

CALIFORNIA STUDENT AID COMMISSION

Office of the Executive Director

March 15, 2008

The Honorable Governor Arnold Schwarzenegger
and
The Honorable Members of the Legislature

On behalf of the California Student Aid Commission (Commission), I am pleased to submit the 2006-07 Annual Report to the Legislature on the five loan assumption programs for education administered by the Commission:

- Assumption Program of Loans for Education (APLE)
- State Nursing Assumption Program of Loans for Education for Nursing Faculty (SNAPLE NF)
- State Nursing Assumption Program of Loans for Education for Nurses in State Facilities (SNAPLE NSF)
- Graduate Assumption Program of Loans for Education (Grad APLE)
- National Guard Assumption Program of Loans for Education (NGAPLE)

In keeping with the mission of the Commission, "Making education beyond high school financially accessible to all Californians," the loan assumption programs continue to encourage participation in critical shortage areas in education and nursing.

APLE, the oldest of the five programs, has developed into an effective program which has provided awards for 62,131 participants since its inception in 1986-87. SNAPLE NF and SNAPLE NSF are the Commission's newest loan assumption programs commencing in 2006-07. Both of these programs focus on the critical nursing shortages faced by nursing schools and state facilities that provide 24-hour care. The addition of these new loan assumption programs demonstrates the State's continued commitment to California's students and residents.

Although the NGAPLE and the Grad APLE programs are no longer funded for new applicants, the Commission continues to track participants and provide loan assumption benefits to eligible recipients.

The enclosed 2006-07 report provides information on the participants and performance of the five loan assumption programs.

If you have any questions or need additional information, please contact Ann Shimasaki, Legislative Liaison at (916) 526-8038.

Sincerely,



Diana Fuentes-Michel
Executive Director
California Student Aid Commission

Enclosure (1)



2006-07 ANNUAL REPORT TO THE LEGISLATURE ON:

ASSUMPTION PROGRAM OF LOANS FOR EDUCATION

STATE NURSING ASSUMPTION PROGRAM OF LOANS FOR EDUCATION
FOR NURSING FACULTY

STATE NURSING ASSUMPTION PROGRAM OF LOANS FOR EDUCATION
FOR NURSES IN STATE FACILITIES

GRADUATE ASSUMPTION PROGRAM OF LOANS FOR EDUCATION

NATIONAL GUARD ASSUMPTION PROGRAM OF LOANS FOR EDUCATION



CALIFORNIA
STUDENT AID
COMMISSION

EXECUTIVE SUMMARY

The California Student Aid Commission (Commission) administers five loan assumption programs for the State of California. These programs enable the state to assist students while encouraging them to enter into professions that are experiencing critical shortages. This report provides the history of the programs and current participation levels for these programs.

- The Assumption Program of Loans for Education allows the State to issue Loan Assumption Agreements (Agreements) to students, district interns, and out-of-state teachers pursuing careers in teaching. Of the 7,400 authorized Agreements in 2006-07, the Commission offered Agreements to 5,939 new applicants.
- The State Nursing Assumption Program of Loans for Education for Nursing Faculty allows the State to issue Loan Assumption Agreements to persons who have completed at least one academic year, or the equivalent, of full-time teaching nursing studies at one or more regionally accredited, eligible California colleges or universities. Of the 100 authorized Agreements in 2006-07, the Commission offered 62 new Agreements.
- The State Nursing Assumption Program of Loans for Education for Nurses in State Facilities allows the State to issue Loan Assumption Agreements to persons who work full-time for at least one year as a clinical registered nurse in a state-operated 24-hour facility that employs registered nurses and has a clinical registered nurse vacancy rate of greater than 10 percent. The Commission was authorized to issue up to 40 agreements in 2006-07. Five students applied and all received an Agreement.
- The Graduate Assumption Program of Loans for Education allows the State to issue Loan Assumption Agreements to Californians pursuing graduate degrees at postsecondary institutions. Since 2003-04, no funding has been authorized for issuing new Loan Assumption Agreements. The Commission continues to track 414 renewal participants.
- The National Guard Assumption Program of Loans for Education allows the State to issue Loan Assumption Agreements to qualifying members of the National Guard, the State Military Reserve, or the Naval Militia who seek, or who have completed, baccalaureate degrees at institutions of higher education in the State of California. The Commission was offered all 100 authorized Agreements in 2006-07. The program had a sunset date of January 1, 2008.

The five loan assumption programs administered by the Commission illustrate the state's commitment to helping students attain a higher education.

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INTRODUCTION

The Commission is the state's principal provider of intersegmental statewide grant aid to postsecondary students. Founded in 1955 as the California State Scholarship Commission, the Commission's primary programmatic responsibilities include administration of the Cal Grant Program, the Chafee Grant Program and several targeted state scholarship and loan assumption programs. The Commission administers financial aid awareness and outreach programs, such as Cal-SOAP and Cash for College, in collaboration with business, private industry, and community-based organizations. The Commission is also the designated State guaranty agency responsible for the Federal Family Education Loan (FFEL) Program which it administers through its auxiliary organization, EDFUND. The Commission maintains responsibility in the FFEL Program from financial aid program administration, policy leadership, program evaluation and information development and coordination.

The Commission consists of 15 appointed members. Eleven members are appointed by the Governor and represent segments of the state's higher education community, postsecondary education students, and the general public. In addition, the Speaker of the Assembly and the Senate Rules Committee each appoint two Commission members as representatives of the general public. The Commission also oversees the activities of its nonprofit student loan services auxiliary, EDFUND.

In its policy decision-making, the Commission receives advice and recommendations from staff; advisory committees, including the Grant Advisory Committee, the Loan Advisory Council, and the Cal-Soap Advisory Committee; the EDFUND Board; and ad hoc committees comprised of individuals that represent colleges and universities, secondary schools, student groups, the business community, lending institutions, and various levels of government. The Commission's strong tradition of public participation stems from its commitment to continuous improvement and responsiveness in the development and delivery of its financial aid programs and services.

