
SENATE COMMITTEE ON EDUCATION

Senator Carol Liu, Chair
2015 - 2016 Regular

Bill No: SB 62
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Consultant: Lenin Del Castillo
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Fiscal: Yes

Subject: Student financial aid: Assumption Program of Loans for Education

SUMMARY

This bill would make various programmatic changes to the existing Assumption Program of Loans for Education (APLE) and Governor's Teaching Fellowships Program.

BACKGROUND

The APLE program, administered by the California Student Aid Commission, was established in 1983 to provide loan assumption benefits to credentialed teachers. Generally, 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 is designed to increase the number of qualified teachers in disadvantaged schools or high-priority subject areas. 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 subject area shortages are annually determined by the Superintendent of Public Instruction and may vary from year to year; math, science and special education have been listed consistently for many years. (Education Code § 69612)

Additional loan forgiveness of \$1,000 per year for up to four years is provided for those who teach math, science or special education (for a total of \$15,000) and an additional \$1,000 is provided for those who teach math, science or special education in schools with an academic performance index (API) of 1 or 2 (for a total of \$19,000). (EC § 69613.8)

The Student Aid Commission is prohibited from awarding a greater number of agreements than is authorized in the annual Budget Act. (EC § 69615.8)

The Governor's Teaching Fellowships Program, administered by the Chancellor's office of the California State University, provided grants for highly-qualified aspiring teachers who taught for four years at a low-performing school. Fellowship awards were available to be used to defer tuition for a teacher certification program at any accredited postsecondary institution in California and for living expenses while enrolled. (EC § 7000 et. seq.)

ANALYSIS***Assumption Program of Loans for Education***

This bill would make various programmatic changes to the existing Assumption Program of Loans for Education (APLE). Specifically, this bill:

1. Makes technical, conforming changes the legislative findings and declarations for APLE.
2. Amends the definition of “eligible school” by requiring a school to qualify for services pursuant to the Richard B. Russell National School Lunch Act, as specified, rather than serving a large population of pupils from low-income families.
3. Eliminates the requirement that an eligible school is ranked in the lowest two deciles on the Academic Performance Index (API).
4. Removes 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 be teaching in a shortage area, as determined by the Superintendent of Public Instruction (SPI).
6. Removes the provision allowing up to 400 APLE loan assumption agreements to go to veteran teachers each year.
7. 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 Student Aid Commission each year, by replacing the Perkins Loan Program with eligibility for services pursuant to the Richard B. Russell National School Lunch Act, as specified.
8. Removes the requirement for the SPI to provide the Student Aid Commission with a list of schools ranked in the lowest two deciles of the API and a list of high priority schools.
9. Removes the prohibition for teachers in self-contained classrooms and multi-subject credential holders from participating in APLE.
10. Allows the list of teaching shortage areas that the SPI must develop each year to include teaching in a self-contained classroom and multiple subject credentials.
11. 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.

12. Deletes the provision allowing loan forgiveness of an additional \$1,000 per year for those who teach math, science or special education in schools with an Academic Performance Index (API) of 1 or 2.
13. Modifies the annual report that the Student Aid Commission is required to submit to the Legislature, as specified.
14. Prohibits participants in the Assumption Program of Loans for Education (APLE) from concurrently participating in the Governor's Teaching Fellowships Program.
15. Authorizes the Student Aid Commission to continue to implement APLE according to how it read on January 1, 2015, for purposes of collecting payments from former program participants required to repay program costs as of January 1, 2016, for failing to satisfy the program's requirements.

Governor's Teaching Fellowships Program

This bill would also make various programmatic changes to the existing Governor's Teaching Fellowships Program. Specifically, this bill:

1. Requires the California State University (CSU) to collaborate with the Student Aid Commission to ensure that access to the fellowships is available to students in a variety of teaching preparation programs.
2. Amends the definition of "high-priority school" by requiring a school to qualify for services pursuant to the Richard B. Russell National School Lunch Act, as specified, rather than being in the bottom half of the API and makes conforming changes for a school that loses its qualification.
3. Provides that the CSU shall award no more than the number of fellowships that are authorized by the Governor and Legislature in the annual Budget Act for that year.
4. Authorizes the Student Aid Commission to continue to implement the Governor's Teaching Fellowships Program according to how it read on January 1, 2015, for purposes of collecting payments from former program participants required to repay program costs as of January 1, 2016, for failing to satisfy the program's requirements.
5. Prohibits participants in the Governor's Teaching Fellowships Program from concurrently participating in the APLE program.

