2. How will AB 2251 improve transparency and make COA adjustments more accessible?**

AB 2251 would require institutions to do the following as a condition of participation in the Cal Grant program, beginning in the 2027/2028 academic year:

- Publish the basis for amounts included in each COA category, including data sources used and assumptions made.
- Allow adjustments to all expense categories
- Consider adjustments for circumstances that include, but are not limited to.
  - Housing and utility costs exceed the allowance
  - The cost of purchasing a computer
  - The cost of uninsured medical, dental, or optical expenses
  - The cost of transportation exceeds the allowances, including costs for gas, repairs and insurance
  - Dependent care expenses
  - Disability related expenses
- Accept both hard copy and electronic copies of adjustment requests, not impose deadlines for COA adjustments that are earlier than three weeks before the end of each term, not limit the number of COA adjustments a student is able to request, and complete reviews within 30 business days.
- Allow for a second review of an adjustment request that is denied, if requested by the student.

#### **3. Which colleges will be required to implement the requirements of AB 2251?**

Any institution that currently participates in the CalGrant program or that wishes to do so, including all California Community Colleges, Cal State Universities, University of California campus and most private institutions.

## **BACKGROUND**

### **4. What is Cost of Attendance (COA) and how are COA budgets calculated?**

COA is the total amount an institution determines a student needs to attend for a given year, covering both tuition and non-tuition expenses. Federal rules require institutions to set [COA budgets](#) for three housing scenarios, on campus, with family, and off campus, and specify which cost categories must be included: tuition and fees; books and supplies; transportation; food and housing; and miscellaneous personal expenses. Additional allowances that are available include a dependent care allowance for parenting students and an allowance for disability related expenses.

COA serves as a financial aid ceiling: no student can receive aid exceeding their COA, and need-based aid is further capped at the difference between COA and the Student Aid Index (SAI), the amount that they and their family are expected to contribute toward their education. For example, a student with a \$30,000 COA and an \$8,000 SAI is eligible for no more than \$30,000 in total aid and \$22,000 in need-based aid.

Institutions set individual COA amounts using a variety of sources, including federal datasets, local cost surveys, and student surveys. Many California institutions rely on the [Student Expenses and Resources Survey](#) (SEARS), administered biennially by the California Student Aid Commission (CSAC). SEARS collects data from students across California's public and private institutions, which CSAC uses to produce [Student Expense Budgets](#) (SEBs).

### **5. How does a COA adjustment work?**

The federal government grants financial aid administrators the authority to use professional judgment to make [COA adjustments](#) for individual students on a documented, case-by-case basis to reflect special circumstances, such as unexpected or higher than average expenses.

As a result of the passage of the FAFSA Simplification Act, all institutions are now [required](#) to take steps to promote professional judgment, and are no longer allowed to deny all requests of a specific type or set deadlines by which students must submit requests.

### **6. What documentation is required to substantiate the need for a COA adjustment?**

Institutions have wide latitude regarding documentation requirements. The [2025/2026 Application and Verification Guide](#) states that "Documentation can include a documented interview between the student and the financial aid administrator and supplementary information, as necessary, about the student's financial status relating to the special circumstances for which the student is requesting an adjustment."

## **NEED AND IMPACT**

## **7. Why does the bill stipulate that institutions must share the basis for their COA figures?**

Accurate COA budgets are critical because they cap the financial aid a student can receive. Yet JBAY [research](#) found that more than half of California colleges and universities set COA budgets below estimated regional costs, a finding that mirrors [national studies](#). In some cases, the gap between actual living expenses and maximum aid eligibility exceeded \$10,000. Underestimation was widespread across all three higher education systems, but most pronounced at CSUs and UCs, where 77% and 100% of campuses, respectively, underestimated costs by at least 5%.

When students understand how COA budgets are constructed, they're better positioned to recognize when their circumstances warrant an adjustment and advocate for the aid they actually need, and to understand what drives differences in non-tuition costs across institutions. Yet only [18 percent](#) of campuses currently publish this information on their websites.