BACKGROUND

The Legislature has a long history of supporting higher education access for California's students. The economy, the rising costs of higher education, and a shift in financial aid from scholarships and grants to loans, make loan assumption programs an attractive option for states to balance the need to support higher education with the needs of the state. The Legislature recognized the usefulness of a loan repayment program that focuses on both the student and teacher in critical shortage areas when it created the first Assumption Program of Loans for Education (APLE) in 1986-87. Since that time, the Legislature has created additional programs, using APLE as the model.

California Education Code Sections 69615.4, 70108, 70126, 69618.8, and 69751.3 require that the Commission annually review and report on the following loan assumption programs:

- **Assumption Program of Loans for Education**
- **State Nursing Assumption Program of Loans for Education for Nursing Faculty**
- **State Nursing Assumption Program of Loans for Education for Nurses at State Facilities**
- **Graduate Assumption Program of Loans for Education**
- **National Guard Assumption Program of Loans for Education**

PART I

Assumption Program of Loans for Education

REPORTING REQUIREMENT

This report to the Legislature on the Assumption Program of Loans for Education complies with the California Education Code Section below.

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

- (a) The total number of program participants.*
- (b) The number of agreements entered into with juniors, seniors, students enrolled in teacher training programs, and persons who agree to enroll in teacher trainee programs or teacher internship programs.*
- (c) The number of participants who agree to teach in a subject matter shortage area.*
- (d) The number of participants who agree to teach in schools with a high ratio of pupils from low-income families and in high-priority schools.*
- (e) The number of participants who agree to teach in schools serving rural areas.*
- (f) The number of participants who agree to teach in schools with a high percentage of teachers holding emergency permits.*
- (g) The number of participants who receive a loan assumption benefit, classified by payment year.*
- (h) The number of participants who have participated in the Science, Mathematics, and Technology Teacher Pipeline Program established by Chapter 1271 of the Statutes of 1993.**
- (i) The number of out-of-state teachers who enter into agreements.*
- (j) The number of participants who have participated in teacher trainee programs or teacher internship programs, classified by school district or county office of education.*

* The Science, Mathematics, and Technology Teacher Pipeline Program provisions were deleted by Chapter 70, Statutes of 2000 (SB 1666). Information regarding this program are not available.

PROGRAM HISTORY

Introduction

The Assumption Program of Loans for Education (APLE), described in California Education Code (Education Code) Sections 69612 to 69616, was designed by the Legislature to address California's growing shortage of quality classroom teachers in specific subject areas, such as math or science; teachers of children with special needs; and teachers for schools serving children from low-income families.

Specifically, the Legislature intended that the APLE program:

- *Identify subject areas with shortages of teachers. It should provide incentives to attract students to the teaching profession, particularly in identified subject shortage areas, as well as assistance to new credential recipients to obtain a teaching position in a subject shortage area.*
- *Identify schools serving children from low-income families. It should provide incentives to students pursuing a teaching credential to teach in these schools.*
- *Encourage postsecondary students, particularly economically disadvantaged students, to pursue a teaching career.*
- *Encourage teacher trainees or interns to complete additional coursework to obtain a teaching credential by providing financial incentives.*

Background

The Legislature has demonstrated consistent policy and fiscal support for the APLE, starting in 1983 with the enactment of Chapter 498, Statutes of 1983 (SB 813) that focused on credentialed teachers. The enactment of Chapter 1483, Statutes of 1985 (SB 1208) and Chapter 1124, Statutes of 1986 (AB 3263) altered the focus of the APLE to concentrate on non-credentialed individuals who were training to become fully credentialed teachers in areas where critical teacher shortages had been identified or in schools serving a large population of students from low-income families.

Chapter 330, Statutes of 1998 (SB 1564) increased the number of APLE awards from 400 to 4,500. This bill also increased the benefit limit and the number of years (from three to four years) a participant must teach to receive full APLE benefits. Chapter 667, Statutes of 1999 (AB 1118) provided an additional 1,000 allocations to the APLE, which brought the total number of potential new participants to 5,500 for the 1999-00 academic year.

Chapter 70, Statutes of 2000 (SB 1666) added bonus payments of \$1,000 for participants who agreed to teach math, science, or special education and an additional \$1,000 if those teachers also taught in a school ranked in the lowest 20th percentile of the API. This bill deleted the Science, Mathematics, and Technology Teacher Pipeline provisions and made the number of authorized Loan Assumption Agreements (Agreement) subject to the annual budget act.

For a historical summary of APLE allocations, loan assumption payments and projected payments, see Appendix A. The California Student Aid Commission (Commission) was authorized to issue 7,400 Agreements in 2006-07.

PROGRAM INFORMATION

Teacher Shortage Areas

The Education Code gives the California Superintendent of Public Instruction the responsibility of annually providing the California Student Aid Commission (Commission) with lists of:

- Teaching subjects with a critical shortage of teachers. For 2006-07, the subject shortage areas are English, foreign language, mathematics, reading specialist, science, and special education.
- Low-Income Schools: Based on the percentage of students who qualified for the Free or Reduced Price Lunch Program, or the percentage of students whose families qualified under the CalWorks criteria, whichever was greater.
- Low-Performing Schools: Schools that have low academic achievement, in the bottom 20 percent, as measured by the Academic Performance Index (API).
- Rural Area Schools: Schools that serve rural areas or small towns identified by the U.S. Census Bureau data as rural or small town.
- Schools with a High Percentage of Emergency Permit Teachers: Schools with 20 percent or more of teachers teaching with emergency permits.
- State Special Schools: School for the Blind in Fremont and two Schools for the Deaf, one in Riverside and one in Fremont.
- Self-Contained Classrooms: Teachers teaching in a public school that serves pupils in kindergarten or grades one to eight, inclusive.