STAFF COMMENTS

1. ***Need for the bill.*** According to the author, California's schools are facing a pending teacher shortage crisis. They indicate that the Commission on Teacher Credentialing reports enrollment in teacher preparation programs has fallen from almost 78,000 a decade ago to 19,933 in 2013—a decrease of 74 percent. In addition, one-third of the state's teaching workforce is nearing retirement age. Further, the California Department of Education has designated English, History,

Social Sciences, Computer Education, as well as those teachers teaching all subjects in an elementary class as shortage areas.

This bill is intended to reinstate and improve both the Assumption Program of Loans for Education (APLE) and the Governor's Teaching Fellowships Program as these programs have proven to be effective tools for recruiting teachers into the profession.

2. **Status of funding for APLE.** Current law links the award of warrants for loan assumption to funding provided in the annual Budget Act. Despite the current need for more teachers and the financial assistance APLE provided, the Governor vetoed language in the 2012-13 Budget that would have authorized a total of 7,300 warrants for loan assumption (100 were for nursing). The Governor's proposed 2015-16 Budget does not include funding for loan assumption warrants.
3. **APLE program eligibility.** The bill proposes to modify the definition of an "eligible school" that an APLE candidate has agreed to teach from a school that serves a large population of low-income students to a school that qualifies for services pursuant to the Richard B. Russell National School Lunch Act. To be consistent with recently enacted Local Control Funding Formula (LCFF) legislation that made major changes to the way the state allocates funding and provides additional funds for particular student groups, including English learners and low-income students, **staff recommends** an amendment to base school eligibility on a percentage of unduplicated pupils as defined under LCFF that the school serves, as determined by the Superintendent of Public Instruction. The bill also proposes to eliminate the \$1,000 of additional liability that an applicant would be eligible for if he or she teaches in a school in the lowest two deciles of the Academic Performance Index (API). While the state's new accountability system is being developed, the API still remains in current law. For this reason, **staff recommends** that this provision be retained and reexamined at a later date when the new accountability system is developed. Rather than eliminating the \$1,000 benefit altogether, it appears to be more prudent to replace it with an updated pupil achievement measure.

Staff also recommends the following technical amendments:

- A. Modify the legislative findings and declarations to include teachers in self-contained classrooms. (Education Code § 69612 (b))
- B. Clarify that an applicant has received or is approved to receive an "educational" loan approved by the Student Aid Commission. (Education Code § 69613 (a)(4))
- C. Remove a duplicative provision regarding the requirement for an applicant to teach in a shortage area. (Education Code § 69613 (a)(7))

4. ***Author's amendments.*** The author wishes to make the following amendments:
 - A. Clarify that the Student Aid Commission shall continue to implement the program as it read on January 1, 2015 for purposes of allocating funds received and also for loan agreements made prior to January 1, 2015.
 - B. Define an eligible school under the Governor's Teaching Fellowship Awards program as a school that meets the criteria specified in Education Code § 69612.5 (b)(1) and make conforming changes, as necessary to delete "high priority school."
5. ***Governor's Teaching Fellowships Program.*** In January 2001, statute authorized 250 nonrenewable graduate teaching fellowships in the amount of \$20,000 each and during the 2001-02 fiscal year, an additional 1,000 nonrenewable graduate teaching fellowships of \$20,000 each were awarded. The program was short-lived and at this point, it is unclear how effective the program was as a recruitment tool and whether it incentivized aspiring teachers to teach at low performing schools.
6. ***Related and prior legislation.***

SB 1264 (Pavley, 2014) proposed to establish the Educator Excellence Program, an assumption loan program for up to 6,500 teachers who satisfied specified criteria. This bill passed this Committee on April 30, 2014 but failed passage in the Senate Appropriations Committee.

SB 212 (Pavley, 2013) would have appropriated \$5 million, from an unspecified fund source, for 7,200 new warrants for the assumption of school loans for teachers in identified areas of a shortage of teachers. This bill passed this Committee on May 1, 2013 but failed passage in the Senate Appropriations Committee.

SUPPORT

California College and University Police Chiefs Association
California Teachers Association
Superintendent of Public Instruction (sponsor)

OPPOSITION

None received.

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