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BILL TEXT

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INTRODUCED BY Senator Scott

FEBRUARY 6, 2008

An act to amend Sections 69613.1, 69613.2, 69613.4, 69613.6, 69613.8, 69614, 69615.4, and 69615.6 of, to add Sections 69612.5 and 69615.8 to, to repeal Section 69613.5 of, and to repeal and add Sections 69612 and 69613 of, the Education Code, relating to teachers.

LEGISLATIVE COUNSEL'S DIGEST

SB 1158, Scott. Student financial aid: Assumption Program of Loans for Education.

Existing law establishes an assumption program of loans for education, administered by the Student Aid Commission, under which any person enrolled in a participating institution of postsecondary education, or any person who agrees to participate in a teacher trainee or teacher internship program, is eligible to enter into an agreement for loan assumption, to be redeemed pursuant to a prescribed procedure upon becoming employed as a teacher if he or she satisfies certain conditions. Existing law authorizes the commission to issue loan assumption agreements to out-of-state teachers. Existing law also limits the number of loan assumption agreements that can be issued to district interns to 500 per year.

This bill would expand program eligibility by including an otherwise qualified applicant who agrees to teach on a part-time basis for the equivalent of 4 full-time academic years in a public school in the state and a specified credentialed teacher who has not already participated in the program, and who is teaching at a public school ranked in the lowest 2 deciles on the Academic Performance Index. The bill would limit the number of loan assumption agreements that can be provided to specified credentialed teachers to no more than 400 per year and delete the commission's authority to provide agreements to out-of-state teachers. The bill would also reduce the number of loan assumption agreements that can be issued to district interns from 500 to 100 per year.

The bill would provide that a program participant receive a deferral of the resumption of the full liability for the loan for a period not to exceed one calendar year, unless approved by the commission for a longer period, under specified circumstances. The

bill would prohibit a participant from owing a refund on any state or federal educational grant or having defaulted on any student loan. The bill would provide that if a participant fails to redeem an agreement for student loan assumption within 10 years of the agreement's issuance, the participant would assume full liability for all student loan obligations. The bill would make technical and clarifying changes and delete obsolete provisions of law.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 69612 of the Education Code is repealed.

SEC. 2. Section 69612 is added to the Education Code, to read:

69612. (a) The Legislature finds and declares all of the following:

(1) The growing shortage of high-quality teachers is most serious in particular subject areas, partly due to the shortage of students in these fields who enter the teaching profession.

(2) Many school districts have difficulty recruiting and retaining high-quality teachers for schools ranked in decile 1 or 2 on the Academic Performance Index, for pupils with special needs, for schools serving rural areas or large populations of pupils from low-income and linguistic minority families, and for schools with a high percentage of teachers holding emergency-type permits.

(3) The rising costs of higher education, coupled with a shift in available financial aid from scholarships and grants to loans, make the availability of financial aid and loan repayment assistance options an important consideration in a student's decision to pursue a postsecondary education.

(b) It is, therefore, the intent of the Legislature that the Assumption Program of Loans for Education be designed to provide veteran teachers and outstanding postsecondary students, particularly economically disadvantaged students, with the assurance of financial assistance to encourage them to complete postsecondary education programs leading to teaching credentials, and to seek employment as teachers in designated subject-matter shortage areas or in schools serving a large population of pupils from low-income families, schools with a high percentage of teachers holding emergency-type permits, or schools ranked in the lowest two deciles on the Academic Performance Index.

SEC. 3. Section 69612.5 is added to the Education Code, to read:

69612.5. For purposes of this article, the following terms have the following definitions:

(a) "Eligible institution" means a postsecondary institution that is determined by the Student Aid Commission to meet both of the following requirements:

(1) The institution is eligible to participate in state and federal financial aid programs.

(2) The institution maintains a program of professional preparation that has been approved by the Commission on Teacher Credentialing.

(b) "Eligible school" means a school that meets any of the following criteria:

(1) It serves a large population of pupils from low-income families, as designated by the Superintendent of Public Instruction.

(2) The institution has 20 percent or more teachers holding emergency-type permits including, but not limited to, any of the

following:

- (A) Provisional internships.
- (B) Short-term staff permits.
- (C) Credential waivers.
- (D) Substitute permits.

(3) It is a school that is ranked in the lowest two deciles on the Academic Performance Index.

- (4) It is a school that serves a rural area.

SEC. 4. Section 69613 of the Education Code is repealed.