Participating Institutions

Participating institutions are either eligible institutions, as defined below, or school districts/county offices of education operating a district intern program as defined by Education Code Section 44381.

Education Code Section 69613 defines an eligible institution as a college or university that participates in state and federal financial aid programs and maintains a program of professional preparation that has been approved by the California Commission on Teacher Credentialing (CCTC).

Each eligible institution, school district, and county office of education signs a Commission's APLE Participation Agreement certifying to:

- Administer the loan assumption program according to all applicable published rules, regulations, and guidelines.
- Make special efforts to notify students regarding the availability of the program, particularly economically disadvantaged students.
- To the extent feasible, coordinate the loan assumption program with other programs designed to recruit students to enter the teaching profession.

Program Eligibility Requirements

Applicants must meet specified conditions which include:

- Completed the equivalent of at least 60 semester, or 90 quarter, units of postsecondary education prior to receipt of an award.
- Enrolled in or admitted to: 1) a program leading to a baccalaureate degree, or 2) a program of professional teacher preparation approved by the CCTC. The program must include a student teaching requirement and authorize service for kindergarten or grades 1 through 12.
- Maintain at least half-time enrollment of undergraduate or teacher preparation coursework as determined by the institution.
- Maintain satisfactory progress toward credential objective.
- Judged by a participating postsecondary institution that the applicant has outstanding ability on the basis of criteria determined by the institution.
- Received, or approved to receive, an educational loan made pursuant to 20 U.S.C. Section 1071 et seq., or any educational loan approved by the Commission, to meet the costs of obtaining an initial teaching credential.
- Sign an Agreement to provide up to four consecutive years of teaching service in a California public school in one of the subject shortage areas or in certain designated schools.
- Provide first year of eligible teaching services within 36 months from obtaining their initial teaching credential.

Benefits

The Commission is authorized to assume up to \$11,000 (\$19,000 if student qualifies for bonuses) in outstanding educational loan balances for participants who provide up to four consecutive years of qualified full-time teaching in a public California K-12 school. Table 1 illustrates the benefits by year.

**TABLE 1
APLE PROGRAM BENEFITS**

After Completion of:	Base Award	Bonus Amount of \$1,000 (Teaching math, science or special education)	Additional Bonus of \$1,000 (Teaching math, science or special education in a bottom 20% low-performing school)
First Year	\$2,000	Up to \$3,000	Up to \$4,000
Second Year	\$3,000	Up to \$4,000	Up to \$5,000
Third Year	\$3,000	Up to \$4,000	Up to \$5,000
Fourth Year	\$3,000	Up to \$4,000	Up to \$5,000
Maximum Benefits	\$11,000	\$15,000	\$19,000

Application and Selection Process

The Commission distributes program information and APLE applications to participating institutions. Each institution receives at least one APLE application. The remaining applications are distributed in proportion to the number of credentials recommended to CCTC during the previous year by each institution. See Appendix B for the 2006-07 allocations.

Of the total 7,400 applications available in 2006-07 for allocation, no more than 500 applications were allocated to County Offices of Education for recruitment of out-of-state teachers to relocate and teach in California and an additional 500 were set aside for the ten California District Intern Programs. The out-of-state teachers may apply to, and be nominated by, a California County Office of Education. District interns are nominated by the District Intern Coordinators at accredited districts. The remaining 6,400 applications were allocated to colleges and universities with teacher certification programs.

Students submit applications to the APLE coordinator at the participating institutions. The coordinator reviews the applications for completeness, ensures the applicants meet the program eligibility requirements, and ranks each applicant by the institutions' specific selection criteria. Although the Commission administers the APLE, participating institutions are given latitude in choosing the selection criteria for their applicants. Table 2 displays the types of criteria used for selecting participants. Grade point average and faculty recommendations continue to be the most commonly used criteria for selecting participants.

**TABLE 2
SELECTION CRITERIA USED BY
PARTICIPATING INSTITUTIONS IN 2006-07**

	Number of Schools	Percent of Schools Using Criteria
Grade Point Average	37	35.9
Faculty Recommendations	18	17.5
Interviews	13	12.6
Volunteer Work Experience	3	2.9
Essays	10	9.7
Test Scores	9	8.7
Extra Curricular Activities	2	1.9
Other Criteria	11	10.7

Each institution nominates the most qualified applicants to fill the initial allocation of awards from the Commission by the priority deadline. Institutions with additional qualified applicants may submit a list containing alternate nominees, ranked in priority order, for use during the reallocation process. Alternate applicants are selected based on the number of unused allocations from other institutions until all authorized allocations are filled.

The Commission reviews all applications for completeness and checks for any discrepancies on the application. The Commission withdraws any applications that do not meet the program requirements.

- Be free of any obligation to repay any state or federal educational grant and not be delinquent or in default on any state or federally insured educational loan.
- Respond to all communications and requests from the Commission within the time indicated.
- Provide written notification to the Commission within 10 days of any change in legal name or address or of any change in status which affects APLE eligibility.
- Comply with any procedures deemed necessary and appropriate by the Commission, all conditions cited in this Agreement and all applicable rules and regulations.

In accordance with the Education Code Section 69613.2, the Commission begins loan assumption payments upon verification that the participant has:

- Received a teaching credential that requires a baccalaureate degree (other than an emergency credential) authorizing service for kindergarten or any of the grades 1 through 12; and
- Provided eligible full-time classroom instruction in an applicable California public school for one school year.

An applicant who signed an Agreement to obtain a teaching credential in a designated Teacher Shortage Area may not change their area unless the area ceases to be a shortage area, or the applicant receives the Commission’s written approval.

