

Date of Hearing: April 19, 2022

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 2004 (Cristina Garcia) – As Amended April 4, 2022

SUBJECT: California DREAM Loan Program.

SUMMARY: Strengthens key elements of the California DREAM Loan Program (Program) and ensures student borrowers are aware of all forms of relief and repayment options during required financial counseling. Provides additional forms of relief including loan forgiveness and administrative relief during times of emergency. Specifically, **this bill:**

- 1) Expresses the following Legislative intent that each participating institution achieves all of the following:
 - a) Offers DREAM loan forgiveness options to each student who receives a DREAM loan, in accordance with the loan forgiveness options set forth in all of the following federal programs:
 - i) The Public Service Loan Forgiveness Program established pursuant to the federal College Cost Reduction and Access Act of 2007 (Public Law 110-84) and described in Section 685.219 of Title 34 of the Code of Federal Regulations;
 - ii) The Teacher Loan Forgiveness Program established pursuant to the Higher Education Amendments of 1998, which amended the federal Higher Education Act of 1965, and described in Sections 685.216 and 685.217 of Title 34 of the Code of Federal Regulations;
 - iii) The John R. Justice Student Loan Repayment Program established by the federal Bureau of Justice Assistance within the United States Department of Justice;
 - iv) The National Health Service Corps (NHSC) Loan Repayment Program; and,
 - v) The Nurse Corps Loan Repayment Program administered by the federal Health Resources and Services Administration.
 - b) To extend DREAM loan deferment options to each student who is participating in a graduate fellowship program or rehabilitation from a disability program, or is an active duty member or postactive duty member of the Armed Forces of the United States;
 - c) To extend DREAM loan discharge options to each student who files bankruptcy, where a false certification and unauthorized disbursement has been made, has an unpaid DREAM loan refund, or would be eligible for DREAM loan forgiveness in accordance with the standards set forth in the federal Teacher Loan Forgiveness Program or Public Service Loan Forgiveness Program; and,
 - d) To extend DREAM loan forbearance to each student who serves in local- or state-operated AmeriCorps programs, would be eligible to repay their DREAM loan in a repayment plan in accordance with the standards set forth in a United States Department of Defense loan repayment plan, or would be eligible to receive loan forgiveness in

accordance with the standards set forth in the federal Teacher Loan Forgiveness Program or Public Service Loan Forgiveness Program.

- 2) Expresses the following Legislative intent to ensure that each eligible student who receives a DREAM loan can have that loan forgiven under any of the following programs:
 - a) The CalHealthCares loan repayment program;
 - b) The Bachelor of Science Nursing Loan Repayment Program;
 - c) The Allied Healthcare Loan Repayment Program;
 - d) The California State Loan Repayment Program; and,
 - e) The Licensed Vocational Nurse Loan Repayment Program.
- 3) Stipulates that a student may not borrow more than \$40,000 in the aggregate under the Program.
- 4) Stipulates that a student who is enrolled in an undergraduate program may not borrow, as an undergraduate student, more than \$20,000 in the aggregate under the Program.
- 5) Stipulates that a student who is enrolled in a graduate program may not borrow, as a graduate student, more than \$20,000 in the aggregate under the Program.
- 6) Adds the following to the required data metrics to be reported, as specified:
 - a) The annual amount contributed by DREAM loan repayments to the institution's DREAM revolving fund;
 - b) The annual amount of DREAM loans issued by campus;
 - c) The annual amount of remaining DREAM loan debt owed by borrowers; and,
 - d) Borrower demographic information, which shall include, but is not limited to, age, gender, race, ethnicity, completed education level, and family education level.
- 7) Adds that exit loan counseling shall include, but is not limited to, information about DREAM loan repayment, including repayment options, forbearance, deferment, discharge, and forgiveness.
- 8) Requires participating institutions to post information about the DREAM loan on the institution's internet website. That information shall include, but is not limited to, DREAM loan eligibility requirements, DREAM loan interest rates for the past five years, how to apply for and accept a DREAM loan, and information about DREAM loan repayment, including repayment options, forbearance, deferment, discharge, and forgiveness. The participating institution shall update its internet website to include information about administrative relief granted to borrowers.
- 9) Makes technical and clarifying changes to existing law.

