California Student Loan and Debt Service Review Workgroup
Policy Interventions Presented to Date
Public Review and Comment

The Budget Act of 2020 established the California Student Loan and Debt Service Review Workgroup with an expressed charge of researching "implementable strategies and concepts that are focused on better ensuring that prospective, current, and former student loan borrowers are able to access the most financially beneficial loan programs, most affordable repayment plans, and any available debt service forgiveness programs."

The Workgroup will deliver a report to the California State Legislature and Department of Finance by September 1, 2021.

Invited content experts have presented to the members of the Workgroup on specific student loan and debt service issues and have provided relevant information, including challenges faced by student borrowers and potential policy interventions. Appendices A and B (enclosed) provide a compilation of the policy interventions presented to the Workgroup to date. Members of the Workgroup have not yet vetted these policy interventions but will consider and deliberate on the interventions at its upcoming meeting on July 7, 2021. To ensure that a broad set of perspectives are considered, members of the public are invited to participate in this period of public review and comment to provide input on the policy interventions presented to date as well as additional interventions the Workgroup might consider.

At this meeting, the Workgroup will deliberate on the policy interventions to incorporate into the final report it will deliver in September. A list of the topics covered at the Workgroup meetings is included below, and meeting notes and materials can be found HERE.

January 21, 2021: Early Outreach and Education

March 5, 2021: Student Persistence and Borrower Protection

April 15, 2021: Loan Repayment and Debt Forgiveness

May 24, 2021: Data Sharing and Employer Repayment Assistance

Public Review and Comment Process

Members of the public are invited to review and offer written comments to the Policy Interventions Presented to Date (Appendix A and Appendix B). All public comment will be submitted via email, sent directly to CAStudentLoanWG@hcmstrategists.com. Submissions of written public comment will be accepted until Friday, June 25, 2021 at 5pm PT. When submitting comments, please also include the following information: name, title, organization/affiliation, email address. All stakeholders who submit written comment will receive the email distribution with notification for the July 2021 meeting.

Enclosed:
Appendix A: Policy Interventions Presented to Date
Appendix B: Analysis of Policy Interventions Presented to Date

APPENDIX A: Policy Interventions Presented to Date
California Student Loan and Debt Service Review Workgroup

	Prospective Student Borrowers (Pre-Borrowing)	Current Student Borrowers	Former Student Borrowers (In Repayment)
Communications and Outreach	1) Provide personalized estimates on college costs and affordability to students and their families tailored by income levels. 2) Create a central state hub for borrower outreach. 3) Ensure consistency across institution-provided loan entrance counseling for first-time borrowers. 4) Embed outreach activities within FAFSA for All efforts.	2) Create a central state hub for borrower outreach. 5) Implement early identification and outreach to students who are taking or are likely to take on high debt loads. 6) Automate or otherwise expand outreach to borrowers eligible for the Student Tuition Recovery Fund.	2) Create a central state hub for borrower outreach. 6) Automate or otherwise expand outreach to borrowers eligible for the Student Tuition Recovery Fund. 7) Leverage nonprofit employers to provide information about student loan forgiveness options.
Direct Support and Services	8) Embed financial capacity-building education within California high school curricular standards. 9) Expand school counselor training to include a more robust understanding of college affordability and student borrowing. 10) Provide 1:1 virtualized counseling, including likely wage outcomes for selected programs. 11) Expand Cash for College. 12) Leverage Cal-SOAP to provide students with financing education.	10) Provide 1:1 virtualized counseling, including likely wage outcomes for selected programs. 13) Provide expanded legal services and counseling following school closures through the Department of Financial Protection and Innovation (DFPI).	13) Provide expanded legal services and counseling following school closures through the Department of Financial Protection and Innovation (DFPI). 14) Implement a hub and spoke triage model consumer assistance program (e.g., EDCAP in NY). 15) Provide state-funded relief for federal student loan debt to individuals participating in federal IDR plans (e.g., NYS Get on Your Feet Loan Forgiveness Program). 16) Engage with student loan facilitation software partners.

State Oversight	17) Require all California high school districts to certify that their seniors have completed a FAFSA or CADAA. 18) Implement stronger oversight of for-profit institutions by the California Bureau for Private Postsecondary Education (BPPE). 19) Expand oversight over private loans and new financial products. 20) Adopt the Cal Grant Equity Initiative to reduce eligibility gaps that are sometimes filled with loans.	18) Implement stronger oversight of for-profit institutions by the California Bureau for Private Postsecondary Education (BPPE). 19) Expand oversight over private loans and new financial products. 21) Address institutional transcript withholding policies.	22) Require loan servicers to provide better information to borrowers on income driven repayment (IDR) and support borrowers in enrolling in IDR plans. 23) Support implementation of AB424: Private Student Loan Collections Reform Act. 24) Reintroduce a modified AB152 as a tax credit program, with new provisions.
Other	25) Create an early FAFSA/CADAA application that gives students an estimate of the aid for which they might be eligible. 26) Expand and market the use of child savings accounts, including adopting the FY21-22 budget proposal. 27) Improve research and data sharing to better understand disparate impacts on borrowers, including integrating with Cradle-to-Career. 28) Identify state's labor market needs and explore state "nudge" programs that provide student loan relief for certain fields or programs. 29) Strengthen the way in which the California Dream Loan Program is administered, including replenishing loan funds and improving reporting by systems and campuses.	27) Improve research and data sharing to better understand disparate impacts on borrowers, including integrating with Cradle-to-Career. 29) Strengthen the way in which the California Dream Loan Program is administered, including replenishing loan funds and improving reporting by systems and campuses.	27) Improve research and data sharing to better understand disparate impacts on borrowers, including integrating with Cradle-to-Career. 30) Explore state refinancing program options. 31) Explore homeowner incentive program options to provide student loan relief.

APPENDIX B: Analysis of Policy Interventions Presented to Date
California Student Loan and Debt Service Review Workgroup

Intervention 1: Provide personalized estimates on college costs and affordability to students and their families tailored by income levels.

Target Population: Prospective student borrowers (pre-borrowing)
Type of Intervention: Communications and outreach

Notes: The analysis of this intervention was prepared with support from Dr. Sara Adan, *Adan Education Consulting*

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- This effort would target grades 6-8 and moving forward and provide periodic messaging that estimates resources likely available to similar families and incomes.
- CSAC could leverage existing data to provide personalized cost estimates to California's students.
- A question can be added to California tax return that asks residents to consent to having their income information used to provide them with information about how to pay for college. Adding this consent questions helps alleviate the need for legislative action. There would still be an administrative component to implement, such as ensuring the proper MOUs are in place.
- FTB sends CSAC income data from Tax Return.
- Data needed includes name, adjusted gross income, number of dependent exemptions, address, and email
- Coordination between CSAC and FTB will be needed. CSAC will also need to coordinate with CDE or LEAs to get student contact info who are considered socioeconomically disadvantaged. CSAC personnel workload might need some reworking to ensure no one is overburdened.
- The awareness campaign may need to work with middle and high schools to spread the word about taxes, as well as with various community organizations and college Dreamer Resource Centers for outreach to undocumented populations.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- Aid Eligibility: Given that CSAC has the infrastructure already in place to determine if someone is eligible for aid, creating estimates based off the FTB data should be relatively easy and cheap.
- Aid Stats Info: The only costs associated with this is some CSAC personnel time. This person would need to gather yearly stats on the average award amounts and median family income for the UC Blue & Gold, CSU Grant, and Pell awardees.
- College Costs: This will have some initial start-up costs and small on-going personnel CSAC time. In the beginning, code will need to be developed to identify colleges near each potential student and what data will be pulled into each income category for the letters. After that, CSAC will need to do yearly pulls from IPEDS data for tuition and fees costs, as well as average total costs by income levels, and average net-price by income levels.

• Overall Cost: CSAC might need to hire 0.5 FTE/temporary employee/contractor to create the code at the beginning. They would need capacity to do the yearly data pulls, processing, and letter production. • Other costs to consider are mailing costs, awareness campaigns to get people to share their tax information, and outreach to undocumented communitis. • If many families do elect to share their data, the ROI would be high.
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • Given aid is shown to increase college enrollment, this intervention has the potential to increase college enrollment for low-income and racially minoritized communities, especially if it starts in middle school.
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • One limitation of this approach is that it would miss the poorest families who are not required to file a tax return. However, data from Free and Reduced Priced Lunch program can be used as a supplement. • Research shows that racially minoritized communities are risk adverse when it comes to taking out loans, since perceived college costs are a deterrent to enroll in college, this intervention has the potential to close equity gaps in terms of enrollment.
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • A question can be added to California tax return that asks residents to consent to having their income information used to provide them with information about how to pay for college. Adding this consent questions helps alleviate the need for legislative action. There would still be an administrative component to implement, such as ensuring the proper MOUs are in place.
Sustainability: How likely would it be to sustain this intervention in the long-term? • Once the initial setup for implementation is complete, there are some minimal costs to sustain this intervention (listed above).

Intervention 2: Create a central state hub for borrower outreach.
Target Population: Prospective student borrowers (pre-borrowing), Current student borrowers, Former student borrowers (in repayment) **Type of Intervention:** Communications and outreach
Notes:
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • One model of a central state hub for borrower outreach is a hub and spoke triage consumer assistance model.

- A hub and spoke triage model consumer assistance program would be administered by a backbone organization. In a hub and spoke model the backbone organization would also serve as the central hub that maintains a database or records of all consumers, operate the helpline that would be consumers' first point of contact with the assistance program, and conduct program evaluation efforts.[1] [2]
- The network would be comprised of partner organizations, typically community-based organizations (i.e., the spokes) that provide direct services (often in-person) to consumers. Consumers are referred to the partner organizations by the backbone organization, or the "hub." [3] The backbone "hub" organization subcontracts with the partner organizations to provide the consumer services.
- To ensure high-quality and consistent services, training and quality assurance should be provided by either the backbone "hub" organization or select technical assistance and training providers. Similarly, common outreach and educational materials should be developed.[4]
- New York State has launched a similar hub and spoke triage model consumer assistance program, the Education Debt Consumer Assistance Program (EDCAP).[5] The program is administered by the Community Service Society of New York and helps New Yorkers struggling with student debt navigate the repayment system and regain financial health. EDCAP was modeled after New York's Community Health Advocates program, which is a hub and spoke consumer assistance program focused on healthcare in the state.[6]
- In addition to providing consumer assistance for loan repayment, this central hub could also be leveraged for outreach to potential student borrowers and providing education and assistance with services needed by that student population.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- According to analysis by EDCAP, the cost running a robust EDCAP at full-scale in New York is approximately $3.5 million. At full capacity, the backbone "hub" helpline can support 10,000 inquiries. This can scale depending on the number of partner organizations within the network.[7] The cost to run a similar hub and spokes model would need to consider scaling the capacity for a California population.
- In FY20, the Community Health Advocates program, a hub and spoke consumer assistance program in New York focused on healthcare, received an appropriation of $3.934 million that allowed 29 CBOs and the Helpline to handle almost 33,000 cases and saved consumers almost $26 million in health care and insurance costs across the state.[8]

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- This intervention would support student borrowers with accessing personalized assistance.
- In FY20, the Community Health Advocates program, a hub and spoke consumer assistance program in New York focused on healthcare, received an appropriation of $3.934 million that allowed 29 CBOs and the Helpline to handle almost 33,000 cases and saved consumers almost $26 million in health care and insurance costs across the state.[9]

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[1] https://nyshealthfoundation.org/wp-content/uploads/2017/11/navigators-consumer-assistance-programs-september-2011-1.pdf
[2] http://communityhealthadvocates.org/wp-content/uploads/2021/02/CHA-Report-2020.pdf
[3] Ibid.
[4] Ibid.
[5] https://www.edcapny.org/
[6] http://communityhealthadvocates.org/wp-content/uploads/2021/02/CHA-Report-2020.pdf
[7] https://drive.google.com/drive/u/2/folders/1s1vMOLt1Df5koeaJ_kUx4Uoxf01f5bA0
[8] http://communityhealthadvocates.org/wp-content/uploads/2021/02/CHA-Report-2020.pdf
[9] http://communityhealthadvocates.org/wp-content/uploads/2021/02/CHA-Report-2020.pdf