Status of Agreements

Not all applicants choose to return a signed Agreement to the Commission after the nomination process. Table 4 shows the number of Agreements offered, signed and returned, not returned, and declined over the last three academic years. Commission staff send all non-respondents a letter requesting the signed Agreement or a reason for declining. Every effort is made to obtain a positive contact and have the Agreement signed and returned. Agreements not accepted are reallocated to other qualified applicants.

**TABLE 4
STATUS OF AGREEMENTS**

	2004-05		2005-06		2006-07	
	Number	Percent	Number	Percent	Number	Percent
Agreements returned	5,704	85.8	5,581	74.4	4,769	80.3
Agreements not signed and returned	942	14.2	1,917	25.6	1,170	19.7
Agreements declined	2	0.0	2	0.0	0	0.0
Total	6,648	100.0	7,500	100.0	5,939	100.0

In 2006-07, the Commission selected 5,939 applicants as recipients from participating APLE institutions, including 42 recipients for the APLE for Out-of-State Teachers Program and 124 for the District Intern Program.

PROGRAM PARTICIPANTS

Age

Table 5A illustrates the distribution of APLE participants by age group for the past three years. The majority of participants are under thirty-one years old.

**TABLE 5A
APLE PARTICIPANTS BY AGE**

	2004-05		2005-06		2006-07	
	Number	Percent	Number	Percent	Number	Percent
20 and under	266	4.0	71	1.0	16	0.3
21-25	2,292	34.5	2,676	35.7	1,832	30.8
26-30	1,689	25.4	1,935	25.8	1,849	31.2
31-35	884	13.3	958	12.8	810	13.6
36-40	495	7.4	654	8.7	493	8.3
41-45	436	6.6	490	6.5	347	5.8
46 and older	586	8.8	716	9.5	592	10.0
Total	6,648	100.0	7,500	100.0	5,939	100.0

Ethnicity

Ethnic background has no bearing on the selection of APLE participants. Participants are not required to report their ethnicity during the application process and the Commission does not require the school to report a nominee's ethnicity. The APLE application contains an optional question regarding ethnicity and participants may choose whether or not to respond. Table 5B reflects the distribution of APLE participants by the self-reported ethnicity for the three most recent academic years. The relative representation has remained fairly steady for the past three years, with some slight changes year to year.

**TABLE 5B
APLE PARTICIPANTS BY ETHNICITY**

	2004-05		2005-06		2006-07	
	Number	Percent	Number	Percent	Number	Percent
Asian	394	5.9	417	5.6	389	6.5
African-American	476	7.2	451	6.0	391	6.6
Latino	1,716	25.8	2,061	27.5	1,509	25.4
Caucasian	3,201	48.1	3,642	48.5	2,921	49.2
Other	664	10.0	681	9.1	556	9.4
No Response*	197	3.0	248	3.3	173	2.9
Total	6,648	100.0	7,500	100.0	5,939	100.0

*Response to question on ethnicity is voluntary.

Gender

As Table 5C shows, women continue to participate in APLE at a higher rate than men.

**TABLE 5C
APLE PARTICIPANTS BY GENDER**

	2004-05	2005-06	2006-07
	Percent	Percent	Percent
Male	27.5	25.7	24.9
Female	72.5	74.3	75.1
Total	100.0	100.0	100.0

Teacher Shortage Area

Table 5D displays the distribution of APLE participants by Teacher Shortage Area. Legislative mandates and changes in subject shortage areas require the addition or deletion of subject areas over time. Data on 2006-07 APLE participants by Teacher Shortage Areas and gender, ethnicity, and age are located in Appendix C.

**TABLE 5D
APLE PARTICIPANTS BY TEACHER SHORTAGE AREA**

SUBJECT AREA	2004-05		2005-06		2006-07	
	Number	Percent	Number	Percent	Number	Percent
Agriculture	0	0.0	0	0.0	1	0.0
English	1	0.0	22	0.3	365	6.1
Foreign Language	149	2.2	177	2.3	154	2.6
Mathematics	547	8.2	682	9.1	581	9.8
Music	0	0.0	56	0.7	5	0.1
Reading Specialist	46	0.7	65	0.9	40	0.7
Science	432	6.5	435	5.8	371	6.2
Special Education	1,357	20.4	1,518	20.2	1,116	18.8
SCHOOL TYPE						
High Percentage of Emergency Permits	23	0.4	45	0.6	23	0.4
Low-Income	2,903	43.7	3,110	41.5	2,314	39.0
Low-Performing	1,039	15.6	1,205	16.1	791	13.3
Rural Area	148	2.2	185	2.5	164	2.8
State Special School	3	0.1	0	0.0	14	0.2
Total	6,648	100.0	7,500	100.0	5,939	100.0

PROGRAM PERFORMANCE

Program Participation

The Commission continues to experience strong interest in the APLE program. Since its inception in 1986-87, the APLE program has helped 62,131 participants.

The Commission may withdraw participants after the receipt of program benefits for a number of reasons. In 2006-07, 977 participants who received maximum benefits (four years of benefits) and 949 who had their entire outstanding student loans paid-in-full were withdrawn. Others were removed because they did not provide consecutive teaching service or had loans in default status. Table 6 shows the distribution of the 2,102 participants withdrawn after receiving benefits during the 2006-07 school year.

**TABLE 6
PARTICIPANTS WITHDRAWN FROM APLE
AFTER RECEIPT OF BENEFITS
ACADEMIC YEAR 2006-07**

	Number	Percent
Received maximum benefits	977	46.5
All eligible loans paid in full	949	45.2
Did not teach consecutive years	171	8.1
Defaulted loans	5	0.2
Total	2,102	100.0

Retention Rates and Loan Assumption Benefit Payments

In addition to recruitment, the APLE serves to encourage new teachers to stay in specified shortage areas within the profession for at least four years. As Table 7 shows, 4,211 participants received their first loan assumption benefits in 2004-05, after completing their first year of teaching service. After four years, 27.7 percent of those recipients received their final loan assumption payments. However, many of the non-participants who are no longer receiving loan assumption payments did not necessarily leave the field of teaching. Some may not have maintained program requirements and are no longer eligible for benefits. Participants who have their eligible loans paid-in-full are no longer included in the historical data beyond the reported year.