SEC. 5. Section 69613 is added to the Education Code, to read:

69613. (a) Program participants shall meet all of the following eligibility criteria prior to selection in the program and shall continue to meet these criteria, as appropriate, during the payment periods:

(1) The applicant has completed at least 60 semester units, or the equivalent, and is enrolled in an academic program leading to a baccalaureate degree at an eligible institution, has agreed to participate in a teacher internship program, or has been admitted to a program of professional preparation that has been approved by the Commission on Teacher Credentialing.

(2) The applicant is currently enrolled in, or has been admitted to, a program in which he or she will be enrolled on at least a half-time basis, as determined by the participating institution. The applicant shall agree to maintain satisfactory academic progress and a minimum of half-time enrollment, as defined by the participating eligible institution.

(A) Except as provided in subparagraphs (B) and (C), if a person participating in the program fails to maintain at least half-time enrollment, as required by this article, under the terms of the agreement pursuant to paragraph (2), the loan assumption agreement shall be invalidated and the participant shall assume full liability for all student loan obligations. This subparagraph shall not apply if the participant is in his or her final semester or quarter in school and has no additional coursework required to obtain his or her teaching credential.

(B) Notwithstanding subparagraph (A), if a program participant is unable to maintain at least half-time enrollment due to serious illness, pregnancy, or other natural causes, or is called to active military duty status, the participant is not required to assume full liability for the student loan obligation for a period not to exceed one calendar year, unless approved by the commission for a longer period.

(C) If a natural disaster prevents a program participant from maintaining at least half-time enrollment due to the interruption of instruction at the eligible institution, the term of the loan assumption agreement shall be extended for a period not to exceed one calendar year, unless approved by the commission for a longer period.

(3) The applicant has been judged by his or her postsecondary institution, school district, or county office of education to have outstanding ability on the basis of criteria that may include, but need not be limited to, any of the following:

- (A) Grade point average.
- (B) Test scores.
- (C) Faculty evaluations.
- (D) Interviews.
- (E) Other recommendations.

(4) The applicant has received, or is approved to receive, a loan under one or more of the following designated loan programs:

(A) The Federal Family Education Loan Program (20 U.S.C. Sec. 1071 et seq.).

(B) Any educational loan program approved by the Student Aid Commission.

(5) The applicant has agreed to teach full time for at least four consecutive academic years, or on a part-time basis for the equivalent of four full-time academic years, after obtaining a teaching credential in a public elementary or secondary school in this state, in a subject area that is designated as a current or projected shortage area by the Superintendent of Public Instruction, or, on the date the teacher is hired, at an eligible school.

(b) An agreement shall remain valid even if the subject area under which an applicant becomes eligible to enter into an agreement ceases to be a designated shortage field by the time the applicant becomes a teacher.

(c) For the purposes of calculating eligible years of teaching for the redemption of an award, the designation by the Superintendent of Public Instruction of a newly opened school pursuant to Section 52056 shall apply retroactively from the date the school first opened.

(d) A person participating in the program pursuant to this section shall not enter into more than one agreement.

(e) A person participating in the program pursuant to this section shall not owe a refund on any state or federal educational grant or defaulted on any student loan.

(f) Notwithstanding any other provision of this section, a credentialed teacher teaching in a public school ranked in the lowest two deciles on the Academic Performance Index pursuant to Section 52052, possesses a clear multiple subject or single subject teaching credential or level II education specialist credential and who has not otherwise participated in the program established by this article, is eligible to enter into an agreement for loan assumption pursuant to this article. The number of loan assumption agreements provided pursuant to this subdivision shall not exceed 400 per year. The commission shall develop and adopt regulations for the implementation of this subdivision by January 1, 2010.

SEC. 6. Section 69613.1 of the Education Code is amended to read:

69613.1. On or before January 1 of each year, the Superintendent of Public Instruction shall furnish the commission with all of the following:

(a) A list of teaching fields that have the most critical shortage of teachers. The Superintendent shall review this list annually and revise the list as he or she deems necessary. The list of shortage areas furnished pursuant to this subdivision shall include the state special schools as a category separate from special education.

(b) A list of schools that serve a large population of pupils from low-income families, as designated for purposes of the Perkins Loan Program, or according to standards the Superintendent deems appropriate.

(c) A list of schools with a high percentage of teachers holding emergency-type permits. The list shall be established according to criteria determined by the Superintendent.

(d) A list of schools serving rural areas. The list shall be established according to standards deemed appropriate by the Superintendent.

(e) A list of schools ranked in the lowest two deciles on the Academic Performance Index.