• A hub and spoke triage model consumer assistance program allows student borrowers to receive adequate support based on the complexity, severity, and urgency of their situation. For example, EDCAP in New York helps consumers "determine their best repayment options; access loan forgiveness, cancellation, and discharge programs; get out of default to prevent wage garnishments, social security offsets, and tax intercepts; resolve issues with loan servicers and lenders; and obtain referrals to other services and resources to address additional needs."[10]
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • A hub and spoke triage model consumer assistance program allows student borrowers to receive adequate support based on the complexity, severity, and urgency of their situation. Research shows that student borrowers who struggle the most with student loan repayment include borrowers who did not complete their degree, low-income borrowers, borrowers who attended for-profit institutions, and Black borrowers. These borrowers stand to benefit from these types of programs and services.
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • Political feasibility could depend on cost of implementation. According to analysis by EDCAP, the cost running a robust EDCAP at full-scale in New York is approximately $3.5 million. At full capacity, the backbone "hub" helpline can support 10,000 inquiries. This can scale depending on the number of partner organizations within the network.[11] The cost to run a similar hub and spokes model would need to consider scaling the capacity for a California population.
Sustainability: How likely would it be to sustain this intervention in the long-term? • Long-term sustainability would require ongoing funds and resources. According to analysis by EDCAP, the cost of running a robust EDCAP at full-scale in New York is approximately $3.5 million. At full capacity, the backbone "hub" helpline can support 10,000 inquiries. This can scale depending on the number of partner organizations within the network. The cost to run a similar hub and spokes model would need to consider scaling the capacity for a California population.[12]

Intervention 3: Ensure consistency across institution-provided loan entrance counseling for first-time borrowers.
Target Population: Prospective student borrowers (pre-borrowing) **Type of Intervention:** Communications and outreach
Notes:

[10] https://www.edcapny.org/what-we-do/
[11] https://drive.google.com/drive/u/2/folders/1s1vMOLt1Df5koeaJ_kUx4Uoxf01f5bA0
[12] https://drive.google.com/drive/u/2/folders/1s1vMOLt1Df5koeaJ_kUx4Uoxf01f5bA0

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- Administrative ownership is unclear due to California's higher education system.
- Such a strategy could be implemented particularly if a more centralized database of information around loans and borrowers were supported.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- Costs would include professional development for counselors; consistent data to identify first-time borrowers

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

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Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- Unclear how directly this affects equity. However, if done more broadly to support CA borrowers it may increase more equitable opportunities through access to information and consistent counseling supports.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- Unknown. Could be met with some resistance depending on administrative and reporting burden for institution

Sustainability: How likely would it be to sustain this intervention in the long-term?

- This intervention would require support of institutions to implement. Sustainability considerations include ability to access and disseminate consistent information and size of administrative burden on institutions to ensure implementation.

Intervention 4: Embed outreach activities within FAFSA for All efforts.

Target Population: Prospective student borrowers (pre-borrowing)
Type of Intervention: Communications and outreach

Notes:

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- This intervention would rely on current efforts to require K12 districts and schools to certify that seniors have completed a FAFSA or CADAA.
- Trailer bill language would require local education agencies (LEAs) to: (1) "ensure that each of its pupils receives information on how to properly complete and submit the Free Application for Federal Student Aid or the California Dream Act Application, as appropriate, at least once before the pupil enters grade 12" commencing with the 2021-22 AY; and (2) "ensure that a grade 12 pupil who does not opt

out, as provided, completes and submits a Free Application for Federal Student Aid or, if the pupil is exempt from paying nonresident tuition under existing law, completes and submits a form for purposes of the California Dream Act," commencing with the 2021-22 AY. • Trailer bill language indicates that "The local educational agency directs each high school pupil and, if applicable, the pupil's parent or legal guardian, to support and assistance services necessary to comply with the requirement that may be available through outreach programs operated by the Student Aid Commission." This could include accessing support through Cash for College workshops. • Communication: CSAC currently offers publications for LEAs and schools to download or order in print, including flyers on FAFSA/CADAA, Cal Grant and materials for special populations (e.g., foster youth, undocumented immigrant students). Publications are available in eight different languages though not all publications are available in each language. • Tracking FAFSA/CADAA submission: Through CSAC's WebGrants portal, high school staff are able to view which seniors have submitted a FASFA or CADAA. Counselors can also use this portal to verify students' high school GPA, for purposes of determining Cal Grant award eligibility. • Tracking Students who Opt-Out: LEAs would need to develop a system for tracking which students have opted out of this requirement.
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • Governor Newsom's proposal includes a proposed funding source. The trailer bill language says, if the Commission on State Mandates determines that the proposal contains costs mandated by the state, LEAs will be reimbursed by the state according to the statutory provisions.[13]
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • This intervention would ensure additional California students are completing a FAFSA or CADAA. • In the last two years in California, nearly a half million high school seniors did not complete a FAFSA or CADAA, leaving an estimated $550 million in state and federal financial aid on the table. The COVID-19 pandemic has further disrupted application completion rates for many high school and college students, preventing them from being eligible to receive financial aid for college. The Governor's Proposed Budget highlights that California has seen a decline of about 10 percent and 45 percent in first-time freshman FAFSA and CADAA completion rates, respectively.[14] • Louisiana established its FAFSA completion policy in 2017-18. In the first year of implementation, FAFSA completion rates increased by 26 percentage points to an overall completion rate of over 77 percent.[15]
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • During the ongoing pandemic, declines in California FAFSA completion have been greater in communities that are lower-income or have more Black and Latinx individuals. Currently, students who would benefit the most from financial aid are the least likely to apply. This proposal would make it easier for students who wish to attend college to apply for financial aid and receive support to complete the application, while making sure there are avenues for students to opt-out.[16]

[13] https://west.edtrust.org/resource/frequently-asked-questions-governor-newsoms-proposal-on-local-education-agencies-confirmation-of-fafsa-or-cadaa-applications/#:~:text=In%20January%202021%2C%20Governor%20Newsom,(CADAA)%2C%20if%20passed.
[14] Ibid.
[15] Ibid.
[16] Ibid.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • In January 2021, Governor Newsom put forth a budget proposal that would ensure all high school seniors complete a Free Application for Federal Student Aid (FAFSA) or California Dream Act Application (CADAA), if passed.
Sustainability: How likely would it be to sustain this intervention in the long-term? • Governor Newsom's Proposal on LEA confirmation calls for LEAs (i.e., school districts, county offices of education, or charter schools) to ensure that their seniors either complete and submit the FAFSA or CADAA beginning in the 2021-22 academic year, or opt-out of doing so.

Intervention 5: Implement early identification and outreach to students who are taking or are likely to take on high debt loads.
Target Population: Current student borrowers **Type of Intervention:** Communications and outreach
Notes:
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • This intervention would require institutions to identify students who are borrowing higher levels of debt and send them warning letters, so students are aware that they are borrowing at higher levels than their peers. • A similar intervention was implemented in Fall 2012 at Montana State University. According to a paper by Maximilian Schmeiser, Christiana Stoddard, and Carly Urban, "the Allen Yarnell Center for Student Success at Montana State University sent warning letters to students with high loans amounts based on their standing in school: first-semester freshmen with more than $6,250 in loans, sophomores with more than $12,000 in debt, juniors with more than $18,750 in debt, and any student with more than $25,000 in debt received a letter."[17]   ○ The letters advised, "If you continue to accept loans at this rate you will accrue a debt level that may become difficult to repay, which may place you at risk for defaulting on your loan." Letters further offered career and financial counseling. Approximately 2,300 letters were sent in the first year, comprising about 15 percent of the student body at Montana State University.[18]
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • Cost considerations include administrative costs to review student borrower data to identify students to receive the warning letters and to complete the outreach efforts.

[17] https://www.montana.edu/urban/documents/Manuscript_Urban.pdf
[18] Ibid.

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- A similar intervention was implemented in Fall 2012 at Montana State University. Intervention results included:
    - About 18% of students borrowed next in the next semester. Among freshmen, 18% of sf students borrowed less the next semester. [19]
    - There was a slight increase in retention rate. [20]
    - More credits earned in the current semester (with fewer Withdraws) and slightly higher GPA.[21]

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- This intervention could help address equity gaps in borrowing levels. For example:
- Amongst California public colleges, low-income and underrepresented students are much more likely to graduate with debt.[22]
    - 3 out of 4 black CSU graduates leave college with student loan debt, compared to half of all CSU graduates.[23]
    - Among CSU graduates who borrowed loans, two-thirds were from families with incomes below $27,000.[24]
    - Two-thirds of black UC graduates and those from families with incomes below $29,000 leave college with student loan debt, compared to half of all UC graduates.[25]

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- Institutions would need to have the resources and capacity to be able to implement this intervention, including the relevant student data and analysis to support student identification.

Sustainability: How likely would it be to sustain this intervention in the long-term?

- Sustainability considerations include administrative costs and institutional capacity to review student borrower data to identify students to receive the warning letters and to complete the outreach efforts.

Intervention 6: Automate or otherwise expand outreach to borrowers eligible for the Student Tuition Recovery Fund.

Target Population: Current student borrowers, Former student borrowers (in repayment)
Type of Intervention: Communications and outreach

[19] https://drive.google.com/file/d/1byNVOHvmbGT5x8nxESBMoX1lnCfQPJZu/view?usp=sharing
[20] Ibid.
[21] Ibid.
[22] https://drive.google.com/file/d/1i-6csbWBoqujtRaFQgXzbqImgnzcwio4/view?usp=sharing
[23] Ibid.
[24] Ibid.
[25] Ibid.

Notes: The analysis of this intervention is based on a 2019 report, "Bittersweet Relief: Strengthening California's Student Tuition Recovery Fund" to Better Support Students" by The Institute for College Access & Success.[26]

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- This intervention would expand use of the Student Tuition Recovery Fund via additional outreach to student borrowers who qualify for relief.
- In 2016, the Office of Student Assistance and Relief (OSAR) was created within BPPE to "advance and promote the rights of private postsecondary educational institution students." OSAR's specific statutory duties include conducting outreach to students who have been affected by the "unlawful activities" or closure of a school and giving these students individual assistance to make sure that they "successfully access available state and federal relief programs.[27]
- According to TICAS, "schools that close without establishing reliable custodianship of student records leave students at a substantial disadvantage when they apply for STRF or certain types of federal discharge relief. Although California institutions are legally required to provide BPPE with a plan to make student records available through a third party such as a custodian of records, or to provide these documents directly to BPPE prior to closure, in many cases the available documents are limited or unavailable, leaving students who need financial records or enrollment agreements in order to obtain STRF or federal loan discharge relief without options." BPPE can take steps to ensure that "the school provides for adequate maintenance of not only transcripts, but also enrollment and accounting records that may be critical to students' ability to obtain relief."[28]

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- The Student Tuition Recovery Fund (STRF) is funded through assessments paid by students to their institutions and passed on to BPPE. BPPE has the authority to set the amount of the assessments collected by students, but the total STRF cannot exceed $25 million. Once the fund reaches $25 million, BPPE is required to stop collecting assessments from students until the fund falls below $20 million as a result of relief paid to injured students. According to TICAS, "STRF has exceeded its statutory limit since 2014, at which time the balance exceeded $28 million. BPPE eventually ceased collecting STRF assessments (then fifty cents per $1,000 of tuition fees) in 2014. However, because so little STRF relief has been issued to students, the fund balance has never The Institute for College Access & Success 7 substantially lowered, and as a result no assessment has been collected since that time. At present, despite a number of large school closures, the STRF balance still exceeds $25 million."[29]
- According to TICAS, "BPPE currently maintains records for more than 20 closed schools. To the extent that BPPE lacks the resources to maintain student records for every school that closes, it should at least develop minimum standards for custodians of records that ensure that students can readily obtain essential documents related to their education. Doing so will ensure that BPPE, OSAR, and students have access to the necessary documentation."[30]

[26] https://ticas.org/wp-content/uploads/2019/08/bittersweet-relief.pdf
[27] Ibid.
[28] Ibid.
[29] Ibid.
[30] Ibid.

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • According to TICAS, the STRF is underutilized as "available data indicate that the number of students who receive or even apply for STRF relief in any given year represents an alarmingly small percentage of the students who have been impacted by closure. In the 2015–16 fiscal year, for example, BPPE reported the closure of 209 supervised postsecondary institutions, branches, or satellite locations, together enrolling 5,490 students. However, during this same period, BPPE reported receiving only 628 STRF applications, and approving only 295."[31] • Additionally, TICAS reports that "Interviews with legal services providers on their experiences helping students of failed private postsecondary institutions suggest that the low number of STRF applications submitted by students is more likely the result of a lack of student awareness about the program, rather than a lack of need for relief."[32]
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • Research shows that predatory for-profit schools target communities of color, and in particular Black students and students who serve(d) in the military).[33]
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • The STRF has had historical political support. The STRF was first established by the Legislature in 1978 and was expanded in 1989. It was reauthorized in 2009 by the California Postsecondary Education Act, which also placed the administration of the STRF under the purview of BPPE, newly created at that time. In 2016, the Act was amended to establish the OSAR.[34]
Sustainability: How likely would it be to sustain this intervention in the long-term? • The STRF has had historical political support. The STRF was first established by the Legislature in 1978 and was expanded in 1989. It was reauthorized in 2009 by the California Postsecondary Education Act, which also placed the administration of the STRF under the purview of BPPE, newly created at that time. In 2016, the Act was amended to establish the OSAR.[35] • Resources would need to be provided for BPPE and OSAR to complete necessary outreach efforts to reach affected students eligible for STRF relief.