**TABLE 7
APLE RETENTION RATES**

Received Benefits After 1 st Year of Teaching		Benefits Received for Subsequent Years					
		2 nd Year		3 rd Year		4 th Year	
Fiscal Year	Number	Number	Percent	Number	Percent	Number	Percent
2004-05	4,211	3,249	77.2	2,127	50.5	1,165	27.7
2005-06*	4,087	2,928	71.6	2,080	50.9		
2006-07*	3,552	2,941	82.8				
2007-08*	4,613						

*As of report date. Participants who are eligible for benefits will continue to receive them through the fourth year.

When making loan assumption payments, the Commission uses the following priority: a) Commission-guaranteed loans, b) loans guaranteed by other guarantors, and c) private and institutional loans. Table 8 provides a breakdown of the 13,117 loan assumption payments that were made in fiscal year 2007-08 for teaching service provided in 2006-07. Commission-guaranteed loans account for 23.7 percent of the total loan assumption payments made in fiscal year 2007-08.

TABLE 8
NUMBER OF LOANS AND LOAN ASSUMPTION PAYMENTS
BY LOAN TYPE
(Teaching Year 2006-07, Paid in Fiscal Year 2007-08*)

	Number	Amount	Percent
Commission Guaranteed Loans	3,104	\$9,138,805	23.7
Commission Guaranteed Consolidation Loans	1,631	\$4,803,691	12.4
Consolidated Student Loans	3,126	\$9,203,971	23.8
US Department of Education Direct Student Loans	2,604	\$7,667,907	19.9
Stafford Loans (Guaranteed by other guarantors)	1,653	\$4,865,754	12.6
US Department of Education Direct Consolidation Loans	845	\$2,488,734	6.4
Private Educational Loans	93	\$273,078	0.7
Institution-based Loans and University Loans	45	\$133,436	0.4
Federal Perkins Loans	16	\$46,547	0.1
Total	13,117	\$38,621,923	100.0

* As of report date.

Table 9 provides the number of APLE participants who received loan assumption benefits after each year of providing teaching service. The table reflects fiscal data available for inclusion in this report. Final fiscal reporting will be incorporated into the 2007-08 report.

TABLE 9
PARTICIPANTS AND LOAN ASSUMPTION PAYMENTS MADE
BY YEAR OF TEACHING SERVICE

Year of Service	Taught 2004-05 Paid FY 2005-06		Taught 2005-06 Paid FY 2006-07*		Taught 2006-07 Paid FY 2007-08*	
	Number	Amount	Number	Amount	Number	Amount
First	4,087	\$9,847,081	3,552	\$8,794,763	4,613	\$10,631,259
Second	3,826	\$12,671,876	3,521	\$11,815,260	3,056	\$10,333,983
Third	2,804	\$8,967,617	3,012	\$9,748,121	2,641	\$8,743,347
Fourth	1,909	\$5,852,019	1,971	\$6,095,870	2,807	\$8,913,334
Total	12,626	\$37,338,593	12,056	\$36,454,014	13,117	\$38,621,923

* As of report date.

Bonus Payments

For each year of teaching in math, science, or special education, participants are eligible to receive an additional \$1,000 in loan assumption payments. If those same participants also teach in a low-performing school, they are eligible for another \$1,000 in loan assumption payments. Table 10 shows the total amount of bonus payments made during the past three years.

TABLE 10
TOTAL BONUS PAYMENTS ISSUED TO PARTICIPANTS
BY BONUS TYPE AND ACADEMIC YEAR

	Taught 2004-05 Paid FY 2005-06	Taught 2005-06 Paid FY 2006-07*	Taught 2006-07 Paid FY 2007-08*
First Bonus	\$2,083,982	\$2,389,755	\$2,737,578
Second Bonus	\$760,766	\$971,159	\$924,629
Total	\$2,844,748	\$3,360,914	\$3,662,207

* As of report date.

APPENDICES

APPENDIX A

APPLE

**HISTORY OF ALLOCATIONS, AWARDS, LOAN
ASSUMPTION PAYMENTS AND PROJECTED PAYMENTS**

TABLE 1
HISTORY OF ALLOCATIONS, AWARDS, LOAN ASSUMPTION PAYMENTS
AND PROJECTED PAYMENTS

Academic Year	Authorized Agreement Allocation	Number of Participants Awarded	Distributions Of Allocation	Local Assistance Paid	Number of Teachers Paid	Payments Made by Fiscal Year
1986-87	500	436	All to Participating Colleges			1987-88
1987-88	500	500	All to Participating Colleges	\$313,977	162	1988-89
1988-89	500	500	All to Participating Colleges	\$853,709	379	1989-90
1989-90	500	500	All to Participating Colleges	\$1,280,693	573	1990-91
1990-91	500	500	All to Participating Colleges	\$1,558,256	664	1991-92
1991-92	500	500	All to Participating Colleges	\$1,571,627	662	1992-93
1992-93	500	424	All to Participating Colleges	\$1,610,286	660	1993-94
1993-94	400	400	All to Participating Colleges	\$1,607,366	661	1994-95
1994-95	400	400	All to Participating Colleges	\$1,611,971	654	1995-96
1995-96	400	400	All to Participating Colleges	\$1,678,859	742	1996-97
1996-97	400	400	All to Participating Colleges	\$1,898,786	749	1997-98
1997-98	400	400	All to Participating Colleges	\$2,121,353	830	1998-99
1998-99	4,500	3,805	Participating Colleges, 500 OS, 500-DI	\$2,113,856	798	1999-00
1999-00	5,500	5,485	Participating Colleges, 500 OS, 500-DI	\$4,994,065	2,172	2000-01
2000-01	6,500	7,500	Participating Colleges, 500 OS, 500-DI	\$11,603,484	4,460	2001-02
2001-02	6,500	6,487	Participating Colleges, 500 OS, 500-DI	\$19,401,877	6,974	2002-03
2002-03	7,500	7,500	Participating Colleges, 500 OS, 500-DI	\$26,944,291	9,587	2003-04
2003-04	7,700	7,432	Participating Colleges, 500 OS, 500-DI	\$33,958,896	11,616	2004-05
2004-05	7,500	6,648	Participating Colleges, 500 OS, 500-DI	\$37,338,593	12,626	2005-06
2005-06	8,000	7,500	Participating Colleges, 500 OS, 500-DI	\$36,454,014*	12,056*	2006-07
2006-07	7,400	5,939	Participating Colleges, 500 OS, 500-DI	\$38,621,923*	13,117*	2007-08

