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**SB-633 California DREAM Loan Program: DREAM grants.** (2023-2024)

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**Senate Bill No. 633**

**CHAPTER 622**

An act to amend Sections 70032 and 70036 of, and to add Section 70035.5 to, the Education Code, relating to student financial aid.

[ Approved by Governor October 08, 2023. Filed with Secretary of State October 08, 2023. ]

**LEGISLATIVE COUNSEL'S DIGEST**

SB 633, Gonzalez. California DREAM Loan Program: DREAM grants.

Existing law establishes the California DREAM Loan Program, which provides a student attending a participating campus of the University of California or California State University with a loan, referred to as a DREAM loan, if the student satisfies specified requirements, including a requirement that the student be exempt from paying nonresident tuition or meets equivalent requirements adopted by the Regents of the University of California, and that the student be enrolled in an instructional program, as defined, or, commencing with the 2020–21 academic year, a graduate program.

This bill would, commencing with the 2024–25 academic year, authorize participating institutions to award DREAM grants to grant-eligible students, as defined, if the institution has unawarded funds in the institution's DREAM revolving fund, as specified. The bill would require the amount of the DREAM grant offered to an individual student to be determined by the institution, not to exceed the student's financial need, and would prohibit a DREAM grant awarded pursuant to these provisions from counting towards the annual or aggregate borrowing limits established for the California DREAM Loan Program.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

**THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:**

**SECTION 1.** Section 70032 of the Education Code is amended to read:

**70032.** As used in this article, the following terms have the following meanings:

- (a) An "academic year" is July 1 to June 30, inclusive. The start date of a session shall determine the academic year in which it is included.
- (b) "Award year" means one academic year, or the equivalent, of attendance at a qualifying institution.
- (c) "Commission" means the Student Aid Commission.
- (d) "Cost of attendance" means the student's tuition and fees, books and supplies, living expenses, transportation expenses, and any other student expenses used to calculate a student's financial need for purposes of federal Title IV student aid programs.

(e) "Enrollment status" means part-time status or full-time status of a student at a qualifying institution.

(f) "Expected family contribution" means a student's expected family contribution calculated, pursuant to subdivision (a) of Section 69506, according to the federal methodology (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)).

(g) "Financial need" means a student's financial need calculated pursuant to the federal financial need methodology (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)).

(h) "Graduate program" means 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.

(i) "Grant-eligible student" means a student who has applied for financial aid using the application established by the commission pursuant to subdivision (b) of Section 69508.5, known as the Dream Act Application and has been previously awarded a Cal Grant, Middle Class Scholarship, or institutional need-based financial aid.

(j) "Instructional program" means a program of study that results in the award of a baccalaureate degree or undergraduate certificate, or undergraduate coursework in a program of study leading directly to a first professional degree for which no baccalaureate degree or undergraduate degree is awarded.

(k) "Participating institution" means any campus of the California State University or the University of California that elects to participate in the DREAM Program pursuant to the requirements specified for a qualifying institution as set forth in this article.

(l) "Satisfactory academic progress" means those criteria required by applicable federal standards published in Title 34 of the Code of Federal Regulations. A participating institution may adopt regulations defining "satisfactory academic progress" in a manner that duplicates those federal standards, provided that, to the extent consistent with applicable federal standards, the regulations adopted by the participating institution provide that homelessness, as defined as a "homeless individual" within the meaning of the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11302(a)), or as defined as a "homeless child or youth," as defined in subsection (2) of Section 725 of the federal McKinney-Vento Homeless Assistance Act (42 U.S.C. Sec. 11434a(2)), is an extenuating circumstance for students who are otherwise unable to meet the requirements deemed to constitute "satisfactory academic progress" at that institution. The institution may consider this extenuating circumstance, in its discretion, to the extent consistent with federal standards, to alter or excuse compliance with those progress requirements.

**SEC. 2.** Section 70035.5 is added to the Education Code, to read:

**70035.5.** (a) It is the intent of the Legislature to establish the DREAM grant program.

(b) Commencing with the 2024–25 academic year, a grant-eligible student attending a participating institution may receive a DREAM grant pursuant to this section.

(c) Each participating institution may award DREAM grants to grant-eligible students if that institution has unawarded funds in the institution's DREAM revolving fund that were new state, institutional matching, or loan repayment funds deposited during the previous academic year pursuant to Section 70035.

(d) DREAM grants shall be provided during the academic year immediately following the academic year in which there was an unawarded DREAM revolving fund balance.

(e) In a given academic year, a DREAM grant shall not exceed a student's financial need.

(f) The amount of a DREAM grant offered to an individual student by a participating institution shall be determined by the institution. Priority shall be given to DREAM grants for instructional programs.

(g) A DREAM grant awarded pursuant to this section shall not count towards the annual and aggregate borrowing limits described in subdivision (a) of Section 70034.

**SEC. 3.** Section 70036 of the Education Code is amended to read:

**70036.** Each participating institution is responsible for all the following:

(a) The participating institution shall determine a student's eligibility for a DREAM loan.

(b) The participating institution shall award DREAM loan funds to students.

(c) The participating institution shall provide entrance and exit loan counseling to borrowers that is generally comparable to that required by federal student loan programs. Exit loan counseling shall include, but is not limited to, information about DREAM loan

repayment, including repayment options, forbearance, deferment, discharge, and forgiveness.

(d) The participating institution shall service DREAM loans, collect DREAM loan repayments, and perform all of the due diligence required by the federal Fair Credit Reporting Act (15 U.S.C. Sec. 1681 et seq.).

(e) The participating institution shall establish mechanisms for recording the annual amount of the DREAM loan borrowed by each recipient, and the aggregate amount of DREAM loans borrowed by each recipient, in order to comply with the annual and aggregate borrowing limits set forth in Section 70034.

(f) The participating institution shall 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.

(g) The participating institution shall award DREAM grants to grant-eligible students.