Intervention 7: Leverage nonprofit employers to provide information about student loan forgiveness options.
Target Population: Former student borrowers (in repayment)

[31] Ibid.
[32] Ibid.
[33] https://protectborrowers.org/wp-content/uploads/2020/12/Combating-Exploitative-Education_2020.pdf
[34] https://ticas.org/wp-content/uploads/2019/08/bittersweet-relief.pdf
[35] Ibid.

Type of Intervention: Communications and outreach	
Notes:	
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • This intervention could be implemented as a component of an additional intervention: a central state hub and spokes model for triage and outreach. • The California Association of Nonprofits (CalNonprofits) is a statewide membership organization that brings nonprofits together to advocate for the communities they serve.[36] If a central state hub and spokes model is adopted for consumer assistance and borrower outreach, CalNonprofits might be in the "spokes" network of service providers.	
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • This intervention could be run as a component of a central state hub and spokes model for triage and outreach intervention. According to analysis by EDCAP, the cost running a robust EDCAP at full-scale in New York is approximately $3.5 million. At full capacity, the backbone "hub" helpline can support 10,000 inquiries. This can scale depending on the number of partner organizations within the network.[37] The cost to run a similar hub and spokes model would need to consider scaling the capacity for a California population.	

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?
 	
• A report by the Student Borrower Protection Center and the American Federation of Teachers describes findings of an investigation of PSLF servicing, including:[38]
  ○ Borrowers whose employment had been certified as eligible for PSLF were later reconsidered and rejected.
  ○ Borrowers employed by the same organization receive different answers when seeking to certify their employment.
  ○ There is no standardized process for certifying employers.
  ○ Borrowers lack a clear process or a formal right to appeal if their employer is rejected.
• Incorporating nonprofit employers into the state's hub and spokes can help provide student borrowers with consumer assistance to navigate PSLF processes and relief.	

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?	

[36] https://calnonprofits.org/about-us/about-calnonprofits

[37] https://drive.google.com/drive/u/2/folders/1s1vMOLt1Df5koeaJ_kUx4Uoxf01f5bA0

[38] https://protectborrowers.org/wp-content/uploads/2020/08/ECF-Failures.pdf

• Challenges with accessing and navigating PSLF are well documented;[39] this intervention could help address equity gaps in PSLF access.
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • Political feasibility could depend on cost of implementation of a central state hub and spokes model for consumer assistance and outreach. According to analysis by EDCAP, the cost running a robust EDCAP at full-scale in New York is approximately \$3.5 million. At full capacity, the backbone "hub" helpline can support 10,000 inquiries. This can scale depending on the number of partner organizations within the network.[40] The cost to run a similar hub and spokes model would need to consider scaling the capacity for a California population.
Sustainability: How likely would it be to sustain this intervention in the long-term? • If this intervention is implemented as part of a central state hub and spokes model for consumer assistance and outreach, ongoing funding would need to be provided to sustain this intervention.

Intervention 8: Embed financial capacity-building education within California high school curricular standards.
Target Population: Prospective student borrowers (pre-borrowing) **Type of Intervention:** Direct support and services
Notes:

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?
 	
• AB 2015 requires the governing board of a school district and the governing body of a charter school, as appropriate, to ensure that each of its pupils receives information on how to properly complete and submit the Free Application for Federal Student Aid (FAFSA) or the California Dream Act Application, as appropriate, at least once before the pupil enters grade 12.
  ○ Expanding the scope of AB 2015 could include a broader education on college financing. For example, curricular standards in Texas include:
    ▪ Personal financial literacy. The student understands the various methods available to pay for college and other postsecondary education and training. The student is expected to: (A) understand how to complete the Free Application for Federal Student Aid (FAFSA) provided by the United States Department of Education; (B) research and evaluate various scholarship opportunities such as those from state governments, schools, employers, individuals, private companies, nonprofits, and professional organizations; (C) analyze and compare student grant options; (D) analyze

[39] Ibid.

[40] https://drive.google.com/drive/u/2/folders/1s1vMOLt1Df5koeaJ_kUx4Uoxf01f5bA0

and compare student loan options, including private and federal loans; and (E) research and evaluate various work-study program opportunities.[41]

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- Assembly Floor analysis of AB 2015 indicated that "by requiring school districts to provide information on how to complete and submit the FAFSA or California Dream Act application, this bill could result in a reimbursable state mandate likely in the low hundreds of thousands of dollars each year. This estimate assumes that five to 10% of high school teachers in the state would spend one hour of staff time on these activities. To the extent the Commission on State Mandates determines the bill's requirements to be reimbursable, this could lead to pressure for the state to increase the K-12 Mandates Block Grant."[42]
- Other cost considerations depend on the additional standards included to expand AB2015 and the staff time required to complete the activities related to those standards.

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- The paper, "The Effects of Financial Education on Student Financial Aid Choices" by Christina Stoddard and Carly Urban examined the effects of required finance education in high school. The "results suggest graduation requirements increase aid applications and federal loans, while decreasing private loans and the likelihood of holding credit card balances."[43]
- The effects on federal aid are strongest for students attending public universities and minority students: students at public schools increased subsidized Stafford loan amounts by $150 on average, while Black and Hispanic students increased their subsidized Stafford amounts by $260 and $300, respectively.[44]
- For students with an EFC below the median, results indicated that:
    - These students were 3% more likely to apply for aid; an additional 9% received subsidized loans; an additional 3% receive grants; carrying a credit card balance decreases for 3%; and about 3.5% fewer students work while enrolled in school.[45]

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- The paper, "The Effects of Financial Education on Student Financial Aid Choices" by Christina Stoddard and Carly Urban examined the effects of required finance education in high school. The "results suggest graduation requirements increase aid applications and federal loans, while decreasing private loans and the likelihood of holding credit card balances."[46] The effects on federal aid are strongest for students attending public universities and minority students: students at public schools increased subsidized Stafford loan amounts by $150 on average, while Black and Hispanic students increased their subsidized Stafford amounts by $260 and $300, respectively.[47]

[41] http://ritter.tea.state.tx.us/rules/tac/chapter113/ch113c.html
[42] https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201720180AB2015
[43] https://www.montana.edu/urban/Draft_StudentLoans_Fin_Ed_June.pdf
[44] Ibid.
[45] https://drive.google.com/file/d/1byNVOHvmbGT5x8nxESBMoX1lnCfQPJZu/view?usp=sharing
[46] https://www.montana.edu/urban/Draft_StudentLoans_Fin_Ed_June.pdf
[47] Ibid.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- AB2 2015 was approved by the Legislature in 2018. In January 2021, Governor Newsom put forth a budget proposal that would ensure all high school seniors complete a Free Application for Federal Student Aid (FAFSA) or California Dream Act Application (CADAA), if passed.

Sustainability: How likely would it be to sustain this intervention in the long-term?

- AB2015 was approved by the Legislature in 2018 and is set to begin in Academic Year 2021-2022. Additionally, Governor Newsom's Proposal on LEA confirmation calls for LEAs (i.e., school districts, county offices of education, or charter schools) to ensure that their seniors either complete and submit the FAFSA or CADAA beginning in the 2021-22 academic year, or opt-out of doing so.

Intervention 9: Expand school counselor training to include a more robust understanding of college affordability and student borrowing.

Target Population: Prospective student borrowers (pre-borrowing)
Type of Intervention: Direct support and services

Notes: The analysis of this intervention was prepared with support from Jaclyn Piñero, Janeira Forté, Jermaine Myrie, and Tyler Wu, *uAspire*.

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- One potential implementing organization is the Commission on Teacher Credentialing.[48]
- Higher education institutions that offer relevant preparation programs would need to be engaged.[49]

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- Considerations include administrative costs to coordinate with institutions who provide relevant training programs, costs required to develop the college affordability and student borrowing curriculum, and costs to implement the robust training.

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- This type of standardized intervention, alongside continuing education update requirements given how financial aid changes annually, would have significant impact across the state for students and families as current standards to not require any work through the credentialing program to focus on financial aid.
- This type of approach more critical now in the state under AB2015 and other statewide approaches to affordability/FAFSA completion/student loan crisis. AB2015 requires the governing board of a school district or the governing body of a charter school to

[48] https://www.ctc.ca.gov/
[49] https://www.ctc.ca.gov/commission/reports/data/approved-institutions-and-programs

ensure that students receive information on how to properly complete and submit the FAFSA or the CADAA at least once before pupils enter grade 12. • This is a systems level approach to cost and effectiveness of FAFSA completions rates across CA. • This approach would improve access to federal, state, and institutional aid to possibly limit the amount of private loans students and families feel they must take out to afford college. • This represents building in financial literacy as a statewide mandate to reduce need for private loans to finance a college degree.
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • Need multi-tier interventions to ensure equitable services and access is provided statewide for all students. • By standardizing and systematizing this type of training, knowledge and skills for school counseling staff, it would unify the information, resources, understanding and thus decision-making for students and families as it pertains to postsecondary affordability.
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • AB2015 to be put into place for academic year 2021-22. • Federal changes in FAFSA (FAFSA simplification) slated for the 2023-2024 academic year; this will result in many changes directed to students and families to ensure simplification is successful. • Will come down to cost and ability to fund until there can be some systemic fixes that remove the need for more band-aid interventions.
Sustainability: How likely would it be to sustain this intervention in the long-term? • Would require ongoing state funding mechanism

Intervention 10: Provide 1:1 virtualized counseling, including likely wage outcomes for selected programs.
Target Population: Prospective student borrowers (pre-borrowing) **Type of Intervention:** Direct support and services
Notes: The analysis of this intervention was prepared with support from Jaclyn Piñero, Janeira Forté, Jermaine Myrie, and Tyler Wu, *uAspire*.
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • In collaboration with CSAC, a partner could provide 1:1 virtual counseling for 11th and 12th graders and then continue the virtual advising through postsecondary. • The select partner would need to have the capacity (i.e., enough staff and advisors) for a full statewide scale; analysis would need to be done to determine the number of students and any scoping through warm hand off/triage model with CSAC/CalSOAP as additional on the ground partners for direct student service.

- Data sharing infrastructure would also have to be deal with to ensure the partnership has access to shared student information to be navigate and handle student needs.
- The administrative feasibility of this greatly increases by utilizing californiacolleges.edu as the platform for direct student advising but also as the place to house other student and practitioner resources (videos, cost calculator tools, etc.).

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- Cost depends on total number of students identified for direct advising.
- Under a current similar model run by uAspire, the average cost per student, through uAspire's virtual advising model is ~$200/student.
- Cost depends on how many annual training sessions to occur for a total number of practitioners.
- Upfront tech build out costs for triage approach and integration of tools and other resources into californiacolleges.edu or a central state hub.
- Return on investment can be measured in multiple ways. A few to consider: amount of federal, state and institutional aid utilized (uptake); increase in enrollment; increase in persistence.

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- There is both duplication and a complete lack of FAFSA advising across the state (most concentrated in urban centers; lack of access in more rural parts of the state)
- Financial aid processes are very cumbersome for many, which can lead families to resort to loans
- The deeper investment into resources that leverage federal, state and institutional aid for students and families can have a direct result in decreasing the need for private borrowing to complete a postsecondary education.
- The partner's advising could ensures students draw in the max Pell/CADA, CalGrant and institutional aid available. This is the 'preventative' approach so that students don't have to rely on loans to persist and graduate
- The partner could also work directly with the segments on systemic fixes around aid offers and indirect cost transparency so that students have the full upfront cost of college and can make more informed financial decisions at the outset.

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- The design would have to ensure that various entry points and accessibility are build (eg in-person advising opportunities; bilingual staff; translated resources, etc)
- Advising resources should also be prioritized for highest-need districts (lowest FAFSA/CADA submission; high FRPL; high BICOP; last amount of staffing resources)
- More affluent districts could be prioritized for training vs in person advising to ensure equity
- Advising should also include CTE and other postsecondary options for students where federal and state aid can be applied.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- AB2015 to be put into place for academic year 2021-22.
- Federal changes in FAFSA (FAFSA simplification) slated for the 2023-2024 academic year; this will result in many changes directed to students and families to ensure simplification is successful.

• Will come down to cost and ability to fund until there can be some systemic fixes that remove the need for more band-aid interventions.
Sustainability: How likely would it be to sustain this intervention in the long-term? • The systemic fixes as outlined under Effectiveness will help reduce costs in out years. • FAFSA simplification could also decrease the cost in out years as Pell becomes easier to pull down for students (although verification could still be a big issue if that process is not also dealt with in the federal FAFSA simplification process).

