



Colleges (CCC) to be eligible to receive a scholarship derived from nonstate funds, as received by the respective segment for the purpose of scholarships (EC § 66021.7.).

- 4) Establishes the Dream Loan Program at UC and CSU campuses that elect to participate in the program. Under the program, an AB 540 student meeting specified requirements, including demonstrating financial need, may obtain a loan of up to \$4,000 per academic year, up to a maximum of \$20,000. The repayment term for the loan is 10 years, and repayment commences following a six-month grace period beginning when the student graduates or ceases to maintain at least half-time enrollment. Eligibility for deferment or forbearance of loan repayments is consistent with the federal direct student loan program. (EC § 70033.)
- 5) Requires the annual Budget Act to allocate funding to participating institutions based on the number of AB 540 students who applied for state financial aid in the prior academic year. Participating institutions must at least match the state allocation using the institution's discretionary funds. Both the state and local funding is deposited into a DREAM revolving fund. Loan repayments are also deposited into the revolving fund and are intended to reduce the annual state and campus contributions equally. (EC § 70035.)

Requires, by January 1, 2020, a UC and the CSU campuses participating in the state DREAM Loan Program to adopt procedures allowing a borrower to select an income-based repayment plan for the repayment of a DREAM Loan.

## ANALYSIS

This bill:

- 1) Extends, commencing with the 2020-21 academic year, eligibility for the DREAM loan program at the CSU and the UC to a student who is enrolled in a program of study leading to a professional or graduate degree.
- 2) Specifies that the proportion of program funds used for undergraduate programs and graduate programs to be determine at the discretion of a participating institution.
- 3) Declares that it is the Legislature's intent that priority be given to loans for instructional programs.
- 4) Defines for purpose of this bill, "Graduate program" to mean a program of study leading to a graduate or professional degree, including, but not limited to, a teaching credential, the prerequisite for which is a baccalaureate degree or undergraduate degree.
- 5) Makes other technical and non-substantive changes.

**STAFF COMMENTS**

- 1) ***Need for this bill.*** According to the author, “today undocumented students enrolled in a graduate or professional degree are limited in their options to fund their education and face very unique challenges than their undergraduate counterparts. Current funding options for undocumented students attending a California State University (CSU) or University of California (UC) and meet the AB 540 requirements are eligible to obtain institutional grants, scholarships, and fellowships that do not have legal status requirements. If the student is a DACA recipient they are eligible for additional means to fund their education including fellowships that allow the use of work permits, employment as a teacher’s assistant at the university, and general employment.

In September of 2017 President Trump rescinded the Deferred Action for Childhood Arrivals (DACA) program that place millions of Californians at risk of losing their protection from deportation and work authorization that allows them to be employed. Since the rescinding of the program several federal courts have provided rulings that have allowed current DACA recipients to continue to enroll in the program, however one of the federal court cases has been appealed to the Supreme Court of the United States (SOCTUS) and awaits to be calendared this year and a final ruling on the fate of the program which may not have a favorable outcome for DACA recipients.”

This bill seeks to provide graduate students who meet the requirements established by AB 540 an additional option to help finance their education by extending eligibility from the DREAM Loan program to these students.

- 2) ***California Dream Loan program.*** Existing law establishes the California Dream Loan Program, a voluntary campus-based student loan program, patterned after the Federal Direct Loan Program. Both the State and the university contribute (1:1 match) to the loan fund until the program becomes self-sustaining. This program serves undocumented AB 540 students at UC and CSU who, under the terms of the California Dream Act, became eligible for state and institutional grant programs but are ineligible for federal student loan programs. Unutilized funds carryforward to the next year. For the 2015-16 academic year, 280 CSU students and 434 UC students received funding and in the following year, 536 CSU students and 1,384 UC students received a loan. The average award per UC student was \$2,696 and \$2,697 at CSU. The demand for the program has increased each year since it has been available in 2015-16.
- 3) ***Who is eligible for a Dream loan?*** To be eligible for a Dream loan, an undergraduate must qualify for AB 540 nonresident tuition waiver and have an unmet financial need. As mentioned in the background of the analysis eligibility for AB 540 nonresident tuition exemption is available to California nonresidents who attended or attained credits at a California high school or California community college campus for a minimum of three years as defined. Staff notes that many AB 540 students may also have DACA status. DACA is a federal process that defers removal action of an individual for a specified number of years. It allows those who are eligible to have work authorization. The state (AB 540) and federal (DACA) program are independent of each other. Participation in

the DREAM loan program is condition on meeting requirements outlined by state law.

- 4) ***Priority for undergraduate students.*** Currently, the DREAM loan program is not available to students enrolled in graduate or professional degree programs. Traditionally state-funded aid programs provide assistance to help students complete their first degree or a certificate. This bill allows institutions to determine the proportion of funds allocated for undergraduate and graduate programs. The bill also specifies legislative intent that funding be prioritized for instructional programs, thereby giving undergraduates priority to DREAM loan awards. Rather than declaring intent for prioritization of funds and for purposes of ensuring institutions give precedence to undergraduate loan applicants ***staff recommends*** that the bill be amended strengthen language relative to prioritization to require that priority be given to loans for instructional programs.

## SUPPORT

AB 540 Ally Training Project  
 Alliance for a Better Community  
 Asian Americans Advancing Justice - Los Angeles  
 California Dream Network  
 California Immigrant Policy Center  
 California State University, Office of the Chancellor  
 California Undocumented Higher Education Coalition  
 Californians Together  
 Campaign for College Opportunity  
 Carecen  
 Coalition for Humane Immigrant Rights  
 Foundation for California Community Colleges  
 Hispanic Association of Colleges & Universities (Hacu)  
 Immigrants Rising  
 Kid City Hope Place  
 League of United Latin American Citizens  
 Leticia A. Network  
 Los Angeles Area Chamber Of Commerce  
 Los Angeles Community College District  
 Los Angeles United Methodist Urban Foundation  
 Mexican-American Legal Defense and Ed Fund [Maldef]  
 Southern California College Access Network  
 Student Senate for California Community Colleges  
 Students Making a Change (Smac)  
 The Civil Rights Project – Proyecto Derechos Civiles  
 The Education Trust - West  
 Unidosu  
 University of California  
 University of California Student Association  
 USC Rossier Pullias Center for Higher Education  
 Year Up  
 Young Invincibles

**OPPOSITION**

None received

**-- END --**