(f) A list of high priority schools.

SEC. 7. Section 69613.2 of the Education Code is amended to read:

69613.2. The commission shall commence loan assumption payments, as specified in Section 69613.4, upon verification that the applicant has fulfilled all of the following:

(a) The applicant has received a California preliminary or professional clear credential, or an equivalent credential from another state, authorizing service for kindergarten or any of grades 1 to 12, inclusive.

(b) The applicant has provided full-time classroom instruction, or the equivalent on a part-time basis, in a public elementary or secondary school for the equivalent of one school year.

(c) The applicant has met the requirements of the agreement and all other pertinent conditions of this article.

SEC. 8. Section 69613.4 of the Education Code is amended to read:

69613.4. (a) The terms of a loan assumption granted under this article shall be as follows, subject to the specific terms of each agreement:

(1) After a program participant has completed one school year of classroom instruction pursuant to Section 69613.2, the commission shall assume up to two thousand dollars (\$2,000) of the participant's outstanding liability under one or more of the designated educational loan programs.

(2) After a program participant has completed two consecutive school years of instruction, the commission shall assume up to an additional three thousand dollars (\$3,000) of the participant's outstanding liability under one or more of the designated educational loan programs, for a total loan assumption of up to five thousand dollars (\$5,000).

(3) After a program participant has completed three consecutive school years of teaching service, the commission shall assume up to a maximum of an additional three thousand dollars (\$3,000) of the participant's outstanding liability under one or more of the designated educational loan programs, for a total loan assumption of up to eight thousand dollars (\$8,000).

(4) After a program participant has completed four consecutive school years of teaching service, the commission shall assume up to a maximum of an additional three thousand dollars (\$3,000) of the participant's outstanding liability under one or more of the designated educational loan programs, for a total loan assumption of up to eleven thousand dollars (\$11,000).

(b) For purposes of this section, "school year" means at least 175 school days or its equivalent.

(c) An applicant who teaches on less than a full-time basis may participate in the program, but shall not be eligible for loan repayment until that person teaches for the equivalent of a full-time academic year.

SEC. 9. Section 69613.5 of the Education Code is repealed.

SEC. 10. Section 69613.6 of the Education Code is amended to read:

69613.6. (a) Except as provided in subdivision (b), if a program participant fails to complete a minimum of four consecutive school years of classroom instruction on a full-time basis or the equivalent on a part-time basis as required by this article, under the terms of the agreement pursuant to paragraph (5) of subdivision (a) of

Section 69613, the participant shall assume full liability for all student loan obligations remaining after the commission's assumption of loan liability for the last year of qualifying teaching service pursuant to Section 69613.

(b) Notwithstanding subdivision (a), if a program participant becomes unable to complete one of the four consecutive years of teaching service on a full-time basis or the equivalent on a part-time basis due to serious illness, pregnancy, or other natural causes, or is called to active military duty status, the participant shall receive a deferral of the resumption of full liability for the loan for a period not to exceed one calendar year, unless approved by the commission for a longer period. The commission shall make no further payments under the loan assumption agreement until the applicable teaching requirements specified in Section 69613.2 have been specified.

(c) (1) Notwithstanding subdivision (a), a program participant shall receive a deferral of the resumption of full liability for the loan for a period not to exceed one calendar year, unless approved by the commission for a longer period, if the participant becomes unable to complete one of the four consecutive years of teaching service due to being laid off, reassigned, or other reasons beyond the control of the participant, as determined by the commission.

(2) The commission shall make no further payments under the loan assumption agreement until the applicable teaching requirements specified in Section 69613.2 have been satisfied.

(d) If a program participant fails to redeem an agreement for student loan assumption within 10 years of the agreement's issuance, the participant shall assume full liability for all student loan obligations.

69613.7. (a) For the purposes of this article, "subject matter shortage area" may not be construed to include teaching in a self-contained classroom or teaching pursuant to a multiple subject credential.

(b) The list, furnished by the Superintendent of Public Instruction pursuant to Section 69613.1 and relating to teaching fields that have the most critical shortage of teachers, shall not include teaching in a self-contained classroom or teaching pursuant to a multiple subject credential.

SEC. 11. Section 69613.8 of the Education Code is amended to read:

69613.8. In addition to the amounts set forth in subdivision (a) of Section 69613.4, for each of the four years of classroom instruction referenced in subdivision (a) of Section 69613.4, the following loan assumption benefits shall be granted:

(a) One thousand dollars (\$1,000) of additional liability per year shall be assumed for a person who holds a credential appropriate for teaching, and who teaches, mathematics, science, or special education in the lowest 60 percentile of Academic Performance Index rankings.