Intervention 11: Expand Cash for College.
Target Population: Prospective student borrowers (pre-borrowing) **Type of Intervention:** Direct support and services
Notes: The analysis of this intervention was prepared with support from Catalina Mistler, *California Student Aid Commission.*
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • The mission of Cash for College, which is run by the California Student Aid Commission, is "to help low-income and first generation college-goers complete the application process so they can access financial aid for education and career/technical training beyond high school. Students and families can attend FREE Cash for College workshops across California for help completing the Free Application for Federal Student Aid (FAFSA) or California Dream Act (CADAA) and Chafee Grant for Foster Youth applications."[50] • To expand Cash for College, the "California Student Aid Commission launched the Fall 2020 Cash for College Train the Trainer Program. The Statewide Cash for College Train the Trainer Program provides new and existing community partners with the training and resources to host their own Cash for College Workshops to assist students in completing the Free Application for Federal Student Aid (FAFSA) or California Dream Act Application (CADAA). This program will expand on the Cash for College workshops to reach more students and assist in financial aid completion."[51]   ○ According to the Cash for College website, "every year CSAC partners with locally-based partner organizations, including high schools, community colleges, universities, and community groups to provide Cash for College Workshops to students. To become a Cash for College Community Champion, [organizations can] complete the Train the Trainer Workshop/Training. Once trained, Cash for College Community Champions will host Cash for College workshops to assist students and families in completing their financial aid applications."[52] • Opportunities to expand Cash for College include providing information beyond completing a FAFSA, CADAA, and Foster Youth applications, such as information on how to compare and analyze scholarships, grant opportunities, student loan options, and work-study options.

[50] https://www.csac.ca.gov/cash-college
[51] Ibid.
[52] Ibid.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- CSAC's 2020-21 revised budget included $21 million for Ongoing Programs, which includes Assumption Program of Loans for Education, California Military Department GI Bill Awards, Cash for College, Chafee Foster Youth Program, John R. Justice Program, Law Enforcement Personnel Dependents Scholarships, and State Nursing Assumption Program of Loans for Education for Nursing Faculty.[53]
- The Cash for College budget is approximately $380,000.[54]
- Additional considerations include costs for expanding the Cash for College curriculum including developing workshop materials, training curriculum providers, and the additional time to implement the expanded curriculum.

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- In 2019, Cash for College served approximately 34,000 students.[55] The primary target audience of Cash for College workshops is low-income and first-generation students.

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- In 2019, Cash for College served approximately 34,000 students.[56] The primary target audience of Cash for College workshops is low-income and first-generation students.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- CSAC currently receives funding from the state to support Cash for College workshops.

Sustainability: How likely would it be to sustain this intervention in the long-term?

- Sustainability considerations include additional costs required to expand the Cash for College curriculum including developing workshop materials, training curriculum providers, and the additional time to implement the expanded curriculum.

Intervention 12: Leverage Cal-SOAP to provide students with financing education.

Target Population: Prospective student borrowers (pre-borrowing)
Type of Intervention: Direct support and services

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53 https://lao.ca.gov/Publications/Report/4355
54 Catalina Mistler, CSAC
55 https://www.csac.ca.gov/sites/main/files/file-attachments/c4c_train_the_trainer_november_17_summit.pdf?1610331635
56 https://www.csac.ca.gov/sites/main/files/file-attachments/c4c_train_the_trainer_november_17_summit.pdf?1610331635

Notes: The analysis of this intervention was prepared with support from Catalina Mistler, *California Student Aid Commission.*

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?
 	
• The California Student Aid Commission administers Cal-SOAP, which was established in 1978 to "improv[e] the flow of information about postsecondary education and financial aid while raising the achievement levels of low-income, elementary and secondary school students or geographic regions with documented low-eligibility or college participation rates, and who are first in their families to attend college."[57]
• SB 737 (Limón) would modernize the functions and priorities of Cal-SOAP to help students and families: 1) understand the true cost of college; 2) understand their financing options (grants, scholarships, student loans, and work opportunities); and 3) apply for financial aid using the FAFSA or CADAA.[58]
• Under SB 737, Cal-SOAP projects would be required to:[59]
  ○ Provide services on college preparation, understanding the total cost of attendance, assistance with completion of financial aid applications;
  ○ Increase the number of pupils submitting completed financial aid applications (including assisting with financial aid verification as needed);
  ○ Hire undergraduate and graduate students to serve as college success coaches to mentor students and encourage a college-going culture;
  ○ Promote the value of career technical education; and
  ○ Maintain a comprehensive pupil data system.
• SB 737 would strengthen the data collection and program evaluation of Cal-SOAP to better serve students.[60]
  ○ CSAC is currently working with Cal-SOAP and WestED to build a robust data system.
  ○ Cal-SOAP projects would submit data metrics, including but not limited to: individual records of high school pupils served, services performed by the project, number of pupils that completed the FAFSA or CADAA, and number of pupils who are eligible for postsecondary enrollment.
  ○ CSAC's role would support program evaluation.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • Senate Floor analysis of SB 737 states that "the Cal-SOAP is currently budgeted at $7.9 million General Fund and funds 16 local projects throughout the state. This bill's provisions could potentially result in additional, but unknown General Fund cost pressure for the state. Specifically, this bill expands the population of students being assisted under the program to include first year college students, to the extent that resources are available. This bill also allows up to two percent of program funds to be allocated for administrative activities, which could result in funds being diverted from direct student services."[61]

[57] https://www.csac.ca.gov/california-student-opportunity-and-access-program-cal-soap
[58] https://www.csac.ca.gov/cal-soap-modernization-sb-737-limon
[59] Ibid.
[60] Ibid.
[61] https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202120220SB737

• Senate Floor analysis of SB 737 states that "this bill provides additional oversight responsibilities and authority for the Commission. For example, it authorizes the Commission to require that each project submit certain outreach metrics for the purpose of evaluating the effectiveness of the program. This bill also authorizes the Commission to adopt regulations necessary for the implementation and evaluation of the program and projects. However, the Commission indicates any state operations costs resulting from this bill could be absorbed within existing resources."[62]
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • According to a CSAC fact sheet on SB 737, "Cal-SOAP consists of 16 regional consortia (or projects) administered by the California Student Aid Commission (Commission) with a statutory mandate to improve access to higher education by raising the academic achievement levels of underserved populations. While there are numerous government funded programs that are designed to increase the academic college eligibility of underserved students, few focus on helping students understand the true cost of attendance and supporting them through the financial aid application process. Due to the institutional knowledge and staff expertise at the Commission, many Cal-SOAP projects have made college financing assistance – such as filling out the FAFSA or CADAA – a priority. However, the governing statute has not been substantially updated in over 40 years."[63]
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • Cal-SOAP currently serves historically underserved students pursuing higher education at over 400 middle and high school campuses. SB 737 would authorize CSAC to "allocate funding to support projects designed to increase the accessibility of financial aid for students from underserved communities, who meet one or more of the following criteria: 1) students who are from low-income families; b) student who would be the first in their families to attend a postsecondary education institution; c) students who are from schools or geographic regions with documented low postsecondary education eligibility or participation rates; d) students who are homeless youth, as defined or who are at risk of becoming homeless; e) students who are from mixed immigrant status households or who themselves are immigrants; f) students who are current or former foster youth, as defined; g) students who identify as being LGBTQ+; and h) students who are part of a historically underserved minority group.[64]
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • Cal-SOAP was established in 1978 and is budgeted at $7.9 million General Fund and funds 16 local projects throughout the state. Projects must secure matching funds for its state allocation.[65]
Sustainability: How likely would it be to sustain this intervention in the long-term? • Senate Floor analysis of SB 737 states that "the Cal-SOAP is currently budgeted at $7.9 million General Fund and funds 16 local projects throughout the state. This bill's provisions could potentially result in additional, but unknown General Fund cost pressure for the

[62] Ibid.
[63] https://www.csac.ca.gov/sites/main/files/file-attachments/sb737_factsheet.pdf?1618003543
[64] Ibid.
[65] Ibid.; https://www.csac.ca.gov/california-student-opportunity-and-access-program-cal-soap

state. Specifically, this bill expands the population of students being assisted under the program to include first year college students, to the extent that resources are available. This bill also allows up to two percent of program funds to be allocated for administrative activities, which could result in funds being diverted from direct student services."[66]

Intervention 13: Provide expanded legal services and counseling following school closures through the Department of Financial Protection and Innovation (DFPI).
Target Population: Current student borrowers, Former student borrowers (in repayment) **Type of Intervention:** Direct support and services
Notes:
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • The mission of the Department of Financial Protection and Innovation is to "serve Californians by effectively overseeing financial service providers, enforcing laws and regulations, promoting innovation, fair and honest business practices, enhancing consumer awareness, and protecting consumers by preventing potential marketplace risks, fraud, and abuse."[67] The DFPI's strategic plan aims to "improve its services to licensees and consumers, provide employees more development opportunities, grow leadership competencies, and maximize operational efficiency."[68] • The passage of the California Consumer Financial Protection Law and Student Borrower Protection Bill gives DFPI expanded oversight and new tools and resources to protect borrowers. For the first time in the department's history, DFPI can investigate all claims of unlawful, unfair, deceptive and abusive financial practices and have oversight over student loan debt relief servicers and private colleges funding.[69] • According to the 2019 report, "Bittersweet Relief: Strengthening California's Student Tuition Recovery Fund" by TICAS, " in its annual report to the legislature in 2018, the Office of Student Assistance and Relief (OSAR; currently under BPPE) reported that it had developed procedures to conduct workshops for affected students when it receives notification of a pending closure and, critically, to first contact students identified on school rosters individually to notify them of the workshop and to provide individual counseling for those students who are unable to attend."[70] Further, TICAS reports that, " providing individualized assistance to students is, and should be, time intensive. OSAR's statutory responsibilities include not only helping eligible students obtain Student Tuition Recovery Fund (STRF) relief, but also helping them access the other relief programs that they are eligible for including federal loan discharge. One legal services attorney interviewed for this report estimated that it takes her approximately five to fifteen hours to help a student apply for federal student loan discharge and STRF relief."[71]

[66] https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202120220SB737
[67] https://dfpi.ca.gov/strategic-plan/
[68] Ibid.
[69] https://drive.google.com/file/d/1J4YkwoHQ6yrnLpBGJnztCNRct0rpOmwo/view?usp=sharing
[70] https://ticas.org/wp-content/uploads/2019/08/bittersweet-relief.pdf
[71] Ibid.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • Considerations include the costs to ensure capacity is available to support students following school closures. TICAS reports that "one legal services attorney interviewed for this report estimated that it takes her approximately five to fifteen hours to help a student apply for federal student loan discharge and STRF relief."[72]
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • TICAS reports that "Interviews with legal services providers on their experiences helping students of failed private postsecondary institutions suggest that the low number of STRF applications submitted by students is more likely the result of a lack of student awareness about the program, rather than a lack of need for relief."[73] • More timely legal aid and counseling is needed for students whose schools close; TICAS reports that "students whose schools close usually come to [seek legal aid and counseling] only after their loans go into repayment around six months after they leave school. None of these students know about STRF. Even when [the process is explained], they are confused about the differences between federal discharge relief and STRF relief."[74]
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • Research shows that predatory for-profit schools target communities of color, and in particular Black students and students who serve(d) in the military).[75]
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • The STRF, which provides relief to students whose institution has closed, has had historical political support. The STRF was first established by the Legislature in 1978 and was expanded in 1989. It was reauthorized in 2009 by the California Postsecondary Education Act, which also placed the administration of the STRF under the purview of BPPE, newly created at that time. In 2016, the Act was amended to establish the OSAR.[76]
Sustainability: How likely would it be to sustain this intervention in the long-term? • The STRF, which provides relief to students whose institution has closed, has had historical political support. The STRF was first established by the Legislature in 1978 and was expanded in 1989. It was reauthorized in 2009 by the California Postsecondary

[72] Ibid.

[73] Ibid.

[74] Ibid.