* As of report date.

APPENDIX B

APPLE

2006-07 NUMBER OF AGREEMENTS

**TABLE 1
NUMBER OF AGREEMENTS
AT THE UNIVERSITY OF CALIFORNIA**

	Initial Applications Allocated	Total Agreements Granted
Berkeley	29	19
Davis	59	70
Irvine	56	51
Los Angeles	88	116
Los Angeles – Extension	1	1
Riverside	45	60
San Diego	20	23
Santa Barbara	29	30
Santa Cruz	33	39
Total	360	409

**TABLE 2
NUMBER OF AGREEMENTS
AT THE CALIFORNIA STATE UNIVERSITY**

	Initial Applications Allocated	Total Agreements Granted
Bakersfield	149	273
Channel Islands	30	63
Chico	92	131
Dominguez Hills	332	155
East Bay	103	74
Fresno	241	146
Fullerton	295	198
Humboldt	30	54
Long Beach	322	271
Los Angeles	342	205
Monterey	76	69
Northridge	401	185
Pomona	114	98
Sacramento	203	188
San Bernardino	249	184
San Diego	181	188
San Francisco	220	165
San Jose	203	77
San Luis Obispo	46	77
San Marcos	166	127
Sonoma	88	116
Stanislaus	154	225
Cal State TEACH	1	0
Total	4,038	3,269

**TABLE 3
NUMBER OF AGREEMENTS
AT CALIFORNIA INDEPENDENT INSTITUTIONS**

	Initial Applications Allocated	Total Agreements Granted
Alliant International University	21	24
Antioch University	11	11
Argosy University, Orange	11	15
Azusa Pacific University	218	220
Bethany Bible College	7	4
Biola University	28	15
California Baptist College	53	18
California Lutheran University	39	35
Chapman College	409	283
Christian Heritage	16	0
Claremont Graduate School	31	75
Concordia University	31	6
Dominican University	52	14
Fresno Pacific College	37	94
Holy Names College	10	12
Hope International University	7	2
InterAmerican College	4	0
John F. Kennedy University	7	0
La Sierra University	14	2
Loyola Marymount University	93	20
Mills College	16	5
Mount St. Mary's College	18	7
National University	839	432
New College	11	17
Notre Dame de Namur	32	4
Nova Southeastern University	0	1
Occidental College	3	5
Pacific Oaks College	13	8
Pacific Union College	14	5
Patten College	5	6
Pepperdine University	59	45
Point Loma Nazarene	74	84
Saint Mary's College	42	14
San Diego Christian College	0	3
Santa Clara University	36	4
Simpson College	27	15
Stanford University	21	51
The Master's College	9	2

TABLE 3
NUMBER OF AGREEMENTS
AT CALIFORNIA INDEPENDENT INSTITUTIONS
– Continued –

	Initial Applications Allocated	Total Agreements Granted
The National Hispanic University	22	12
Touro University	1	20
University of La Verne	107	127
University of Phoenix	130	151
University of Redlands	58	94
University of San Diego	28	12
University of San Francisco	56	14
University of Southern California	10	58
University of the Pacific	25	23
Vanguard University	19	20
Westmont College	5	1
Whittier College	22	3
William Jessup University	1	2
Total	2,802	2,095

TABLE 4
NUMBER OF AGREEMENTS
AT CALIFORNIA DISTRICT INTERN PROGRAMS

	Initial Applications Allocated	Total Agreements Granted
Compton Unified School District	7	0
Long Beach Unified School District	0	0
Los Angeles Unified School District	58	34
Ontario-Montclair School District	4	2
High Tech High	1	5
Orange County Department of Education	3	2
Project Impact	10	62
Project Pipeline	11	12
San Diego City Schools (BECA)	5	4
Stanislaus County Office of Education	1	3
Total	100	124

**TABLE 5
ALL AGREEMENTS**

	Initial Applications Allocated	Total Agreements Granted
University of California	360	409
California State University	4,038	3,269
California Independent Institutions	2,802	2,095
California District Intern Programs	100	124
County Offices of Education for Out-of-State Recruitment	100	42
Total	7,400	5,939

