

Date of Hearing: June 23, 2015

ASSEMBLY COMMITTEE ON HIGHER EDUCATION
Jose Medina, Chair
SB 440 (Committee on Education) – As Amended April 13, 2015

SENATE VOTE: 36-0

SUBJECT: Postsecondary education: institutions.

SUMMARY: Authorizes the withholding of registration privileges from University of California (UC) and California State University (CSU) students who are recipients of the DREAM Loan Program if they have defaulted on their DREAM Loan.

EXISTING LAW:

- 1) Provides that, beginning January 1, 2013, AB 540 (Firebaugh), Chapter 814, Statutes of 2001, students are 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; and, requires the California Student Aid Commission to establish procedures and forms that enable AB 540 students to apply for, and participate in, all student financial aid programs administered by the State of California to the full extent permitted by federal law (Education Code Section 69508.5).
- 2) Requires the CSU Trustees and the California Community Colleges (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 (CCC, CSU, and UC) to the full extent permitted by federal law (EC Section 66021.6).
- 3) Provides that a student attending the CCC, the CSU, or the UC who is exempt from paying nonresident tuition under the provisions of AB 540 is eligible to receive a scholarship derived from nonstate funds received, for the purpose of scholarships, by the segment at which he or she is a student (EC Section 66021.7).
- 4) Establishes the California DREAM Loan Program, which may also be referred as the DREAM Program (EC Section 70031).
- 5) Requires the CSU Trustees and UC Regents to adopt regulations providing for the withholding of institutional services from students or former students who have been notified in writing at the student's or former student's last known address that he or she is in default on a loan or loans under the DREAM Program; and, specifies that the services withheld, as specified, shall not include the withholding of registration privileges (EC Section 70037).

FISCAL EFFECT: Unknown. This bill is keyed non-fiscal by the Legislative Counsel.

COMMENTS: *Background.* Existing law (as described above), establishes the DREAM Loan Program. The DREAM Program specifies that if a DREAM Loan recipient defaults on his or her loan, the CSU or UC, as applicable, can withhold the following services from the recipient: 1) the provision of grades; 2) the provision of transcripts; and, 3) the provision of diplomas.

Existing law also states that even with the default of the DREAM Loan, a recipient can still be allowed to register for classes.

To note: All other loan programs whereby a student defaults on a loan, allows the respective campus of the CSU or UC to withhold registration privilege from the student.

Purpose of this measure. According to the Senate Committee on Education, collective authors of this measure, SB 440 ensures consistency with other financial aid programs whereby campuses of the CSU and UC have the option to withhold registration privileges should a student default on a loan regardless of the loan program.

REGISTERED SUPPORT / OPPOSITION:**Support**

California State University

Opposition

None on file.

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