[75] https://protectborrowers.org/wp-content/uploads/2020/12/Combating-Exploitative-Education_2020.pdf

[76] https://ticas.org/wp-content/uploads/2019/08/bittersweet-relief.pdf

Education Act, which also placed the administration of the STRF under the purview of BPPE, newly created at that time. In 2016, the Act was amended to establish the OSAR.[77] • Resources would need to be provided for DFPI to ensure capacity is available to support students following school closures. TICAS reports that "one legal services attorney interviewed for this report estimated that it takes her approximately five to fifteen hours to help a student apply for federal student loan discharge and STRF relief."[78]

Intervention 14: Implement a hub and spoke triage model consumer assistance program (e.g., EDCAP in NY).
Target Population: Former student borrowers (in repayment) **Type of Intervention:** Direct support and services
Notes:
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • A hub and spoke triage model consumer assistance program would be administered by a backbone organization. In a hub and spoke model the backbone organization would also serve as the central hub that maintains a database or records of all consumers, operate the helpline that would be consumers' first point of contact with the assistance program, and conduct program evaluation efforts.[79] [80] • The network would be comprised of partner organizations, typically community-based organizations (i.e., the spokes) that provide direct services (often in-person) to consumers. Consumers are referred to the partner organizations by the backbone organization, or the "hub." [81] The backbone "hub" organization subcontracts with the partner organizations to provide the consumer services. • To ensure high-quality and consistent services, training and quality assurance should be provided by either the backbone "hub" organization or select technical assistance and training providers. Similarly, common outreach and educational materials should be developed.[82] • New York State has launched a similar hub and spoke triage model consumer assistance program, the Education Debt Consumer Assistance Program (EDCAP).[83] The program is administered by the Community Service Society of New York and helps New Yorkers struggling with student debt navigate the repayment system and regain financial health. EDCAP was modeled after New York's Community Health Advocates program, which is a hub and spoke consumer assistance program focused on healthcare in the state.[84]
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

[77] Ibid.

[78] Ibid.

[79] https://nyshealthfoundation.org/wp-content/uploads/2017/11/navigators-consumer-assistance-programs-september-2011-1.pdf

[80] http://communityhealthadvocates.org/wp-content/uploads/2021/02/CHA-Report-2020.pdf

[81] Ibid.

[82] Ibid.

[83] https://www.edcapny.org/

[84] http://communityhealthadvocates.org/wp-content/uploads/2021/02/CHA-Report-2020.pdf

- According to analysis by EDCAP, the cost running a robust EDCAP at full-scale in New York is approximately $3.5 million. At full capacity, the backbone "hub" helpline can support 10,000 inquiries. This can scale depending on the number of partner organizations within the network.[85] The cost to run a similar hub and spokes model would need to consider scaling the capacity for a California population.
- In FY20, the Community Health Advocates program, a hub and spoke consumer assistance program in New York focused on healthcare, received an appropriation of $3.934 million that allowed 29 CBOs and the Helpline to handle almost 33,000 cases and saved consumers almost $26 million in health care and insurance costs across the state.[86]

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- In FY20, the Community Health Advocates program, a hub and spoke consumer assistance program in New York focused on healthcare, received an appropriation of $3.934 million that allowed 29 CBOs and the Helpline to handle almost 33,000 cases and saved consumers almost $26 million in health care and insurance costs across the state.[87]
- A hub and spoke triage model consumer assistance program allows student borrowers to receive adequate support based on the complexity, severity, and urgency of their situation. For example, EDCAP in New York helps consumers "determine their best repayment options; access loan forgiveness, cancellation, and discharge programs; get out of default to prevent wage garnishments, social security offsets, and tax intercepts; resolve issues with loan servicers and lenders; and obtain referrals to other services and resources to address additional needs."[88]

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- A hub and spoke triage model consumer assistance program allows student borrowers to receive adequate support based on the complexity, severity, and urgency of their situation. Research shows that student borrowers who struggle the most with student loan repayment include borrowers who did not complete their degree, low-income borrowers, borrowers who attended for-profit institutions, and Black borrowers. These borrowers stand to benefit from these types of programs and services.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- According to analysis by EDCAP, the cost running a robust EDCAP at full-scale in New York is approximately $3.5 million. At full capacity, the backbone "hub" helpline can support 10,000 inquiries. This can scale depending on the number of partner organizations within the network.[89] The cost to run a similar hub and spokes model would need to consider scaling the capacity for a California population.

Sustainability: How likely would it be to sustain this intervention in the long-term?

[85] https://drive.google.com/drive/u/2/folders/1s1vMOLt1Df5koeaJ_kUx4Uoxf01f5bA0
[86] http://communityhealthadvocates.org/wp-content/uploads/2021/02/CHA-Report-2020.pdf
[87] http://communityhealthadvocates.org/wp-content/uploads/2021/02/CHA-Report-2020.pdf
[88] https://www.edcapny.org/what-we-do/
[89] https://drive.google.com/drive/u/2/folders/1s1vMOLt1Df5koeaJ_kUx4Uoxf01f5bA0

• According to analysis by EDCAP, the cost running a robust EDCAP at full-scale in New York is approximately $3.5 million. At full capacity, the backbone "hub" helpline can support 10,000 inquiries. This can scale depending on the number of partner organizations within the network.[90] The cost to run a similar hub and spokes model would need to consider scaling the capacity for a California population.

Recommendation 15: Provide state-funded relief for federal student loan debt to individuals participating in federal IDR plans (e.g., NYS Get on Your Feet Loan Forgiveness Program).
Target Population: Former student borrowers (in repayment) **Type of Intervention:** Direct support and services
Notes:
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • The state currently has targeted loan forgiveness programs, for individuals in healthcare. The California Student Loan Repayment Program is run by the Office of Statewide Health Planning and Development (OSHPD) and there are several other programs available through the Health Professions Education Foundation.[91] • A broader program more aligned to the NYS Get on Your Feet Loan Forgiveness Program would likely be administratively implemented by CSAC. New York's is administered out of the Higher Education Services Corporation.
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? Using the NYS Get on Your Feet Loan Program, the state provides a certain level of funding which, along with the eligibility criteria, determines the number of award recipients (i.e., not all eligible borrowers receive an award). When the program was first established in 2015-16, the state budgeted $236,000 which provided loan forgiveness awards to 644 eligible borrowers. The budget grew to a high of $2.5 million in 2017-18, providing 2,209 awards to eligible borrowers.[92] ROI is undefined.
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? Depending on design, these programs can provide targeted forgiveness to lower-income individuals. The NYS program requires students to be enrolled in the federal Income Driven Repayment plan at 10 percent discretionary income (or other eligible program), have an AGI less than $50,000, and are within two years of completing their undergraduate degree.

[90] https://drive.google.com/drive/u/2/folders/1s1vMOLt1Df5koeaJ_kUx4Uoxf01f5bA0
[91] https://oshpd.ca.gov/loans-scholarships-grants/loan-repayment/
[92] Higher Education Services Corporation, Annual Report 2019-20.

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

If limited by those with recent undergraduate degrees, and income limitations, this recommendation could help advance equity. Data indicate that Black individuals hold more debt (percentage wise), and that there is higher borrower distress in Hispanic and Black Communities[93] A recommendation like this, however, if based on enrollment in Income Driven Repayment plan or other program would require ensuring targeted outreach to communities to help them understand and enroll in these programs.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

Sustainability: How likely would it be to sustain this intervention in the long-term?

Sustainability would be dependent on fiscal resources available to support the program costs.

Intervention 16: Engage with student loan facilitation software partners.

Target Population: Former student borrowers (in repayment)
Type of Intervention: Direct support and services

Notes:

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- An entity that is capable of creating the software or providing customer service once the software is live or both. There is potential to partner with the federal government.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- The estimated cost should include the cost to create, promote, and maintain the software and to provide customer service.

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- The intervention would inform students on federal programs, state programs, refinancing options, and employer contribution. The software app will provide individualized advisement and will check for students' program eligibility, allow students to select programs,

[93] "At What Cost? Student Loan Debt in the Bay Area" presentation to workgroup by Jacob DuMez, December 10, 2020

and digitize their paperwork.[94] The intervention would allow borrowers to make smarter financial decision and to take advantage of programs that they are eligible for.

- Greater awareness of financial options corresponds with college access and success.
- In addition to the information gap, the intervention would combat the communication gap.

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- The intervention would decrease the information divide and communication gap especially for first-generation borrowers. The information divide and communication gap are also a racial equity issue.
- The software would help eliminate human error and administrative burden with state and federal programs.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- Given that the services will be provided to all Californian borrowers, there should be support for this intervention.

Sustainability: How likely would it be to sustain this intervention in the long-term?

- As long as there is a platform that can provide updated information and maintain high quality services, this intervention can be sustainable in the long-term.

Intervention 17: Require all California high school districts to certify that their seniors have completed a FAFSA or CADAA.

Target Population: Prospective student borrowers (pre-borrowing)
Type of Intervention: State oversight

Notes:

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- Trailer bill language would require local education agencies (LEAs) to: (1) "ensure that each of its pupils receives information on how to properly complete and submit the Free Application for Federal Student Aid or the California Dream Act Application, as appropriate, at least once before the pupil enters grade 12" commencing with the 2021-22 AY; and (2) "ensure that a grade 12 pupil who does not opt out, as provided, completes and submits a Free Application for Federal Student Aid or, if the pupil is exempt from paying nonresident tuition under existing law, completes and submits a form for purposes of the California Dream Act," commencing with the 2021-22 AY.
- Trailer bill language indicates that "The local educational agency directs each high school pupil and, if applicable, the pupil's parent or legal guardian, to support and assistance services necessary to comply with the requirement that may be available through outreach programs operated by the Student Aid Commission." This could include accessing support through Cash for College workshops.

[94] https://lookforwardwi.gov/wp-content/uploads/2020/07/Savi-Presentation-07222020-.pdf

• Communication: CSAC currently offers publications for LEAs and schools to download or order in print, including flyers on FAFSA/CADAA, Cal Grant and materials for special populations (e.g., foster youth, undocumented immigrant students). Publications are available in eight different languages though not all publications are available in each language. • Tracking FAFSA/CADAA submission: Through CSAC's WebGrants portal, high school staff are able to view which seniors have submitted a FASFA or CADAA. Counselors can also use this portal to verify students' high school GPA, for purposes of determining Cal Grant award eligibility. • Tracking Students who Opt-Out: LEAs would need to develop a system for tracking which students have opted out of this requirement
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • Governor Newsom's proposal includes a proposed funding source. The trailer bill language says, if the Commission on State Mandates determines that the proposal contains costs mandated by the state, LEAs will be reimbursed by the state according to the statutory provisions.[95]
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • In the last two years in California, nearly a half million high school seniors did not complete a FAFSA or CADAA, leaving an estimated $550 million in state and federal financial aid on the table. The COVID-19 pandemic has further disrupted application completion rates for many high school and college students, preventing them from being eligible to receive financial aid for college. The Governor's Proposed Budget highlights that California has seen a decline of about 10 percent and 45 percent in first-time freshman FAFSA and CADAA completion rates, respectively.[96] • Louisiana established its FAFSA completion policy in 2017-18. In the first year of implementation, FAFSA completion rates increased by 26 percentage points to an overall completion rate of over 77 percent.[97]
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • During the ongoing pandemic, declines in California FAFSA completion have been greater in communities that are lower-income or have more Black and Latinx individuals. Currently, students who would benefit the most from financial aid are the least likely to apply. This proposal would make it easier for students who wish to attend college to apply for financial aid and receive support to complete the application, while making sure there are avenues for students to opt-out.[98]
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • In January 2021, Governor Newsom put forth a budget proposal that would ensure all high school seniors complete a Free Application for Federal Student Aid (FAFSA) or California Dream Act Application (CADAA), if passed.
Sustainability: How likely would it be to sustain this intervention in the long-term?

[95] https://west.edtrust.org/resource/frequently-asked-questions-governor-newsoms-proposal-on-local-education-agencies-confirmation-of-fafsa-or-cadaa-applications/#:~:text=In%20January%202021%2C%20Governor%20Newsom,(CADAA)%2C%20if%20passed.
[96] Ibid.
[97] Ibid.
[98] Ibid.

• Governor Newsom's Proposal on LEA confirmation calls for LEAs (i.e., school districts, county offices of education, or charter schools) to ensure that their seniors either complete and submit the FAFSA or CADAA beginning in the 2021-22 academic year, or opt-out of doing so.

Intervention 18: Implement stronger oversight of for-profit institutions by the California Bureau for Private Postsecondary Education (BPPE).
Target Population: Prospective student borrowers (pre-borrowing), Current student borrowers **Type of Intervention:** State oversight
Notes:

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?
 	