APPENDIX C

APPLE

2006-07 PROGRAM PARTICIPANTS

TABLE 2
2006-07 PROGRAM PARTICIPANTS
BY SUBJECT SHORTAGE AREA OR SCHOOL TYPE AND ETHNICITY

SUBJECT AREA	Asian		African-American		Latino		Caucasian		Other		No Response	
	#	%	#	%	#	%	#	%	#	%	#	%
Agriculture	0	0.0	0	0.0	0	0.0	1	0.0	0	0.0	0	0.0
English	21	5.4	32	8.2	71	4.7	193	6.6	35	6.3	13	7.5
Foreign Language	7	1.8	2	0.5	101	6.7	35	1.2	6	1.1	3	1.7
Mathematics	71	18.2	34	8.7	125	8.3	288	9.9	52	9.4	11	6.4
Music	0	0.0	0	0.0	2	0.1	2	0.1	1	0.2	0	0.0
Reading Specialist	0	0.0	1	0.3	10	0.7	26	0.9	3	0.5	0	0.0
Science	29	7.5	23	5.9	37	2.4	241	8.3	31	5.5	10	5.8
Special Education	48	12.3	84	21.5	188	12.5	646	22.1	102	18.3	48	27.7
SCHOOL TYPE												
High Percentage of Emergency Permits	4	1.0	1	0.3	4	0.3	7	0.2	6	1.1	1	0.6
Low-Income	153	39.3	137	35.0	693	45.9	1,035	35.4	224	40.3	72	41.6
Low-Performing	50	12.9	69	17.6	235	15.6	353	12.1	73	13.1	11	6.4
Rural Area	5	1.3	6	1.5	40	2.6	87	3.0	22	4.0	4	2.3
State Special School	1	0.3	2	0.5	3	0.2	7	0.2	1	0.2	0	0.0
Total	389	100.0	391	100.0	1,509	100.0	2,921	100.0	556	100.0	173	100.0

Note: Response to question on ethnicity is voluntary.

TABLE 3
2006-07 PROGRAM PARTICIPANTS
BY SUBJECT SHORTAGE AREA OR SCHOOL TYPE AND AGE GROUP

SUBJECT AREA	20 and under		21 – 25		26 - 30		31 - 35		36 - 40		41 – 45		46 and above	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Agriculture	0	0.0	1	0.1	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
English	2	12.5	145	7.9	103	5.6	42	5.2	23	4.6	24	6.9	26	4.4
Foreign Language	0	0.0	45	2.5	57	3.1	20	2.5	13	2.6	7	2.0	12	2.0
Mathematics	0	0.0	216	11.8	179	9.7	64	7.9	39	7.9	38	11.0	45	7.6
Music	0	0.0	1	0.1	4	0.2	0	0.0	0	0.0	0	0.0	0	0.0
Reading Specialist	0	0.0	6	0.3	13	0.7	5	0.6	1	0.2	4	1.2	11	1.9
Science	1	6.2	110	6.0	131	7.1	57	7.1	29	5.9	11	3.2	32	5.4
Special Education	0	0.0	189	10.3	313	16.9	188	23.2	123	25.0	98	28.2	205	34.7
SCHOOL TYPE														
High Percentage of Emergency Permits	0	0.0	8	0.4	9	0.5	1	0.1	2	0.4	0	0.0	3	0.5
Low-Income	10	62.5	799	43.6	725	39.1	320	39.5	178	36.1	116	33.4	166	28.0
Low-Performing	3	18.7	263	14.4	255	13.8	91	11.2	66	13.4	40	11.5	73	12.3
Rural Area	0	0.0	47	2.5	53	2.9	22	2.7	16	3.3	9	2.6	17	2.9
State Special School	0	0.0	2	0.1	7	0.4	0	0.0	3	0.6	0	0.0	2	0.3
Total	16	100.0	1,832	100.0	1,849	100.0	810	100.0	493	100.0	347	100.0	592	100.0

PART II

State Nursing Assumption Program of Loans for Education for Nursing Faculty

REPORTING REQUIREMENT

This report to the Legislature on the State Nursing Assumption Program of Loans for Education for Nursing Faculty complies with the California Education Code Section below.

§70108. The commission shall report annually to the Legislature on this program. The report shall include, but not be limited to, all of the following:

- (a) The total number of loan assumption agreements offered, by education level and institution.*
- (b) The number of loan assumption agreements paid out, by education level and institution.*
- (c) The number of loan assumption agreements that are redeemed, by year of service (year one through year three).*
- (d) The annual and cumulative attrition rate of participants, by education level and institution.*

PROGRAM HISTORY

Introduction

The State Nursing Assumption Program of Loans for Education for Nursing Faculty (SNAPLE NF), described in California Education Code Sections 70100 to 70110, is intended to encourage students to complete a baccalaureate or graduate degree and teach in a nursing program at a regionally accredited college or university in California.

Background

The SNAPLE NF was established by Chapter 73, Statutes of 2005 (SB 63). The program was amended under Chapter 837, Statutes of 2006 (SB 1309), to allow undergraduate students to participate in the program and to allow loan assumption payments to participants who have taught part-time for an equivalent of three academic years. The California Student Aid Commission (Commission) was authorized to issue 100 Loan Assumption Agreements (Agreement) in 2006-07.

PROGRAM INFORMATION

Program Eligibility Requirements

Applicants must:

- Be a U.S. citizen or eligible non-citizen and be a California resident attending an eligible school or college.
- Be making satisfactory academic progress.
- Have complied with United States Selective Service requirements.
- Not owe a refund on any state or federal educational grant or have delinquent or defaulted student loans.
- Be currently enrolled in or admitted to a program leading to a baccalaureate or graduate level degree in which he/she will be enrolled on at least a half-time basis each academic term as defined by the eligible institution and shall agree to maintain satisfactory academic progress.
- Have received, or have been approved to receive, any of the student loans issued to students through their college for educational costs associated with obtaining a baccalaureate degree and/or a graduate degree.
- Sign an Agreement to teach as a nursing faculty member at a regionally accredited college or university in California.
- Not have received a grant as an instructor in a California community college registered nursing program pursuant to Article 3.51 commencing with Section 78260 of the California Education Code.

Benefits

SNAPLE NF payments are made after a participant receives their degree and provides a full year of full-time teaching service or the equivalent. Based on the participant's June 30 outstanding loan balance(s), the Commission will authorize SNAPLE NF payments in the following manner:

- Up to \$8,333 after completion of the first academic year of eligible full-time, or the equivalent, teaching service.
- Up to \$8,333 after completion of the second consecutive academic year of eligible full-time, or the equivalent, teaching service.
- Up to \$8,334 after completion of the third consecutive school year of eligible full-time, or the equivalent, teaching service.