## **8. Why are the provisions related to the COA adjustment process necessary?**

While most students don't hit their COA limit, some students who receive private scholarships end up with aid offers that exceed it, forcing them to turn away scholarships they've earned and need to cover their actual non-tuition costs. A clear, accessible adjustment process is essential to preventing this.

[Federal law](#) requires institutions to make COA adjustment information publicly available, and although it doesn't mandate website publication, in practice campus websites remain a primary resource for financial aid information. A JBAY [analysis](#) found that 43% of California public institutions failed to include this information on their financial aid websites, and even when it was present, it was often buried within broader "Special Circumstances" or "Professional Judgment" pages, requiring students to search multiple layers of the site to find it.

Beyond accessibility, many institutions impose arbitrary restrictions on allowable adjustments. Some, for example, will not consider adjustments for housing costs that exceed their COA budget, while others will limit the number of times a student may request a COA adjustment.

A [survey](#) of foster youth support program staff highlighted these gaps: only 22% rated the adjustment process at their institution as highly accessible, 60% cited limited or unclear website information as a key barrier, 39% found allowable expense categories too restrictive, and 28% reported no clear or accessible appeals process. Further, over half of campuses (55%) reported that students have been unable to receive financial support due to COA limits, and 46% reported that students turn down support because they cannot access adjustments.

## **9. Where do the examples of allowable COA adjustment bases come from?**

AB 2251 would require institutions to consider cost of attendance adjustments for all of the following circumstances:

- (i) Housing and utility costs for reasonable living accommodations that exceed the allowance provided for in the cost of attendance budget.
- (ii) The cost of purchasing a computer.
- (iii) The cost of uninsured medical, dental, or optical expenses.
- (iv) The cost of transportation exceeding the allowance provided for in the cost of attendance budget, including automobile expenses such as gas, repairs, and insurance.
- (v) The cost of dependent care expenses for students with dependent children.
- (vi) An allowance for expenses associated with a student's disability, including special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided for by other agencies.

Items (iii) and (v) are included in federal statutory language as examples of allowable special circumstances. ([Title 20, Chapter 28, Subchapter IV, Part F, §1087tt\(b\)\(2\)\(B\)](#))

Items (ii) and (vi) are referenced in the [2025/2026 Application and Verification Guide](#) as examples of allowable expenses.

Items (i) and (iv) reflect the inherent variability in housing and transportation costs — which depend on factors like household size and whether a student relies on public transit or a personal vehicle. Several institutions, including [UC Davis](#) and [Glendale Community College](#), already make allowances for these adjustments in their existing policies.

## **10. Which students are impacted the most by existing COA budget and adjustment policies?**

Foster youth, student parents, and students experiencing homelessness are more likely to be impacted by inaccurate COA budgets given the availability of more resources for these students.

**Foster youth:** In recognition of foster youths' additional expenses and greater financial need, policymakers have funded college financial aid programs to support them, such as the federal [Chafee Grant](#), the supplemental Cal Grant access award for living expenses, and expanded awards under the Middle Class Scholarship and Student Success Completion Grant programs. When colleges underestimate what it actually costs to attend, or are unwilling to make adjustments to the COA, foster youth may be forced to decline available aid, leaving them to cover their remaining expenses by working, borrowing, or attending part time, exacerbating [existing equity gaps](#) in college enrollment and completion.

In a [survey](#) of campus based foster youth support programs, over half of campuses (55%) reported that students have been unable to receive financial support due to COA limits, and 46% reported that students turn down support because they cannot access adjustments.

**Students with Dependents:** Despite tending to earn higher GPAs than their non-parenting peers, students who are parents are less likely to complete college than students without

children, and higher expenses and financial need are two major factors. Students who are parents, many of whom are low-income, face a number of expenses that are often not reflected in college COA budgets, including childcare, family healthcare, child education costs, and vehicle related expenses. Day-to-day expenses like food, housing, and utilities are also greater for students with families. To help cover these expenses, in addition to financial aid programs available to all low-income students, California student parents can receive up to \$6,000 from the Cal Grant for Students With Dependent Children, but only if they have remaining financial need. Like other special populations with additional needs and expenses, they may not be able to access available financial aid if they have already received funding to cover their set COA.