• The Bureau for Private Postsecondary Education (BPPE) "protects students and consumers through the oversight of California's private postsecondary educational institutions by conducting qualitative reviews of educational programs and operating standards, proactively combating unlicensed activity, impartially resolving student and consumer complaints, and conducting outreach."[99]
• BPPE was supposed to undergo a sunset review process in 2020, but that process was delayed due to COVID-19. A Sunset Review Report was released in December 2019 and outlines issues identified by BPPE and proposed solutions, including actions to be taken by BPPE, the Legislature, or DCA to resolve the issues.[100] Sample solutions identified by BPPE for issues include:
  ○ Authorizing BPPE to take disciplinary action if there is potential harm to students in order to provide student and public protection. Currently, code requires actual student harm before BPPE can take disciplinary action for an institution's violation of the law.[101]
  ○ Providing BPPE with the authority to require surety bonds as part of the application process for an approval to operate. The amount of the surety bond would be based on a number of factors such as, the number of students enrolled and/or the institution's financial health.[102]
  ○ Authorizing BPPE to strengthen minimum operating standards.[103]

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • According to the Sunset Review Report, "at the end of fiscal year 2018-2019, the Bureau had a reserve balance of 4.8 months. Pursuant to CEC section 94930(b), the reserve level shall not exceed six months." Further, the report states that "based on the Bureau's projected revenue of $16,771,000 and authorized expenditures of $18,021,000 in 2019-2020, if revenue is realized and full expenditure authority is utilized, the fund would be insolvent in 2021-2022. Historically, the Bureau reverts a sizeable amount of its

[99] https://www.bppe.ca.gov/about_us/
[100] https://www.bppe.ca.gov/forms_pubs/sunset_2019.pdf
[101] Ibid.
[102] Ibid.
[103] Ibid.

appropriation which has delayed fee increases, however with a planned facility relocation and IT project, the Bureau may utilize all its expenditure authority in upcoming years. The Bureau may be able to delay a fee increase beyond 2021-2022, however that determination cannot be made at the time this report is being prepared."[104]

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- In FY2019-20, BPPE achieved $191,017.63 in savings for consumers. BPPE's Office of Student Assistance and Relief assisted over 4,000 students with federal forgiveness claims, over 6,000 students with STRF claims, and over 4,000 students with non-STRF private loan relief efforts.[105]
- According to Brookings, "for-profit colleges only enroll 10 percent of students but they account for half of all student-loan defaults. 71% of students in for-profit colleges borrow federal loans, as compared to only 49% of students in 4-year public schools. The average amount borrowed by students in for-profit colleges is nearly $2,000 higher than the amount borrowed in 4-year public schools.[106]

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- Research shows that predatory for-profit schools target communities of color, and in particular Black students and students who serve(d) in the military).[107]

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- In January 2007, California's law authorizing the regulation of the private postsecondary education sector in California was allowed to sunset, leaving the state without any regulatory body overseeing private institutions. In 2009, the Legislature and the Governor reached agreement on AB 48 (Portantino, Chapter 310, Statutes of 2009). AB 48 established a new Private Postsecondary Education Act and created a new oversight Bureau within DCA for the purpose of regulating private postsecondary educational institutions that provide educational services in California.[108]

Sustainability: How likely would it be to sustain this intervention in the long-term?

- BPPE was supposed to undergo a sunset review process in 2020, but that process was delayed due to COVID-19.[109] The previous sunset review occurred in 2016. Sustainability considerations include the outcomes of the pending sunset review of BPPE.

Intervention 19: Expand oversight over private loans and new financial products.

[104] Ibid.
[105] https://www.dca.ca.gov/publications/2020_annrpt.pdf
[106] https://www.brookings.edu/blog/how-we-rise/2021/01/12/the-for-profit-college-system-is-broken-and-the-biden-administration-needs-to-fix-it/
[107] https://protectborrowers.org/wp-content/uploads/2020/12/Combating-Exploitative-Education_2020.pdf
[108] https://www.bppe.ca.gov/about_us/
[109] https://www.bppe.ca.gov/forms_pubs/sunset_2019.pdf

Target Population: Prospective student borrowers (pre-borrowing), Current student borrowers
Type of Intervention: State oversight

Notes: The analysis of this intervention was prepared with support from Samantha Seng, *NextGen Policy.*

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- Current legislation, AB 424 would "1) prohibit a private education lender or loan collector from making any written statement to a debtor in attempt to collect a private education loan, unless the lender or loan collector possesses and provides to the debtor specified information regarding the loan; 2) require all settlement agreements between a debtor and a private education lender or loan collector to be documented in open court or otherwise documented in writing; 3) require a private education lender or loan collector that accepts a payment as payment in full or as a full and final compromise, to provide a final statement to the debtor within 30 calendar days that clearly and conspicuously shows specified information, including that zero balance is owed; 4) prohibit a private education lender or loan collector from bringing suit or initiating arbitration to collect a private education loan if the statute of limitations on the claim has expired, and require a complaint brought by a lender or loan collector to collect a private education loan to contain specified information; and 5) provide a cause of action against a creditor, private education lender or loan collector for violating the Act. Remedies would include actual damages, statutory damages, restitution, attorney's fees and other specified relief."[110]

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- According to the Assembly Appropriations Committee, there is an "annual cost of approximately $200,000 for the Department of Financial Protection and Innovation (DFPI) to provide specified oversight of the private education lender and loan collector industry. Under the recently enacted California Consumer Financial Protection Law, DFPI has new regulatory powers to oversee currently unlicensed financial industries, including debt collectors."[111]
- According to the Assembly Appropriations Committee, "cost pressures (General Fund (GF)/Trial Court Trust Fund) in the mid-hundreds of thousands of dollars annually to the courts in additional workload. This bill authorizes a cause of action for violations of the Act. The estimated workload cost of one hour of court time is $956. If 20 cases are filed statewide resulting in 20 hours of court time for each case, costs would be approximately $382,400. Although courts are not funded on the basis of workload, increased pressure on the courts and staff may create a need for increased funding for courts to perform existing duties. This is particularly true given that courts have delayed hundreds of trials and civil motions during the COVID-19 pandemic resulting in a serious backlog that must be resolved. The Governor's 2021-22 budget proposes $72.2 million in ongoing GF revenue for trial courts to continue addressing the backlog and provide timely access to justice."[112]

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

110 https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202120220AB424
111 Ibid.
112 Ibid.

• Assembly Floor analysis states that AB 424 "is modeled on California's Fair Debt Buying Practices Act, which the Legislature enacted in 2013 to put in place basic requirements for 1) the documentation that a debt buyer must possess to begin debt collection communication with an alleged debtor, 2) pleading standards in debt collection lawsuits, and 3) evidentiary standards to obtain a default judgment. It also created a private right of action for violations. The AB 424 Assembly Committee on Judiciary notes in its analysis that the Fair Debt Buying Practices Act has reduced collection lawsuits for unpaid credit card debt by nearly 60% by requiring competent evidence in these cases."[113]
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • Although borrowers of color and low-income borrowers use private loans less often than their white or high-income peers, they frequently face distress in repayment.[114] • According to Student Debt Crisis, AB 424 "will help vulnerable communities by first establishing minimum evidentiary standards for lawsuits filed by private education lenders or loan collectors against borrowers. It will require lenders and collectors to provide specified records including, but not limited to: documentation establishing the chain of ownership, records of negotiations, and a log of collection attempts, which would be made available at the request of the borrower. AB 424 will also allow a borrower to pursue avenues of enforcement if a lender or collector fails to comply with provisions of this bill."[115]
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • AB 424 passed in the Assembly (56 Ayes; 20 Noes) on May 27 and was referred to the Senate on May 28.
Sustainability: How likely would it be to sustain this intervention in the long-term? • According to the Assembly Appropriations Committee, there is an "annual cost of approximately $200,000 for the Department of Financial Protection and Innovation (DFPI) to provide specified oversight of the private education lender and loan collector industry. Under the recently enacted California Consumer Financial Protection Law, DFPI has new regulatory powers to oversee currently unlicensed financial industries, including debt collectors."[116]

Intervention 20: Adopt the Cal Grant Equity Initiative to reduce eligibility gaps that are sometimes filled with loans.
Target Population: Prospective student borrowers (pre-borrowing) **Type of Intervention:** State oversight

[113] Ibid.
[114] https://protectborrowers.org/how-private-student-loans-are-furthering-racial-disparities-in-the-student-loan-market/#:~:text=Despite%20being%20less%20than%20half,with%20additional%20risks%20for%20borrowers.
[115] https://studentdebtcrisis.org/bill-to-reform-private-student-loan-collection/
[116] Ibid.

Notes:

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?
 	
• Cal Grant program is currently implemented by CSAC.
• Recommendations to remodel Cal Grant would require legislative changes (currently reflected in AB 1456), specifically the reforms would:
    • Provide an access award (entitlement) for all California Community College students with incomes qualifying for maximum Pell and who do not have any dependents under age 18.
    • Eliminate eligibility barriers based on age and time since high school graduation.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? Reform proposals recommends a multi-phase implementation[117]. • Phase 1: Adoption of the Cal Grant Equity Framework: **$157 million to** extend a Cal Grant 2 award of $1,656 to all CCC students with incomes that would qualify for a maximum Pell Grant award. **$76 million**: increase the Students with Dependent Children award to $6,000 for all student-parents receiving a Cal Grant 2 or 4 at a UC, CSU, or CCC Phase 2: Extension to all students with incomes qualifying for Pell: • **$306 million**: extend eligibility for a Cal Grant 2 or 4 award to all students with incomes that would qualify for a Pell Grant award. Phase 3: Increase Cal Grant 2 Award Amounts • **$274 million**: increase the Cal Grant 2 award from $1,656 to $2,500 for all CCC students with incomes qualifying for a Pell Grant award. Phase 4: Adopt other key policies that will promote college affordability • Establishaformulafordeterminingtheawardamountforstudentsenrolledat eligible private, non-profit institutions. • Revise standards for Cal Grant lifetime eligibility such that students can receive aid for two Summer periods without impacting their awards during the traditional academic year. FAFSA requirements (mandatory) could change estimates due to more students qualitifying.

[117] CSAC Presentation to workgroup on May 25, 2021

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

Based on estimates provided by CSAC:[118]

- The recommended reforms to Cal Grant 2 will provide awards to lower-income individuals (average income = $18,598); older students (average age 25.2); more student-parents (22%) and higher numbers of awards to Latinx (155,000 additional) and Black (22,000 additional) at California's Community Colleges.
- Cal Grant 4 Changes would increase students eligible from 132,584 under current Cal Grant programs to 171,222 under modernization

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?
The reforms would increase access to awards for lower-income individuals and older students with increased numbers of awards to Latinx and Black students.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

Sustainability: How likely would it be to sustain this intervention in the long-term?
Full implementation would require additional investments to fully phase-in and sustain overtime, as noted.

Intervention 21: Address institutional transcript withholding policies.

Target Population: Current student borrowers
Type of Intervention: State oversight

Notes:

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- In 2019, the Legislature approved AB 1313 to prohibit institutions from withholding a student's request for a transcript as a means for debt collection.[119]

[118] Ibid.
[119] https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201920200AB1313

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- According to Assembly Floor analysis of AB 1313, "Community college districts could incur unknown but potentially significant costs to the extent that this bill limits their ability to collect debt which they would then have to absorb. While the Chancellor's Office does not uniformly track student debt information systemwide, these costs would vary by district depending on the amount of debt currently owed. To the extent that the Commission on State Mandates determines the bill's requirements to be a mandate, the state would need to reimburse these costs."[120]
- According to Assembly Floor analysis of AB 1313, "this bill could also result in unknown but potentially significant costs to CSU and UC campuses and to private postsecondary institutions to the extent that the bill limits their ability to collect debt. While the segments indicate they do not uniformly track student debt information systemwide, the UC indicates that if transcripts can no longer be used as leverage to collect on delinquent balances, they could incur statewide costs of $10 to $12 million each year after the delinquent accounts are sent to collection agencies."[121]

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- Transcript withholding for institutional debt presents barriers for students. Even if a student is able to repay their small debt, in the time that they were not able to register, the classes they need to take could have filled, meaning it could take the student longer to complete their degree or transfer to another institution. Particularly for the students most at risk of stopping out, what may seem like small delays or small amounts of debt can have outsized impacts on their successful completion of a degree or credential. All of these barriers delay students' abilities to ultimately find a job with a higher paying wage, typically one of the primary goals of pursuing postsecondary education.

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- Addressing institutional debt is a critical issue in helping states think about how to close equity gaps, serve adult students, develop a skilled workforce, strengthen intellectual capital and meet their attainment goals.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- In 2019, the Legislature approved AB 1313 to prohibit institutions from withholding a student's request for a transcript as a means for debt collection.[122]

Sustainability: How likely would it be to sustain this intervention in the long-term?

- In 2019, the Legislature approved AB 1313 to prohibit institutions from withholding a student's request for a transcript as a means for debt collection.[123]

[120] Ibid.
[121] Ibid.
[122] Ibid.
[123] Ibid.

Intervention 22: Require loan services to provide better information to borrowers on income driven repayment (IDR) and support borrowers in enrolling in IDR plans.

