



THE OFFICE OF SENATE MAJORITY WHIP

**LENA A. GONZALEZ**

SENATOR 33<sup>RD</sup> SENATE DISTRICT

## **SB 633 (Gonzalez) California DREAM Loan Program Expansion**

### **SUMMARY**

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Senate Bill (SB) 633 provides public higher education institutions with the ability to repurpose unused DREAM Loan funds to award supplemental grants to California Dream Act grant-eligible students.

### **EXISTING LAW**

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SB 1210 (Lara, Chapter 754, Statutes of 2014) established the California DREAM Loan Program to provide state and institutional financial aid to students who qualify under the California Dream Act. The DREAM Loan Program was established to provide low-interest loans to undocumented students who are accessing the Cal Grant Program and attending a California Community College (CCC), University of California (UC) or California State University (CSU). The program was designed to mirror federal student loan programs and contains provisions that cap loan amounts and require low interest rates.

### **BACKGROUND/PROBLEM**

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California is one of the most diverse states in the nation, and has taken numerous historic steps to support undocumented students. Many of these students are enrolled in higher education, working to obtain degrees and skills to live a better life and give back to their community while contributing to the local economy.

California has developed pioneering programs that provide eligible undocumented students, including Deferred Action for Childhood Arrivals (DACA) recipients,

with access to state financial aid, scholarships, and educational loans such as the DREAM Loan Program.

Currently, there are approximately 14,000 to 17,000 undocumented students attending UCs and CSUs. Many of these students rely on the federal DACA program for work authorization. However, a recent injunction from the U.S. District Court for the Southern District of Texas has blocked the U.S. Citizenship and Immigration Services (USCIS) from granting any new applications for the DACA program, meaning only students that already have DACA will have work authorization and the confidence to be able to pay back loans. Those without work authorization through DACA face more challenges in being able to pay back student loans and are further discouraged from taking advantage of programs like the DREAM Loan Program. The University of California now has three consecutive freshman classes that are ineligible to receive DACA work authorization.

Moreover, the demand among undocumented students for the DREAM Loan program has not kept pace with the amounts appropriated for the program. In addition to the State's \$2.5 million annual contribution, the UC and CSU provide funds to replenish the DREAM loan fund. It is estimated that more than \$10 million in funding is going unused in the program from multiple years of lower than expected demand for DREAM loans. However, hundreds of students who now lack work authorization from the DACA program will need funding to stay in school.

Providing public higher education institutions with the ability to repurpose unused funds would help provide

vital financial assistance to these undocumented students.

## **SOLUTION**

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SB 633 will expand the existing DREAM Loan Program by providing UCs and CSUs with the authority to repurpose unexpended balances in the program and provide scholarships to undocumented students.

Specifically, SB 633 authorizes a participating UC and CSU to award DREAM grants to grant-eligible undocumented students if the institution has funds that have not been awarded in their DREAM grant revolving fund.

The bill defines grant-eligible students as students that have applied for financial aid using the California Dream Act Application and have been previously awarded a Cal Grant, Middle Class Scholarship, or institutional need-based financial aid. The participating higher education institutions would also be required to look at a student's financial need in order to determine the award amount.

DREAM grants will help offset the total cost of attendance for UC and CSU undergraduates and provide subsidies to graduate student fellowships. Any unused balances to support students through loans would be used in the next academic year to provide scholarship support.

## **SUPPORT**

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University of California (Sponsor)

## **CONTACT**

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