**Students Experiencing Housing Instability:** In 2019-20, California funded [rapid rehousing \(RRH\) programs](#) across all three public higher education systems to assist students in securing stable housing. Some colleges count rental subsidies received through this program towards a student's financial aid package, making it more likely that these students will reach their financial aid limit and have to decline additional aid that exceeds the COA. If the COA is set too low, these vulnerable students may be declining thousands of dollars in financial aid that would support their ongoing basic needs and prevent future homelessness or housing insecurity.

#### **11. How will this bill improve student success?**

If a COA budget underestimates expenses, students may receive financial aid that is less than their actual expenses, requiring they cover the difference through support from family, working, private borrowing, or reducing enrollment. This can disproportionately impact students who may have additional costs and less generational wealth, like low-income students, students with experience in foster care or homelessness, and student parents and some students may end up disenrolling entirely as a result of inadequate financial aid. AB 2251 will help prevent financial aid shortfalls and is a crucial step to ensuring that low-income students have the financial resources they need to pursue their postsecondary educational goals.

#### **12. How do changes to federal financial aid rules affect the impact of this bill?**

Starting July 1, 2026, the federal Pell Grant will be applied last toward Cost of Attendance (COA) limits, rather than first as it is today. Separately, if a student's remaining unmet need is less than their full Pell Grant amount, they will receive no Pell Grant at all. For instance, a student with \$5,000 in unmet need who qualifies for a \$6,000 Pell Grant would end up with zero federal aid. Building flexibility into how COA is calculated, and expanding the circumstances under which students can request an adjustment, can help prevent situations like this from arising.

#### **13. How is this bill different from existing scholarship displacement laws?**

In 2021, California adopted [AB 288](#), the California Ban on Scholarship Displacement Act. This bill prohibits an institution from reducing institutional aid provided to a student to offset funding

received from a private scholarship. The total amount of aid, however, is still limited by COA caps. This act did not change the maximum total amount of aid a student may receive.

Existing code specifies that “An institution of higher education shall not reduce the institutional gift aid offer of a student who is eligible to receive a federal Pell Grant award, a Cal Grant award, or financial assistance under the California Dream Act for an academic year as a result of private scholarship awards designated for the student unless the student’s gift aid exceeds the student’s annual cost of attendance.” In the event that a private scholarship causes the total aid to exceed COA, institutional aid may be reduced.

## **FISCAL IMPLICATIONS**

### **14. Will this bill result in an increase in the number of students that receive funds through state financial aid grant programs?**

When financial aid is packaged, state grants are considered “first money in” and therefore would be extremely unlikely to result in a student exceeding their COA. It is therefore not anticipated that enactment of AB 2251 would result in more students receiving state financial aid. When a student hits their COA limit, it is typically private scholarships that students are forced to decline and therefore, an expansion of COA is more likely to result in greater access to private scholarship funding.

The one exception to this is the Middle Class Scholarship program, which provides funding to students based on their remaining unmet need. Increased COA figures may result in some students meeting the threshold to qualify for an MCS award who would not have otherwise.

An increase to the COA amount could also make students eligible for additional federal loans (either subsidized or unsubsidized), allowing them to avoid private loans, which typically have less favorable terms.

### **15. Does this bill have a cost?**

No fiscal impact is anticipated. As noted above, because state financial aid is accounted for prior to scholarship or other aid, when a student hits their COA limit, it is scholarship or other private aid that must be declined rather than state aid. This bill could result in very extremely small shifts to how Middle Class Scholarship funds are allocated if additional students request adjustments, however, because the amount of MCS is capped each year based on the budget allocation, increases to COA will not result in any additional state obligation.

The amount of staff time required to update policies and websites is expected to be minimal and absorbable. Better advertising of adjustment policies could result in slight increases in the number of requests for adjustments.