

House Bill 2569

Sponsored by Representative HERNANDEZ; Representatives ALONSO LEON, RUIZ (Pre-session filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes Dreamers Access Program to award student loans to eligible students with demonstrated financial need. Establishes maximum loan limits for undergraduate and graduate students. Requires Higher Education Coordinating Commission to administer program by rule.

Establishes Dreamers Access Program Fund. Continuously appropriates moneys to commission for purpose of awarding loans and administering program.

Requires commission to file biennial report with Legislative Assembly stating mean and median dollar amounts of loans under program during previous biennium, total number of students who received loan during previous biennium, total amount of moneys within fund, total amount of moneys appropriated or otherwise provided to fund during current biennium by Legislative Assembly and commission's annual administrative costs for administering program.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to student loans; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Sections 2 to 4 of this 2021 Act are added to and made a part of ORS chapter**
5 **348.**

6 **SECTION 2. (1) As used in sections 2 to 4 of this 2021 Act:**

7 (a) "Eligible student" means an individual who:

8 (A) Is enrolled in sufficient credit hours to be considered at least a half-time student in
9 a baccalaureate or graduate degree program at a public university;

10 (B) Is making satisfactory academic progress, as defined by the Higher Education Coordinating
11 Commission by rule, at the public university;

12 (C) Is exempted from paying nonresident tuition under ORS 352.287;

13 (D) Has completed and submitted to the commission the Free Application for Federal
14 Student Aid, or an equivalent Oregon application established by the commission by rule; and

15 (E) Is not incarcerated.

16 (b) "Loan recipient" means an eligible student who has received a loan under the
17 Dreamers Access Program.

18 (c) "Public university" means:

19 (A) A public university listed in ORS 352.002; or

20 (B) Oregon Health and Science University.

21 (2) The Dreamers Access Program is established within the Higher Education Coordinating
22 Commission, to be administered pursuant to rules adopted by the commission. The
23 commission may enter into any contracts necessary to implement sections 2 to 4 of this 2021
24 Act.

25 (3) The commission shall determine:

26 (a) Whether each individual who has completed and submitted to the commission an ap-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **plication described in subsection (1)(a)(D) of this section is an eligible student;**

2 **(b) Whether each individual identified in paragraph (a) of this subsection has a financial**
 3 **need for the academic year such that, in the opinion of the commission, a loan is warranted,**
 4 **taking into consideration the availability of an Oregon Opportunity Grant for the applicant;**
 5 **and**

6 **(c) Subject to subsection (6) of this section, the dollar amount of the loan.**

7 **(4) If the commission determines under subsection (3) of this section that an applicant**
 8 **is an eligible student and that a loan is warranted, the commission shall award a loan to the**
 9 **eligible student under the program.**

10 **(5) A loan recipient may apply for an additional loan under this section each academic**
 11 **year. The commission shall by rule establish academic standards and benchmarks that a loan**
 12 **recipient must meet to qualify for additional loans.**

13 **(6) A loan recipient may not receive Dreamers Access Program loans that exceed:**

14 **(a) For an undergraduate student, the lesser of:**

15 **(A) An amount per academic year that is established by the commission by rule to equal**
 16 **the maximum amount of Federal Stafford Loans, or their successor, that a dependent**
 17 **undergraduate student could receive; or**

18 **(B) The financial need of the loan recipient for an academic year, as determined in sub-**
 19 **section (3)(b) of this section.**

20 **(b) For a graduate student, the lesser of:**

21 **(A) \$10,000 in any academic year; or**

22 **(B) The financial need of the loan recipient for an academic year, as determined in sub-**
 23 **section (3)(b) of this section.**

24 **(c) An aggregate total of \$50,000.**

25 **(7) Each public university shall provide loan recipients with entrance and exit loan**
 26 **counseling that is comparable to the counseling the public university is required to provide**
 27 **to recipients of federal student loans.**

28 **(8)(a) The commission shall establish the interest rate or rates for loans awarded under**
 29 **this section in the manner described in section 3 of this 2021 Act.**

30 **(b) The standard repayment term for a loan awarded under this section is 10 years. Re-**
 31 **payment by a loan recipient shall begin following a six-month grace period that begins when**
 32 **a loan recipient graduates or is no longer enrolled in sufficient credit hours to be considered**
 33 **at least a half-time student in a baccalaureate or graduate degree program at a public uni-**
 34 **versity.**