Target Population: Former student borrowers (in repayment)
Type of Intervention: State oversight

Notes: The analysis of this intervention was prepared with support from Samantha Seng, *NextGen Policy.*

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- Under this intervention, loan servicers would be required to provide better information to borrowers about income-driven repayment (IDR) and provide support to borrowers in enrolling in IDR plans.
- Supervision over student loan servicers falls under the purview of the Department of Financial Protection and Innovation (DFPI).[124]

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- Senate Floor analysis for AB 1864, which established DFPI, states that "the Administration estimates a cost of $10.2 million and 44 positions in 2020-21, an additional $4.6 million and 28 positions in 2021- 22, and an additional $4.5 million and 18 staff positions in 2022-23 and ongoing funding. This is an overall increase of $19.3 million and 90 positions by the end of 2022-23 upon full implementation of DFPI.[125]

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- An analysis from the Government Accountability Office found that borrowers in standard repayment are up to 28 times more likely to default than those paying based on their income.[126]

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- According to the Student Borrower Protection Center, "Black borrowers are two times more likely than their white peers to fall behind on their student loans without accessing IDR, contributing to huge racial disparities in delinquency and default."[127]

124 https://drive.google.com/file/d/1J4YkwoHQ6yrnLpBGJnztCNRct0rpOmwo/view?usp=sharing
125 https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201920200AB1864
126 https://protectborrowers.org/new-data-show-borrowers-of-color-and-low-income-borrowers-are-missing-out-on-key-protections-raising-significant-fair-lending-concerns/
127 Ibid.

• According to the Student Borrower Protection Center, "IDR is a universal protection under the law—but too many low-income borrowers who could benefit the most are missing out. More than half (54 percent) of borrowers at the lowest income level (those who report making up to $20,000 annually) report having fallen behind on their student loans without accessing IDR—even though effectively all borrowers making less than approximately $20,000 would qualify for a $0 payment through an IDR plan."[128] • According to the Student Borrower Protection Center, "more than a quarter of borrowers accessing other forms of government assistance—who are almost certainly eligible for $0 monthly payments through IDR—are missing out on payment relief. Only 43 percent of federal student loan borrowers who rely on income-dependent government assistance programs such as the Supplemental Nutrition Assistance Program (SNAP) or Supplemental Security Income (SSI) are enrolled in IDR, even though IDR would most likely entitle all of them to a $0 monthly student loan payment."[129]
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • The establishment of DFPI had political support; supervision over student loan servicers falls under the purview of DFPI.
Sustainability: How likely would it be to sustain this intervention in the long-term? • According to the Assembly Appropriations Committee, there is an "annual cost of approximately $200,000 for the Department of Financial Protection and Innovation (DFPI) to provide specified oversight of the private education lender and loan collector industry. Under the recently enacted California Consumer Financial Protection Law, DFPI has new regulatory powers to oversee currently unlicensed financial industries, including debt collectors."[130] • Senate Floor analysis for AB 1864, which established DFPI, states that "the Administration estimates a cost of $10.2 million and 44 positions in 2020-21, an additional $4.6 million and 28 positions in 2021- 22, and an additional $4.5 million and 18 staff positions in 2022-23 and ongoing funding. This is an overall increase of $19.3 million and 90 positions by the end of 2022-23 upon full implementation of DFPI.[131]

Intervention 23: Support implementation of AB424: Private Student Loan Collections Reform Act.
Target Population: Former student borrowers (in repayment) **Type of Intervention:** State oversight
Notes: The analysis of this intervention was prepared with support from Samantha Seng, *NextGen Policy.*
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

[128] Ibid.
[129] Ibid.
[130] https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202120220AB424
[131] https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201920200AB1864

• AB 424 would "1) prohibit a private education lender or loan collector from making any written statement to a debtor in attempt to collect a private education loan, unless the lender or loan collector possesses and provides to the debtor specified information regarding the loan; 2) require all settlement agreements between a debtor and a private education lender or loan collector to be documented in open court or otherwise documented in writing; 3) require a private education lender or loan collector that accepts a payment as payment in full or as a full and final compromise, to provide a final statement to the debtor within 30 calendar days that clearly and conspicuously shows specified information, including that zero balance is owed; 4) prohibit a private education lender or loan collector from bringing suit or initiating arbitration to collect a private education loan if the statute of limitations on the claim has expired, and require a complaint brought by a lender or loan collector to collect a private education loan to contain specified information; and 5) provide a cause of action against a creditor, private education lender or loan collector for violating the Act. Remedies would include actual damages, statutory damages, restitution, attorney's fees and other specified relief."[132]
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • According to the Assembly Appropriations Committee, there is an "annual cost of approximately $200,000 for the Department of Financial Protection and Innovation (DFPI) to provide specified oversight of the private education lender and loan collector industry. Under the recently enacted California Consumer Financial Protection Law, DFPI has new regulatory powers to oversee currently unlicensed financial industries, including debt collectors."[133] • According to the Assembly Appropriations Committee, "cost pressures (General Fund (GF)/Trial Court Trust Fund) in the mid-hundreds of thousands of dollars annually to the courts in additional workload. This bill authorizes a cause of action for violations of the Act. The estimated workload cost of one hour of court time is $956. If 20 cases are filed statewide resulting in 20 hours of court time for each case, costs would be approximately $382,400. Although courts are not funded on the basis of workload, increased pressure on the courts and staff may create a need for increased funding for courts to perform existing duties. This is particularly true given that courts have delayed hundreds of trials and civil motions during the COVID-19 pandemic resulting in a serious backlog that must be resolved. The Governor's 2021-22 budget proposes $72.2 million in ongoing GF revenue for trial courts to continue addressing the backlog and provide timely access to justice."[134]
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • Assembly Floor analysis states that AB 424 "is modeled on California's Fair Debt Buying Practices Act, which the Legislature enacted in 2013 to put in place basic requirements for 1) the documentation that a debt buyer must possess to begin debt collection communication with an alleged debtor, 2) pleading standards in debt collection lawsuits, and 3) evidentiary standards to obtain a default judgment. It also created a private right of action for violations. The AB 424 Assembly Committee on Judiciary notes in its analysis that the Fair Debt Buying Practices Act has reduced collection lawsuits for unpaid credit card debt by nearly 60% by requiring competent evidence in these cases."[135]
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

[132] https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202120220AB424
[133] Ibid.
[134] Ibid.
[135] Ibid.

• Although borrowers of color and low-income borrowers use private loans less often than their white or high-income peers, they frequently face distress in repayment.[136] • According to Student Debt Crisis, AB 424 "will help vulnerable communities by first establishing minimum evidentiary standards for lawsuits filed by private education lenders or loan collectors against borrowers. It will require lenders and collectors to provide specified records including, but not limited to: documentation establishing the chain of ownership, records of negotiations, and a log of collection attempts, which would be made available at the request of the borrower. AB 424 will also allow a borrower to pursue avenues of enforcement if a lender or collector fails to comply with provisions of this bill."[137]
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • AB 424 passed in the Assembly (56 Ayes; 20 Noes) on May 27 and was referred to the Senate on May 28.
Sustainability: How likely would it be to sustain this intervention in the long-term? • According to the Assembly Appropriations Committee, there is an "annual cost of approximately $200,000 for the Department of Financial Protection and Innovation (DFPI) to provide specified oversight of the private education lender and loan collector industry. Under the recently enacted California Consumer Financial Protection Law, DFPI has new regulatory powers to oversee currently unlicensed financial industries, including debt collectors."[138]

Intervention 24: Reintroduce a modified AB152 as a tax credit program, with new provisions.
Target Population: Former student borrowers (in repayment) **Type of Intervention:** State oversight
Notes:
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • The State of California Franchise Tax Board (FTB) collects state personal income tax and corporate income tax of California.
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

[136] https://protectborrowers.org/how-private-student-loans-are-furthering-racial-disparities-in-the-student-loan-market/#:~:text=Despite%20being%20less%20than%20half,with%20additional%20risks%20for%20borrowers.
[137] https://studentdebtcrisis.org/bill-to-reform-private-student-loan-collection/
[138] Ibid.

- According to the FTB, the estimated revenue impact of AB 152 (Voepel) in the first year of implementation would be $38 million, the second year of implementation would be $31 million, and the last year of implementation would be $37 million. Their analysis does not account for changes in employment, personal income, or gross state product.[139]

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?
- The tax credit is expected to incentivize employers to assist borrowers with their loan repayment.
- The student loan assistance program is expected to decrease the amount of student loan defaults and increase timely repayment of student loans.

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?
- Many employers, especially small businesses, may not afford to support their employees with student loan assistance.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?
- With the original language of AB 152, employers were not satisfied with the deduction in payroll tax. Reintroducing AB 152 as a tax credit program would benefit employers by reducing taxes equal to their fiscal support.
- There may be opposition given that many employers, especially small businesses, may not afford to participate in this intervention.

Sustainability: How likely would it be to sustain this intervention in the long-term?
- In AB 152, Assembly member Voepel introduced the intervention as a 5-year program.

Intervention 25: Create an early FAFSA/CADAA application that gives students an estimate of the aid for which they might be eligible.

Target Population: Prospective student borrowers (pre-borrowing)
Type of Intervention: Other

Notes: The analysis of this intervention was prepared with support from Catalina Mistler, *California Student Aid Commission.*

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- The California Student Aid Commission currently administers CADAA for students who are not eligible to submit a FAFSA. The CADAA is similar and aligned to FAFSA and is used to determine aid eligibility for CADAA-eligible students in the same way a FAFSA would be used for FAFSA-eligible students.
- A similar application could be developed to serve the purpose of an "early" financial aid application that would give students an estimate of the aid they might be eligible for at California's different public institution segments (CCC, CSU, UC).

[139] https://www.ftb.ca.gov/tax-pros/law/legislation/2019-2020/AB152-030519.pdf

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- Based on the volume of the expected target student population, cost considerations could be modeled on current CSAC administrative costs to maintain and process CADAA.

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- Given aid is shown to increase college enrollment, this intervention has the potential to increase college enrollment for low-income and racially minoritized communities, especially if this intervention is targeted in earlier grades.

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- Racial equity gaps exist in FAFSA completion rates. Familiarizing students with the aid application process and the different aid opportunities available to them can help decrease these equity gaps when students are ready to submit their "real" (i.e., not "early") aid application.
- Research shows that racially minoritized communities are risk adverse when it comes to taking out loans, since perceived college costs are a deterrent to enroll in college, this intervention has the potential to close equity gaps in terms of enrollment.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- Requiring school districts to certify high school seniors have completed a FAFSA or CADAA has general political support. This intervention is aligned with FAFSA for All efforts.

Sustainability: How likely would it be to sustain this intervention in the long-term?

- Ongoing administrative costs would need to be provided to ensure sustainability of this intervention.

Intervention 26: Expand and market the use of child savings accounts, including adopting the FY21-22 budget proposal.

Target Population: Prospective student borrowers (pre-borrowing)
Type of Intervention: Other

Notes: The analysis of this intervention was prepared with support from Catalina Mistler, *California Student Aid Commission.*

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- This intervention could be implemented in collaboration between CSAC and the state.

- The California Student Aid Commission administers the Child Savings Account Grant Program, which "was enacted in the 2019-20 State Budget to support local governments and nonprofit organizations that sponsor or collaborate on one or more comprehensive citywide or regional child savings account programs. The Budget Act of 2020 appropriated ten million dollars ($10,000,000) in one-time General Fund dollars to the CSA Grant Program. The amount of each grant award shall be at a minimum, one hundred thousand dollars ($100,000)."[140]
- Additionally, the May Revision allocates $2 billion to create a California Child Savings Accounts program. Seeded with $500 per account, the value of deposits will grow over time, providing a direct path to affording postsecondary education and helping address equity gaps. New accounts will be created for each subsequent income class of low-income first graders.[141]

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- The Budget Act of 2020 appropriated ten million dollars ($10,000,000) in one-time General Fund dollars to the CSA Grant Program. The amount of each grant award shall be at a minimum, one hundred thousand dollars ($100,000)."[142]
- The May Revision allocates $2 billion to create a California Child Savings Accounts program. Seeded with $500 per account, the value of deposits will grow over time, providing a direct path to affording postsecondary education and helping address equity gaps. New accounts will be created for each subsequent income class of low-income first graders.[143]

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- Research shows that "child savings accounts aim to improve the lives of low- and moderate-income people economically, socially, and psychologically. They increase financial security by providing people with the means to help weather emergencies like a job loss. Savings accounts also develop financial capability; in demonstrating the value of saving and compound interest, they encourage people to save more."[144]

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- Research shows that "child savings accounts aim to improve the lives of low- and moderate-income people economically, socially, and psychologically. They increase financial security by providing people with the means to help weather emergencies like a job loss. Savings accounts also develop financial capability; in demonstrating the value of saving and compound interest, they encourage people to save more."[145]

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- The state has shown support for child savings accounts. The Budget Act of 2020 appropriated ten million dollars ($10,000,000) in one-time General Fund dollars to the CSA Grant Program. The amount of each grant award shall be at a minimum, one hundred thousand

140 https://www.csac.ca.gov/child-savings-account-grant-program
141 http://www.ebudget.ca.gov/2021-22/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf
142 https://www.csac.ca.gov/child-savings-account-grant-program
143 http://www.ebudget.ca.gov/2021-22/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf
144 https://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000157-A-Review-of-Childrens-Savings-Accounts.pdf
145 https://www.urban.org/sites/default/files/alfresco/publication-pdfs/2000157-A-Review-of-Childrens-Savings-Accounts.pdf

dollars ($100,000)."[146] Additionally, the May Revision allocates $2 billion to create a California Child Savings Accounts program. Seeded with $500 per account, the value of deposits will grow over time, providing a direct path to affording postsecondary education and helping address equity gaps. New accounts will be created for each subsequent income class of low-income first graders.[147]

Sustainability: How likely would it be to sustain this intervention in the long-term?

