



Expanding Financial Access for Immigrants: Loans for DREAMers

Overview

For many low-income immigrants, relief under the [Deferred Action for Childhood Arrivals \(DACA\)](#) policy remains out of reach due to the \$465 application fee. This fee is often cited as the top reason DREAMers¹ delay filing their DACA applications.² The futures of 1.76 million DACA-eligible youth across the United States—and their access to work authorization, protection from deportation, and other vital benefits under DACA—depend on their ability to afford the DACA fee.

Across the country, diverse stakeholders—including foundations, credit unions, and community development financial institutions—have come together to develop revolving loan programs to help make DACA a reality for a larger pool of eligible immigrants. In addition, access to affordable loan products helps largely unbanked immigrants avoid predatory lenders, gain financial knowledge, and begin to establish credit and savings. Such lending models—which can be funded by foundation grants, program-related investments, and mission-related deposits, among other tools—will not only help increase access to DACA and citizenship for eligible immigrants; they will inform the development of lending programs for possible large-scale legalization that can potentially benefit upwards of 11 million undocumented immigrants.

Grantmakers Concerned with Immigrants and Refugees (GCIR) and a diverse range of funders are collaborating with the [New Economy Project](#),³ the [National Federation of Community Development Credit Unions](#) (the Federation), and other groups to develop and implement DACA loan programs in sites across the country. In so doing, we have an eye towards leveraging available funding, promoting coordination among service providers, sharing best practices, and increasing financial literacy in immigrant communities across the country.

Current DACA Loan Programs *(as of 3/15/13)*

GCIR and our philanthropic partners are currently involved in the following DACA loan programs:⁴

- **New York City**
With leadership from the [New Economy Project](#), the [NYC DREAMer Loan Fund](#) has used a \$200,000 anonymous donation to leverage \$2 million in loans and provide \$100,000 in savings incentives for borrowers, among the 60,000 DACA-eligible immigrants in New York City. The project involves the [Lower East Side People's Federal Credit Union](#), the [Brooklyn Cooperative Federal Credit Union](#), and the [New York Immigration Coalition](#). After an initial screening by an approved service provider and

¹ "DREAMers" refers to intended beneficiaries of the federal legislation first introduced in the U.S. Senate on August 1, 2001, the Development, Relief, and Education for Alien Minors Act or the DREAM Act. This bill would provide conditional permanent residency and an eventual path to citizenship for certain undocumented youth. Although DACA benefits a narrower pool of undocumented youth than the proposed DREAM legislation, the term "DREAMers" is used interchangeably with DACA-eligible immigrants and undocumented youth in this document.

² See the February 2013 survey by the Florida DREAM campaign.

³ The New Economy Project was formerly known as the Neighborhood Economic Development Advocacy Project (NEDAP).

⁴ These loan programs have been underway since the end of 2012. Shared elements include: each loan is for \$465 to cover the exact fee amount; checks are made payable to the Department of Homeland Security (DHS); borrowers must demonstrate that they are applying for DACA; borrowers must be 18 years of age or apply with a parent or guardian; and loans are typically provided within one to two business days.

payment of a \$20 fee, borrowers receive no-interest loans, which are paid back over a 12-month period, with no penalty for a prepayment. Partnering credit unions have waived their membership fees for the first year. Borrowers and their family members have access to all credit union services, such as free tax preparation and financial counseling. The program enables new immigrant borrowers to establish a credit history, and upon repaying the loan, receive a \$25 match to encourage continued saving.

- **San Francisco Bay Area and California's Central Valley**

The [Dreamer Loan](#) at [Self-Help Federal Credit Union](#) serves the 43,000 DACA-eligible immigrants in the San Francisco Bay Area and an estimated 40,000 more in California's Central Valley. Self-Help is poised to make up to \$1 million in loans, multiplying the impact of \$100,000 in grants. The Dreamer Loan is available to DACA applicants through 20 Self-Help branches. Application fees and loan scores are not required; however, applicants must informally demonstrate \$500 in monthly income. The loan offers an eight percent interest rate, with a maximum term of 12 months.

- **Los Angeles County**

The 100,000 DACA-eligible immigrants in Los Angeles County have access to the [DREAMer Loan Program](#) at the [Pacoima Credit Union](#) and the [Family Credit Union](#). This program has an initial capacity to make 1,075 loans over a six-month period, with an interest rate of 12 percent. Additional loans will be made as existing loans are repaid. Outreach and marketing for the loan program has been coordinated with a DACA Task Force, which includes nonprofit service providers that host regular information and application assistance workshops throughout the region. Applicants must be Los Angeles County residents, be referred by the DACA Task Force, show proof of income, and pay a \$5 membership fee to join the credit union. This loan fund was established with a grant for a loan-loss reserve and a mission-related deposit to capitalize the loans.

Additional loan programs for DACA as well as citizenship are operating throughout the United States. For example, [Citi Community Development](#) and [CASA de Maryland](#) have established a [microloan program](#) to help naturalization-eligible immigrants in **Maryland** in collaboration with the Latino Economic Development Corporation and the Ethiopian Community Development Council Enterprise Development Group. In addition, Self-Help recently launched a [Dreamer Loan](#) in **Chicago** that is open to applicants throughout the Midwest. Similar loans are offered to DACA-eligible immigrants in **New Mexico** through the [Guadalupe Credit Union](#), and in **North Carolina** through [Cooperativa Latino Credit Union](#).

Learn More

Funders from a variety of fields and with diverse grantmaking strategies and investment tools have a pivotal opportunity to help young immigrants access loans that will enable them to secure work authorization and improve economic outcomes for themselves and their families.

For additional information about the loan programs described above and investment opportunities in other states, please contact GCIR Research and Communications Coordinator Michael Kavate at mkavate@gcir.org or 707-483-1663.