EXISTING LAW: *Federal law.* On June 15, 2012, the Secretary of Homeland Security, under the direction of President Obama, announced the Deferred Action for Childhood Arrivals (DACA) policy, authorizing certain people who came to the United States as children and meet several guidelines to request consideration of deferred action for a period of two years, subject to renewal. They are also eligible for work authorization. Deferred action is a use of prosecutorial discretion to defer removal action against an individual for a certain period of time. Deferred action does not provide lawful status.

State law.

- 1) Exempts specified California nonresidents from paying nonresident tuition at the University of California (UC), the California State University (CSU), and the California Community Colleges (CCC), also known as the AB 540 nonresident tuition waiver, if they meet all of the following:
 - 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 a person without lawful immigration status 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 so do (EC Section 68130.5).
- 2) Requires the CSU Trustees and the CCC Board of Governors, and requests the UC Regents, to establish procedures and forms that enable AB 540 students to apply for, and participate in, all student aid programs administered by these segments to the full extent permitted by federal law (EC Section 66021.6).
- 3) Establishes the California DREAM Act to provide state financial aid, including the Cal Grant Program and the CCC California College Promise Grant (formerly known as the Board of Governors Fee Waiver), and institutional financial aid to students who qualify for the aforementioned exemption from non-resident tuition (as listed in number one above); students must apply by March 2 prior to the academic year; Dream Act recipients receive Cal Grant Entitlement awards, but are not eligible for Competitive Cal Grant awards unless funding remains available after eligible California students have received awards (EC Section 69508.5).
- 4) Establishes the California DREAM Loan Program intended to provide low-interest loans to Dream Act students who are accessing the Cal Grant program and attending UC and CSU. These students are not eligible for federal student loans, making it difficult for some to

cover the total costs of college. The law requires the state, UC, and CSU to split the costs of launching the program. Expands, commencing with the 2020-21 academic year, the California DREAM Loan eligibility to a student who is enrolled in a program of study leading to a professional or graduate degree at the CSU and the UC (EC Sections 70030-70039).

FISCAL EFFECT: Unknown

COMMENTS: *Background.* In 2014 the Legislature enacted SB 1210 (Lara), Chapter 754, Statutes of 2014, which established the California DREAM Loan Program, an affordable loan option that is offered at UC and CSU for undergraduate AB 540 students to assist in financing their education. The loan was designed to mirror federal student loan programs with including provisions that placed a cap on loan amounts and low interest rates.

In 2019, the Legislature enacted SB 354 (Durazo), Chapter 526, Statutes of 2019, which expanded the provisions of the DREAM Loan Program to include eligible graduate students, seeking a graduate or professional degree program.

During the COVID-19 global pandemic, the federal government has taken steps to relieve the burden placed on federal student-loan borrowers. In fact, in April 2022, the Biden Administration announced it would further extend the federal student-loan payment pause through the end of August.

However, the California DREAM Loan Student borrowers have not been given these alleviations due to the lack of authority in the Program, causing a disparity between the two groups of student borrowers.

Committee Staff understands that it continues to be the intent of the Legislature to ensure that the DREAM Loan Program mirrored that of the federal student loan programs, including provisions of relief, protections, and financial education.

Purpose of this measure. According to the author, “AB 2004 would provide prospective undocumented college students with critical resources for how to obtain and repay the California Dream Loan and provides similar protections and relief options as students that borrow from a similar federal loan program.”

The author contends that, “Providing transparency and expanded protection to these students will help more undocumented California students finance their college education with an affordable and reliable loan product and obtain a degree.”

Further, the author states, “In past years California has expanded access to career pathways for undocumented youth to enter into various professions including professions that are in high demand for culturally competent professions such as professions in the medical and health fields, educators, and those in the legal profession. By including loan forgiveness we ensure that DREAM Loan borrowers are able to be rewarded for the same work and service that they offer and provide to the public and the communities that they serve.”

REGISTERED SUPPORT / OPPOSITION:

Support

California Student Aid Commission
Californians for Economic Justice
Coalition for Humane Immigrant Rights (CHIRLA) (Co-Sponsor)
Immigrants Rising
Loyola Law School, Loyola Immigrant Justice Clinic
Western Center on Law & Poverty (Co-Sponsor)

Opposition

None on file.

Analysis Prepared by: Jeanice Warden / HIGHER ED. / (916) 319-3960