35 **(c) Interest may not accrue on a loan awarded under this section during:**

36 **(A) Periods when the loan recipient is enrolled in sufficient credit hours to be considered**
 37 **at least a half-time student in a baccalaureate or graduate degree program at a public uni-**
 38 **versity; or**

39 **(B) The six-month grace period described in paragraph (b) of this subsection.**

40 **(9) All moneys from repayment of loans awarded under this section shall be deposited in**
 41 **the Dreamers Access Program Fund established in section 4 of this 2021 Act.**

42 **(10) Eligibility for deferment or forbearance of a loan awarded under this section shall**
 43 **be determined by the commission in a manner that is consistent with the standards used to**
 44 **determine deferment or forbearance of federal student loans.**

45 **(11) If a loan recipient defaults on the repayment of a loan awarded under this section,**

1 the commission may:

2 (a) Have any amounts due be collected by the Collections Unit in the Department of Re-
3 venue under ORS 293.250; and

4 (b) Report the loan recipient's default to a consumer reporting agency as defined in ORS
5 646A.602.

6 **SECTION 3.** The Higher Education Coordinating Commission shall:

7 (1) Adopt rules to administer the Dreamers Access Program established in section 2 of
8 this 2021 Act.

9 (2) Develop a master promissory note to be used for loans awarded under the program.

10 (3) Subject to subsection (1) of this section, for each loan awarded under the program,
11 service the loan, collect all loan payments and perform all due diligence required by the
12 federal Fair Credit Reporting Act (15 U.S.C. 1681 et seq.) and any other applicable laws.

13 (4) Establish the interest rate to be used for loans awarded under the program. In de-
14 termining the interest rate to be used, the commission must consider:

15 (a) The risk that loan recipients will default on the repayment of the loans; and

16 (b) The effect the interest rate will have on the cost for loan recipients to repay the
17 loans.

18 (5) Track and record the dollar amount of loans awarded to each loan recipient under the
19 program:

20 (a) For each academic year; and

21 (b) As an aggregate total amount.

22 **SECTION 4.** (1) The Dreamers Access Program Fund is established in the State Treasury,
23 separate and distinct from the General Fund. Amounts in the Dreamers Access Program
24 Fund may be invested as provided in ORS 293.701 to 293.857. Interest earned by the Dreamers
25 Access Program Fund shall be credited to the fund. Moneys in the fund are continuously
26 appropriated to the Higher Education Coordinating Commission for the purpose of awarding
27 loans and administering the Dreamers Access Program under sections 2 and 3 of this 2021
28 Act.

29 (2) The fund shall consist of:

30 (a) Moneys received as repayment of loans awarded under the Dreamers Access Program;

31 (b) Moneys appropriated or otherwise transferred to the fund by the Legislative Assem-
32 bly;

33 (c) Moneys received from federal, state or local sources;

34 (d) Amounts donated to the fund;

35 (e) Investment earnings received on moneys in the fund; and

36 (f) Other amounts deposited in the fund from any source, public or private.

37 **SECTION 5.** The Higher Education Coordinating Commission shall file with the interim
38 committees of the Legislative Assembly related to higher education, in the manner provided
39 in ORS 192.245, a biennial report that states:

40 (1) The mean and median dollar amounts of loans awarded during the previous biennium
41 under the Dreamers Access Program established in section 2 of this 2021 Act.

42 (2) The total number of students who received a loan under the program during the
43 previous biennium.

44 (3) The total amount of moneys within the Dreamers Access Program Fund established
45 in section 4 of this 2021 Act at the end of the most recent academic year.

1 (4) The total amount of moneys appropriated or otherwise provided to the fund by the
2 Legislative Assembly during the current biennium.

3 (5) The commission's annual administrative costs for administering the Dreamers Access
4 Program established in section 2 of this 2021 Act.

5 SECTION 6. Sections 2 and 3 of this 2021 Act first apply to loans for the 2022-2023 aca-
6 demic year.

7 SECTION 7. The Higher Education Coordinating Commission shall submit the first
8 biennial reports required under section 5 of this 2021 Act no later than December 1, 2024.

9 SECTION 8. This 2021 Act takes effect on the 91st day after the date on which the 2021
10 regular session of the Eighty-first Legislative Assembly adjourns sine die.

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