(b) One thousand dollars (\$1,000) of additional liability per year shall be assumed for a person who teaches in a school in the lowest two deciles on the Academic Performance Index rankings. Eligibility for the benefit set forth in this subdivision shall be limited to a

person who holds a credential appropriate for teaching, and who teaches, mathematics, science, or special education.

(c) Not more than a total of five million dollars (\$5,000,000) shall be expended in any academic year for the purposes of this section.

(d) The commission shall award benefits payable under this section upon receipt of all documentation necessary to establish eligibility for the additional loan assumption benefits. Payments shall be made to applicants in the order received until the five million dollars (\$5,000,000) authorized by subdivision (c) has been expended.

SEC. 12. Section 69614 of the Education Code is amended to read:

69614. (a) The commission shall distribute program information and student applications to participate in the loan assumption program to each eligible institution and to each school district or county office of education operating a district intern program pursuant to Section 44381. Each eligible institution shall receive at least one allocation, and the remainder shall be distributed to eligible institutions proportionate to the number of teaching candidates from each institution who completed the coursework required for a teaching credential based on the most recent data available from the Commission on Teacher Credentialing. In addition, the commission shall reexamine its outreach and marketing strategies to inform both potential undergraduates and persons employed outside of academia about the availability and benefits of the loan assumption program. To this end, the commission shall enlist the advice and support of the California Center for the Teaching Profession, the University of California, the California State University, the Association of Independent California Colleges and Universities, and private employers and their associations throughout the state.

(b) Each eligible institution, school district, and county office of education shall sign an institutional agreement with the commission, certifying its intent to administer the loan assumption program according to all applicable published rules, regulations, and guidelines, and to make special efforts to notify students regarding the availability of the program, particularly economically disadvantaged students.

(c) To the extent feasible, each eligible institution shall coordinate the loan assumption program with other programs designed to recruit students to enter the teaching profession.

69615. (a) The commission shall administer this article, and shall adopt rules and regulations for that purpose. The rules and regulations shall include, but need not be limited to, provisions regarding the period of time during which an agreement shall remain valid, the reallocation of resources in light of agreements that are not utilized by program participants, the failure, for any reason, of a program participant to complete a minimum of four consecutive years of classroom instruction, and the development of projections for funding purposes.

(b) The commission shall solicit the advice of representatives from postsecondary **education** institutions, the State Department of **Education**, the Commission on Teacher Credentialing, school districts, and county offices of **education** regarding proposed rules and regulations.

SEC. 13. Section 69615.4 of the Education Code is amended to read:

69615.4. The commission shall report annually to the Legislature regarding all of the following, on the basis of sex, age, and ethnicity:

(a) The total number of program participants.

(b) The number of agreements entered into with juniors, seniors, students enrolled in teacher training programs, and persons who agree to enroll in teacher internship programs.

(c) The number of participants who agree to teach in a subject matter shortage area.

(d) The number of participants who agree to teach in schools with a high ratio of pupils from low-income families and in schools ranked in the lowest two deciles on the Academic Performance Index.

(e) The number of participants who agree to teach in schools serving rural areas.

(f) The number of participants who agree to teach in schools with a high percentage of teachers holding provisional internship permits.

(g) The number of participants who receive a loan assumption benefit, classified by payment year.

(h) The number of out-of-state teachers who enter into agreements.

(i) The number of participants who have participated in teacher internship programs, classified by school district or county office of education.

SEC. 14. Section 69615.6 of the Education Code is amended to read:

69615.6. (a) For each school year, all of the following shall apply:

(1) The commission shall enter into agreements for the assumption of up to 6,500 student loans for program participants eligible under this article.

(2) Priority for these agreements shall be given to applicants who are recipients of federally subsidized loans or other need-based loans, as determined by the commission.

(3) Priority for these agreements shall be given to applicants who agree to obtain, or who have obtained, a teaching credential in mathematics, science, or special education.

(b) In any school year, the commission may enter into no more than 100 agreements with applicants who participate in a district intern program operated by a school district or a county office of education.

SEC. 15. Section 69615.8 is added to the Education Code, to read:

69615.8. Notwithstanding any other law, in any fiscal year, the commission shall award no more than the number of loan assumption agreements that are authorized by the Governor and the Legislature in the annual Budget Act for that year for the assumption of loans pursuant to this article.