- Sustainability would depend on additional investments over time.

Intervention 27: Improve research and data sharing to better understand disparate impacts on borrowers, including integrating with Cradle-to-Career.

Target Population: Prospective student borrowers (pre-borrowing), Current student borrowers, Former student borrowers
Type of Intervention: Other

Notes:

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- Legislation passed in 2019 called for the establishment of a statewide, longitudinal data system for California. The proposed Cradle-to-Career Data System aims to link existing education, workforce, financial aid, and social service information to better equip policymakers, educators, and the public to address disparities in opportunities and improve outcomes for all students throughout the state.[148]
- The Cradle-to-Career data system can be used to collect and track financial aid information, including information about student loan borrowing. This data can help key stakeholders better understand disparate impacts on borrowers and help with decision-making about necessary interventions.
- Sample key metrics to consider tracking, disaggregated by different student characteristics and in context to non-borrowers include:
  - Loan defaults (on all types of debt including and beyond student debt)
  - Delinquencies
  - Number of borrowers
  - Levels of debt
  - Other early warning signs of default (currently available from servicer-held data)
- The Cradle-to-Career system would benefit from integration with:
  - Federal data systems
  - K12 and higher education data systems

[146] https://www.csac.ca.gov/child-savings-account-grant-program
[147] http://www.ebudget.ca.gov/2021-22/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf
[148] https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=EDC&division=1.&title=1.&part=7.&chapter=8.5.&article=

○ SUR ○ FTB ○ EDD ○ Credit bureau data systems ○ Social services data systems ○ NSC data systems ○ Federal Reserve Bank data systems
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • Access to robust disaggregated data about student borrowing is critical for ensuring policy decisions are well-informed and tailored to borrower populations that most need it. • One consideration is that the Cradle-to-Career Data System will take a long time to develop into full-scale. Additional ways of accessing and using student borrower data will need to be identified in the meantime.
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • Access to robust disaggregated data about student borrowing is critical for ensuring policy decisions are well-informed and tailored to borrower populations that most need it.
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • The Cradle-to-Career Data System has broad political support. Legislation passed in 2019 called for the establishment of a statewide, longitudinal data system for California. The proposed Cradle-to-Career Data System aims to link existing education, workforce, financial aid, and social service information to better equip policymakers, educators, and the public to address disparities in opportunities and improve outcomes for all students throughout the state.[149]
Sustainability: How likely would it be to sustain this intervention in the long-term? • Additional funding will be needed over time to ensure long-term sustainability of the Cradle-to-Career data system.

Intervention 28: Identify state's labor market needs and explore state "nudge" programs that provide student loan relief for certain fields or programs.

149 https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=EDC&division=1.&title=1.&part=7.&chapter=8.5.&article=

Target Population: Prospective student borrowers (pre-borrowing) **Type of Intervention:** Other
Notes: Analysis modeled on Colorado legislation SB 19-057, passed in 2019[150]

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?
 	
• Department of Personnel Administration or another centralized agency as the primary implementer. Colorado legislation charges the department of personnel to disseminate materials to state employees about eligibility for federal student loan repayment programs and loan forgiveness.
• CO legislation also specifically identifies other state agencies as partners to disseminate information, including:
  ▪ the department of education, for distribution to school district, charter school, institute charter school, and boards of cooperative services employees;
  ▪ the department of higher education, for distribution to employees at state institutions of higher education;
  ▪ The secretary of state, for dissemination to nonprofit public service organizations, as defined in the act, with encouragement for these organizations to distribute the informational materials to their employees; and
  ▪ The division of local government in the department of local affairs, for distribution to cities, counties, cities and counties, special districts, and other local government entities, with encouragement for those entities to distribute the informational materials to their employees.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • According to the fiscal note analysis of CO SB 19-057, no additional investment would be required, but would increase workload for identified agencies. • The fiscal impact summary indicates “minimal” impact for state and local governments.
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • This intervention is largely about dissemination of information. Specific effectiveness of the Colorado legislation is not yet available. • Evidence of effectiveness of “nudging” is mixed, though it can be effective when coupled with the appropriate information, particularly regarding the impact of program/repayment options on monthly payments.[151]
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

[150] https://leg.colorado.gov/bills/sb19-057
[151] https://scholarcommons.usf.edu/cgi/viewcontent.cgi?article=9384&context=etd

- This intervention does not directly target the groups most in need of resource and support as it is a generalized requirement for disseminating information. However, the focus is to ensure access to information about federal repayment options. This may help to close inequities in information across groups.

Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act?

- Unclear. However, the Colorado Legislation passed 48-16.

Sustainability: How likely would it be to sustain this intervention in the long-term?

Likely to be sustained over time if passed due to its low cost and relatively low impact on administrative burden.

Intervention 29: Strengthen the way in which the California Dream Loan Program is administered, including replenishing loan funds and improving reporting by systems and campuses.

Target Population: Prospective student borrowers (pre-borrowing), Current student borrowers
Type of Intervention: Other

Notes: The analysis of this intervention was prepared with support from Christopher Sanchez, *Western Center on Law & Poverty*

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- Currently, CSU and UC each administer the California Dream Loan Program. Each is responsible for determining students' eligibility, awarding funds to students, providing entrance and exit loan counseling, servicing the loans, collecting loan repayments, and ensure student borrowing complies with the annual and aggregate borrowing limits ($4,000 and $20,000, respectively).
- Better coordination among CSU, UC, and the new Department of Financial Protection & Innovation would be needed to ensure a strengthened program that serves eligible students.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- As written, the California Dream Loan Program law states that "It is the intent of the Legislature that, each fiscal year, funds shall be appropriated in the annual Budget Act to participating institutions for purposes of the DREAM Program.[152]" However, resources from the General Fund have not been ongoing.
- Statute required UC and CSU to establish a revolving fund that would replenish as loan repayments were made by former borrowers. However, since the program was established in 2015-2016, there are only two cohorts of students currently in repayment.
- Initial cost estimates based on AB540 population enrollment in UC and CSU were $6.9 million for the first year and double each year thereafter until the program became self-sustaining.[153]

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[152] https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=EDC&division=5.&title=3.&part=42.&chapter=2.&article=23.
[153] https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201320140SB1210

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • There are an estimated 4,000 undocumented students enrolled in the 10-campus UC system, about 9,500 at California State University's 23 campuses and about 50,000 to 70,000 in the state's 115 community colleges. About half of those students are estimated to have DACA status.[154] • Currently, UC and CSU are required to report on: (A) The total amount of funding in the institution's DREAM revolving fund. (B) The annual amount contributed by the state to the institution's DREAM revolving fund. (C) The annual amount contributed by the institution to the institution's DREAM revolving fund. (D) The annual administrative costs of the DREAM Program at the institution. More robust reporting is required to better understand which students are being served through the program, what their needs are, and what their trajectory of education is.
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • Since 2002, undocumented students in California have been exempt from paying nonresident tuition and fees at the state's public institutions. In 2011, these students became eligible for state financial aid or financial aid offered by these public institutions. However, many of these students remain ineligible for federal student aid for reasons beyond their control. Lack of access to federal student loans presents a substantial barrier for these students to obtain a baccalaureate degree from the California State University or the University of California as they face, on average, a "gap" in their financial aid packages of $3,000-$6,000 annually.[155] The California DREAM Loan Act provides a way to address this barrier by providing access to additional state aid so students may take full advantage of the educational opportunities offered at the California State University and the University of California.
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • The state has demonstrated a willingness to invest in undocumented students by enabling them to pay in-state tuition at the state's public higher education institutions, qualifying them for Cal Grants and institutional aid, and establishing the California Dream Loan Program.
Sustainability: How likely would it be to sustain this intervention in the long-term? • Replenishing the fund and providing sufficient resources to serve eligible students will be required.

Intervention 30: Explore state refinancing program options.
Target Population: Former student borrowers (in repayment)

[154] https://edsource.org/2019/university-of-california-will-support-undocumented-students-even-if-daca-ends/619844#:~:text=There%20are%20an%20estimated%204%2C000,estimated%20to%20have%20DACA%20status.
[155] https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=201320140SB1210

Type of Intervention: Other
Notes:
Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so? • The California Educational Facilities Authority (CEFA) under the State Treasurer's Office is authorized to hold or invest in student loans, create pools of student loans, and sell bonds bearing interest on a taxable or tax-exempt basis or other interest backed by pools of student loans.[156]
Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect? • The cost of the intervention should consider expanding CEFA's capacity and the cost of refinancing student loans.
Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much? • By improving the financial position of borrowers, this intervention can minimize the compounded effects of the burden of student debt.
Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support? • The state refinancing program can provide long-term, low-interest educational loans for all students regardless of credit scores, which can improve the financial position of borrowers, especially for borrowers who have been historically marginalized.
Political Feasibility: Will this intervention be. Met with strong opposition? Would the legislature have the political will to act? • In 2014, California passed legislation to create a student loan refinancing program for private loans. In 2017, SB 674 (Allen), intended to create the California Student Loan Refinancing Program Fund in the State Treasury for California residents with private student loans.[157] There is a growing demand for student refinancing programs.
Sustainability: How likely would it be to sustain this intervention in the long-term? • State refinancing programs rely on market demand.[158]

Intervention 31: Explore homeowner incentive program options to provide student loan relief.
Target Population: Former student borrowers (in repayment) **Type of Intervention:** Other
Notes:

[156] https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB674

[157] https://leginfo.legislature.ca.gov/faces/billPdf.xhtml?bill_id=201720180SB674&version=20170SB67497AMD

[158] https://files.eric.ed.gov/fulltext/ED572331.pdf

Administrative Feasibility: Who would have the power to implement this intervention (e.g., CSAC, IHEs) and do they have the existing organizational capacity to do so?

- The California Department of Housing & Community Development awards loans and grants to public and private housing developers, nonprofit agencies, cities, counties, state and federal partners. Maryland and Illinois implemented their homeowner incentive program through state departments and agencies that engage in housing and community development. The Maryland SmartBuy 3.0 program is administered by Maryland's Department of Housing and Community Development (DHCD), a state department that implements housing policy that promotes and preserves homeownership and creates innovative community development initiatives. Additionally, the Illinois SmartBuy program is administered by the Illinois Housing Development Authority, a self-supporting agency to finance affordable housing across Illinois.

Cost and Cost Effectiveness: How much would this intervention cost to implement? What is the return on investment that we expect?

- The cost of the intervention should consider expanding the department's capacity to implement this program, administrative costs, and relieving a portion of student debt for participants.

Effectiveness: Will this intervention address systematic challenges in order to positively affect the outcomes we care about? By how much?

- This intervention would help borrowers pay down their debt while building their own asset. The intervention would ease debt burdens and significantly increase the rate of homeownership, allowing young households to start building home equity and improving their standard of living. The homeowner incentive program would address the compounding financial effects of the burden of student loans.

Equity: Does this intervention provide more equitable outcomes for California borrowers? Does it target the groups that most need resources/ support?

- Depending on the eligibility requirements for the program, there can be barriers to entry. The eligibility requirements must be carefully constructed so that they are not prohibitive (e.g. outstanding debt balance, credit scores, and down payments). The Illinois SmartBuy program requires borrowers to have at least one "borrower's full remaining student loan balance at loan close," and a minimum credit score of 640 for all loan types.[159] Additionally, the Maryland Smartbuy 3.0 program relies on approved lenders to confirm eligibility.[160] These eligibility requirements pose barriers to entry for borrowers who are low-income or who have a credit score lower than the minimum required.
- Maryland and Illinois imposed income limits for their programs that target middle-to low income households.
- The incentive program could be effective in addressing racial wealth disparities.[161]

Political Feasibility: Will this intervention be met with strong opposition? Would the legislature have the political will to act?

- Political feasibility could depend upon who the target of the intervention is.

Sustainability: How likely would it be to sustain this intervention in the long-term?

- The demand for the program depends on the housing market.

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159 https://www.ihda.org/lenders-realtors/lending-programs/

160 https://mmp.maryland.gov/Pages/SmartBuy/default.aspx

161 https://files.eric.ed.gov/fulltext/ED606374.pdf

- The program may be at risk of being cut during economic downturns.