
SENATE COMMITTEE ON EDUCATION

Senator Connie Leyva, Chair

2019 - 2020 Regular

Bill No: SB 354 **Hearing Date:** April 3, 2019
Author: Durazo
Version: March 25, 2019
Urgency: No **Fiscal:** Yes
Consultant: Olgalilia Ramirez

Subject: California DREAM Loan Program: graduate degree programs.

SUMMARY

This bill expands, commencing with the 2020-21 academic year, eligibility for the California DREAM loan program at the California State University (CSU) and University of California (UC) to a student who is enrolled in a program of study leading to a professional or graduate degree, if the student meets the other applicable qualifications.

BACKGROUND

Existing law:

- 1) Exempts specified California nonresidents from paying nonresident tuition at UC, CSU, and California Community Colleges (CCC), also known as the AB 540 nonresident tuition waiver, if they meet all of the following: (Education Code § 68130.5.)
 - a) Attended or attained credits at a California high school, an adult school, a CCC campus, or a combination of these entities, for the equivalent of three or more years; or completed three or more years of full-time high school coursework, and a total of three or more years of attendance in California elementary schools, California secondary schools, or a combination of such elementary and secondary schools.
 - b) Graduated from a California high school or attained an equivalent degree; attained a CCC associate degree; or fulfilled the minimum transfer requirements from a CCC campus to a UC or CSU campus.
 - c) Registered or attended an accredited California higher education institution beginning after fall of the 2001-02 academic year; and,
 - d) If an undocumented student has filed an affidavit stating that the student has filed an application to legalize his or her immigration status or will file such an application as soon as he or she is eligible to do so.
- 2) Authorizes, beginning January 1, 2013, AB 540 students to be eligible to apply for, and participate in, any student financial aid program administered by the State of California to the full extent permitted by federal law. (EC § 66021.6.)
- 3) Authorizes, beginning January 1, 2013, AB 540 students attending University of California (UC), California State University (CSU), or the California Community

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

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