

Date of Hearing: March 14, 2017

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 234 (Steinorth) – As Introduced January 26, 2017

SUBJECT: Student financial aid: Assumption Program of Loans for Education.

SUMMARY: Authorizes the California Student Aid Commission (CSAC) to award 7,200 new warrants for the assumption of loans for the Assumption Program of Loans for Education (APLE). Specifically, **this bill:**

- 1) States the Legislature intends to restore the funding for APLE to its 2011-12 fiscal year level.
- 2) Specifies that \$5,000,000 is appropriated from the General Fund to CSAC for the express purpose of funding 7,200 new warrants for APLE for the 2017-18 fiscal year.
- 3) Adds an urgency clause in order for APLE to be adequately funded for the 2017-18 fiscal year.

EXISTING LAW:

- 1) Establishes CSAC as the primary state agency to administer state-authorized student financial aid programs available to eligible students attending all eligible segments of postsecondary education (Education Code Section 69510, et seq.).
- 2) Establishes the APLE program, administered by the CSAC, to provide loan assumption benefits to credentialed teachers; specifies that qualifying schools include those with high proportions of low-income youth or emergency permit teachers and those located in rural areas; and, requires the subject area shortages to annually be determined by the State Superintendent of Public Instruction (EC Section 69612, et seq.).
- 3) Forgives up to \$11,000 of college loan debt for a person who teaches for four consecutive years in a qualifying school or subject area (paying \$2,000 for the first year of teaching service and \$3,000 for each of the next three years of teaching); and, provides additional loan forgiveness of \$1,000 per year for up to four years for those who teach math, science or special education (for a total of \$15,000) and an additional \$1,000 for those who teach math, science or special education in schools with an Academic Performance Index of 1 or 2 (for a total of \$19,000) (EC Sections 69613.4 and 69613.8).
- 4) Prohibits CSAC from awarding a greater number of agreements than is authorized in the annual Budget Act (EC Section 69615.8).

FISCAL EFFECT: Unknown.

COMMENTS: *Urgency clause.* This measure has an urgency clause.

Background. According to a February 2017 research brief by the Learning Policy Institute, in the past year, the overall teacher workforce trends in the state have worsened, with severe consequences in special education, mathematics, science, and bilingual education. The Institute, via survey data, finds that in addition to cancelling courses and increasing class sizes, some

school districts are responding to shortages by hiring underprepared teachers (teachers who have not yet completed the subject matter and teacher preparation requirements for a full credential), assigning some teachers out of their fields of preparation, and hiring substitutes.

To note, the Institute finds that high attrition rates of underprepared teachers creates a continuous demand for new teachers and only exacerbates the teacher shortages in the state. Additionally, schools serving the most underrepresented students (high-poverty, high-minority, and/or high-English Learner), disproportionately turn to underprepared teachers to meet their hiring needs.

Additionally, the California Teachers Association contends that one-third of California's teachers are at or near retirement age.

Purpose of this measure. According to the author, "A 2016 California School Board Association study found that many schools throughout the state are experiencing teacher shortages. According to the survey, approximately 75 percent of school districts report a teacher shortage; and, 80 percent said shortages have gotten worse since previous years." The author contends that, "This bill tackles teacher shortages and traditionally low retention rates at low-performing schools by "re-starting" APLE."

The author argues that, "AB 234 ensures competition among all school districts by providing loan assumptions to offset salary restrictions. The APLE program means schools with fewer resources can become a viable option for newly credentialed teachers who might look to more-affluent schools and areas to offset high housing and cost-of-living expenses in California."

Assumption Program of Loans for Education (APLE). The APLE warrants are given to credential candidates; the warrants are then redeemed for the loan assumption benefit once the candidate has earned a credential and completed a year of eligible teaching. The program "forgives" up to \$11,000 of college loan debt for a person who teaches for four consecutive years in a qualifying school or subject area (paying \$2,000 for the first year of teaching service and \$3,000 for each of the next three years of teaching). Qualifying schools include those with high proportions of low-income youth or emergency permit teachers and those located in rural areas.

The 2012-2013 Budget Act included language authorizing a total of 7,300 warrants for loan assumption, but the Governor line item vetoed said provision. This year's budget does not include funding for new APLE warrants.

Committee staff understands that over a decade ago the state spent over \$80 million on statewide teacher recruitment efforts; however, if APLE is fully phased out over the course of the next few years, the state will eventually spend zero dollars on efforts to increase the number of teachers in the state.

This measure seeks to reinstate APLE in order to meet California's current teaching demands.

Committee comments. AB 463 (Salas), as described in the "Related legislation" section of this analysis, appears to be in conflict with this measure. As the two measures move through the Legislative Process, Committee staff recommends the authors working together to achieve a shared goal.

Related legislation. AB 463 (Salas), which is pending a hearing in this Committee, would, among others, make various programmatic changes to APLE.

SB 62 (Pavley) of 2015, which, as introduced, made various changes to APLE. However, on August 30, 2106, this measure was amended out of the jurisdiction of this Committee; the amended version was subsequently chaptered.

SB 1264 (Pavley) of 2014, which was held in the Senate Appropriations Committee, proposed to establish the Educator Excellence Program, an assumption loan program for up to 6,500 teachers who satisfied specified criteria.

SB 212 (Pavley) of 2013, which was held in the Senate Appropriations Committee, sought to appropriate \$5 million, from an unspecified funding source, for 7,200 new warrants for the assumption of school loans for teachers in areas with identified teacher shortages.

REGISTERED SUPPORT / OPPOSITION:**Support**

California School Boards Association
Public Advocates

Opposition

None on file

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