

Date of Hearing: April 18, 2017

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

AB 463 (Salas) – As Introduced February 13, 2017

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

SUMMARY: Makes various programmatic changes to the Assumption Program of Loans for Education (APLE). Specifically, **this bill:**

- 1) Authorizes the California Student Aid Commission (CSAC), commencing with the 2017-18 fiscal year, to issue 7,200 new APLE warrants.
- 2) Amends the definition of “eligible school” to mean one that meets, among others, any of the following criteria:
 - a) Serves a percentage of unduplicated pupils (defined as a pupil enrolled in a school district or a charter school who is either classified as an English learner, eligible for a free or reduced-price meal, or is a foster youth), as determined by the Superintendent of Public Instruction (SPI); and,
 - b) Serves a rural area.
- 3) Eliminates the requirement that an eligible school must rank in the lowest two deciles on the Academic Performance Index (API).
- 4) Eliminates the requirement that an applicant has received or is approved to receive a loan under the Federal Family Education Loan Program and replaces it with the requirement that an applicant has demonstrated financial need.
- 5) Requires that an applicant will teach in a shortage area, as determined by the SPI.
- 6) Removes the provision allowing up to 400 APLE loan assumption agreements to go to credentialed teachers, as specified, each year.
- 7) Modifies the list of schools (serving a percentage of unduplicated pupils) that the SPI is required to provide to the CSAC each year.
- 8) Eliminates the prohibitions on teachers in self-contained classrooms and multi-subject credential holders from participating in the APLE; and allows the list of teaching shortage areas that the SPI must develop each year to include teaching in a self-contained classroom and multi-subject credentials.
- 9) Amends the provision allowing loan forgiveness of \$1,000 per year for those who teach math, science or special education by eliminating the requirement that the school is in the lowest 60 percentile of the API.
- 10) Modifies the annual report that CSAC is required to submit to the Legislature, as specified.

- 11) Authorizes CSAC to continue to implement APLE as it read on January 1, 2017, for the allocation of funds for loan agreements made before January 1, 2018, and for the purpose of collecting payments from former program participants.

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 SPI (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 69615.8).

FISCAL EFFECT: Unknown.

COMMENTS: *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, according to the California Commission on Teacher Credentialing (CTC), the number of CTC newly-issued credentials for teachers has fallen every year for the past decade, and the California Teachers Association contends that one-third of California's teachers are at or near retirement age.

Need for the measure. According to the author, "The APLE program still exists in code, but it hasn't been funded in several years." The author contends that by the Legislature passing his

measure, he hopes that it will serve as an incentive to college students not only entering the teaching profession, but encouraging them to teach in high need areas and in subjects most impacted by the current teacher shortages.

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 2012-13 Budget Act included language authorizing a total of 7,300 warrants for loan assumption, but the Governor line item vetoed said provision. The 2017-18 budget proposal currently does not include funding for new APLE warrants. To note, since the line item veto, no new funding has been appropriated for APLE.

Committee comments. In response to concerns that public financial aid dollars are being utilized at institutions of questionable quality, both the state and federal level have enacted policies requiring institutions to meet specified performance standards. In the Cal Grant program, institutions are required to meet graduation rate and loan default rate requirements.

If the intent of the author is to support qualified teachers in underserved communities, *the author may wish to consider a review of the institutional eligibility requirements for APLE.* That is to say, should the Cal Grant standards be applicable for APLE institutional eligibility?

Additionally, this measure seeks to reinstate and improve APLE in order to meet California's current teaching demands. It is presently unclear as to how this measure will be funded and implemented since the 2017-18 budget proposal does not include funding for new APLE warrants.

The author may wish to work with the Department of Finance and the Legislative Budget Committees in order to determine if funds can and will be appropriated to CSAC for the purpose of issuing new APLE warrants for loan assumption.

Lastly, AB 234 (Steinorth), as described in the "related legislation" section of this analysis, was unanimously passed by this Committee, on March 14, 2017, by a vote of 13-0, 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 234 (Steinorth), which is pending a hearing in the Assembly Appropriations Committee, in part, appropriates \$5,000,000 from the General Fund to CSAC for the express purpose of funding 7,200 new warrants for APLE for the 2017-18 fiscal year.

SB 62 (Pavley) of 2015, which, as introduced, made various changes to APLE. However, on August 30, 2016, 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

Education Trust-West
Kern County Superintendent of Schools

Opposition

None on file

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