

**CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY
(CEFA)**

College Access Tax Credit Fund

Taxable Year 2022 – Update

April 27, 2023

Background:

The College Access Tax Credit Fund (CATCF or the Fund) was enacted with the passage of Senate Bill 798 in 2014 and amended by Senate Bill 81 in 2015. The CATCF allowed individuals, insurance companies, and businesses to claim a tax credit equal to a certain percentage of cash contributions made to the Fund in Taxable Year (TY) 2014-2017. The tax credit was based on an annual sliding scale, from 60% in TY 2014 to 50% in TY 2017, and the maximum aggregate of tax credits allowable was \$500 million each year, in addition to the amount of unallocated and uncertified tax credits from the previous TY. CEFA administers the Fund and is responsible for allocating and certifying the tax credits for individuals, insurance companies, and businesses, and providing copies of the certifications to the Franchise Tax Board (FTB) and the Department of Insurance.

Under the original legislation, the CATCF was set to expire after TY 2017. Assembly Bill 490, passed in 2017, extended the Fund through TY 2022, and then again Assembly Bill 2880 in 2022, extended the Fund through TY 2027. All of CEFA's responsibilities remain unchanged, and CEFA continues to allocate and certify tax credits equal to 50% of the amount contributed by the taxpayer to the Fund; however, the maximum aggregate of tax credits CEFA can allocate and certify cannot exceed a total cumulative amount of \$500 million for TYs 2017 – 2027 combined.

The Fund is designed to support the moneys currently available to provide Cal Grants to low-income college students. A portion of the contributions made to the Fund goes to the California Student Aid Commission (CSAC), which administers the State's Cal Grant Program. Cal Grants are for students pursuing an undergraduate degree or vocational career training at a qualifying California college.

Contributions to the Fund

For TY 2022, CEFA received \$1,081,200 for the Fund across 75 contributions. The table below reflects a summary of contribution and tax credit data for TY 2022.

	<u>2022</u>
Total Number of Contributions	75
Total Amount of Contributions	\$1,081,200
Tax Credits Allocated and Certified	\$540,600
Largest Contribution	\$200,000
Smallest Contribution	\$100
Average Contribution	\$14,416
Median Contribution	\$6,950

Annual Trends & Program Marketing

The total number of contributions to the Fund has steadily decreased over the years from 355 in TY 2014 to 75 in TY 2022. Although the total dollar amount contributed in TY 2022 is comparable to the previous year, it is still much lower when compared to TY 2018 and prior. It is presumed that the passing of the Tax Cuts and Jobs Act (TCJA) in December 2017 is largely responsible for the reduction of contributions after TY 2018. The TCJA made several significant changes to individual income taxes, such as a larger standard deduction and new limitations on itemized deductions.

With the passing of AB 2880, a portion of the moneys in the CATCF may be used by CEFA for outreach purposes, prospectively increasing the awareness of and interest in the Fund. Additionally, CEFA and CSAC have engaged in several marketing efforts in an attempt to increase the number of contributions, including promotional efforts on social media, collaborations with FTB, and sending informational fliers to various tax associations across the state.

