

Date of Hearing: July 7, 2015

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

SB 62 (Pavley) – As Amended June 2, 2015

**SENATE VOTE:** 40-0

**SUBJECT:** Student financial aid: Assumption Program of Loans for Education: Governor's Teaching Fellowships Program

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

- 1) Amends the definition of "eligible school" to mean one that serves a percentage of an unduplicated count of students 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).
- 2) Eliminates the requirement that an eligible school must rank in the lowest two deciles on the Academic Performance Index (API).
- 3) 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.
- 4) Requires that an applicant will teach in a shortage area, as determined by the SPI.
- 5) Removes the provision allowing up to 400 APLE loan assumption agreements to go to credentialed teachers, as specified, each year.
- 6) Modifies the list of schools (that serve a large population of pupils from low-income families) that the SPI is required to provide to the California Student Aid Commission (CSAC) each year.
- 7) Eliminates the prohibition for 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.
- 8) 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.
- 9) Modifies the annual report that CSAC is required to submit to the Legislature, as specified.
- 10) Authorizes CSAC to continue to implement APLE as it read on January 1, 2015, for the allocation of funds for loan agreements made before that date and for the purpose of collecting payments from former program participants.

- 11) Makes the implementation of APLE contingent upon funding provided in the annual Budget Act; and, caps the number of loan assumption warrants to 1,000 in any academic year if funding is provided.

**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 API 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:** According to the Senate Appropriations Committee, cost pressures up to tens of millions of dollars to the General Fund (GF); and, administrative cost pressures would be minimal to the CSU, but in the high hundreds of thousands of dollars for CSAC to administer APLE awards.

To note, the final 2015-16 State Budget, approves \$15 million from the GF to replace expiring federal funding for APLE and other related programs. However, the final budget does not authorize funding in order to increase the number of APLE awards.

**COMMENTS:** *Background.* According to the California Commission on Teacher Credentialing (CTC), enrollment in teacher preparation programs has fallen from almost 78,000 a decade ago, to 19,933 in 2013, a decrease of 74 percent. Additionally, the number of CTC newly issued credentials for teachers has fallen every year for the past decade. The California Teachers Association contends that one-third of California's teachers are at or near retirement age.

According to information provided by the author, 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.

*Need for the measure.* According to the author, many reasons exist as to why the state has a shortage of teachers; from the costs of obtaining a college degree, to the low salaries teachers make. The author contends, "Eliminating California's teacher recruitment and financial aid programs over the past decade has not helped matters."

*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 APLE warrants.

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 this year's budget did not include funding for APLE.

*Policy consideration.* 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?

*Previous legislation.* 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 College and University Police Chiefs  
California Federation of Teachers  
California School Boards Association  
California State PTA  
California Student Aid Commission  
California Teachers Association  
Common Sense Kids Action  
Garvey School District

Las Virgenes Unified School District  
Los Angeles County Office of Education  
Los Angeles Unified School District  
Saugus Union School District  
State Superintendent of Public Instruction, Tom Torlakson (sponsor)  
One individual

**Opposition**

None on file.

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