Application and Selection Process

Applicants may obtain and submit the completed application to the office of the director of the nursing program at their institution. Schools may develop their own criteria and procedures for selecting and nominating participants. Students must be determined to have outstanding ability based on criteria that may include, but not be limited to: grade point average, test scores, interviews, faculty evaluations and other recommendations. Undergraduate students must demonstrate academic ability and financial need

(Cost of Attendance exceeds the Expected Family Contribution). Graduate students must demonstrate academic ability. Participating schools then forward their nominations to the Commission for review and selection.

The Commission will review applications submitted by participating institutions and award points for length of time remaining until the applicant is expected to receive their baccalaureate or graduate degree, for grade point average, and for an active California registered nurse license. Applicants with the highest point totals will receive a SNAPLE NF. In the case of a tie, the Commission will select based on the earliest date of expected graduation and in the case of a secondary tie, by the highest grade point average.

Loan Assumption Agreements

Selected applicants are sent an Agreement that must be signed and returned to the Commission. The Agreement authorizes the Commission to make loan assumption payments if the participant complies with all SNAPLE NF requirements.

Of the 100 authorized Agreements, 62 applicants were nominated and all received an Agreement.

2006-07 PROGRAM PARTICIPANTS

Segmental Distribution

SNAPLE NF participants may attend any California college or university with an accredited nursing program. Table 1 illustrates the segmental distribution of SNAPLE NF participants.

**TABLE 1
2006-07 SNAPLE NF APPLICANTS BY SEGMENT
AND EDUCATION LEVEL**

	Undergraduate	Graduate	All	Percent of Total
University of California	0	2	2	3.2
California State University	1	14	15	24.2
Independent Colleges & Universities	1	22	23	37.1
Private Career Colleges	5	17	22	35.5
Total	7	55	62	100.0

Age

Table 2 illustrates the distribution of SNAPLE NF participants by age group.

**TABLE 2
SNAPLE NF PARTICIPANTS BY AGE**

	Number	Percent
25 and under	2	3.2
26 to 30	3	4.8
31 to 35	8	12.9
36 to 40	11	17.7
41 to 45	7	11.3
46 to 50	22	35.6
51 and older	9	14.5
Total	62	100.0

Gender

Of the 62 SNAPLE NF participants, 57, or 92 percent, are female and 5, or 8 percent, are male.

2006-07 PROGRAM PERFORMANCE

Program Participation

The Commission awarded 62 applicants in the first year of SNAPLE NF.

Retention Rates and Loan Assumption Benefit Payments

It is anticipated that the first loan assumption payments will be made in June 2008.

PART III

State Nursing Assumption Program of Loans for Education for Nurses in State Facilities

REPORTING REQUIREMENT

This report to the Legislature on the State Nursing Assumption Program of Loans for Education for Nurses in State Facilities complies with the California Education Code Section below.

§70126. On or before January 31, 2008, and on or before each January 31 thereafter until, and including, January 31, 2012, the commission shall report annually to the Legislature regarding both of the following, on the basis of sex, age, and ethnicity:

- (a) The total number of program participants and the type of program of professional preparation they are attending or have attended.*
- (b) The numbers of participants who complete one, two, three, or four years of qualifying clinical registered nursing service, respectively.*

PROGRAM HISTORY

Introduction

The State Nursing Assumption Program of Loans for Education for Nurses in State Facilities (SNAPLE NSF), as described in California Education Code Sections 70120 to 70129, is a state-funded program designed to encourage registered nurses and students who will become registered nurses to seek employment in state-operated 24-hour facilities with a registered nurse vacancy rate of greater than 10 percent.

Background

The SNAPLE NSF was established by Chapter 837, Statutes of 2006 (SB 1309). Along with delineating the eligibility requirements, benefits, and eligible state-operated facilities, it also established a sunset date of January 1, 2013.

The California Student Aid Commission (Commission) was authorized to issue 40 Loan Assumption Agreements (Agreement) for 2006-07.

PROGRAM INFORMATION

Eligible State-Operated Facilities

Participants must be employed in an eligible state-operated facility to participate in the SNAPLE NSF. An eligible State-operated facility” is a California facility that:

- provides health care 24 hours per day, 7 days per week, including but not limited to prisons, psychiatric hospitals and veterans’ homes;
- employs registered nurses;
- has a vacancy rate greater than 10 percent of its registered nurse positions as determined by the state Department of Personnel Administration; and
- is included on the list of state-operated facilities with a registered nurse vacancy rate greater than 10 percent provided annually to the California Student Aid Commission by the state Department of Personnel Administration. See Appendix A.

Program Eligibility Requirements

Applicants must meet the following eligibility criteria:

- Have completed a minimum of 60 postsecondary semester units or the equivalent.
- If enrolled, be making satisfactory academic progress.
- Be currently enrolled in or admitted to a pre-licensure nursing program in which he or she will be enrolled on a full-time basis each academic term as defined by the eligible institution and shall agree to maintain satisfactory academic progress, or have completed a pre-licensure nursing program.
- Sign an Agreement to become a registered nurse in an eligible position in a State-operated facility on a full-time basis for four consecutive years

Benefits

SNAPLE NSF payments are made after a participant receives their California Registered Nurse license and provides a year of full-time service. Based on the participant's June 30 outstanding loan balance(s), the Commission will authorize SNAPLE NSF payments in the following manner:

- Up to \$5,000 after completion of the first year of full-time service in an eligible position as a registered nurse in a State-operated facility.
- Up to \$5,000 after completion of the second year of full-time service in an eligible position as a registered nurse in a State-operated facility.
- Up to \$5,000 after completion of the third year of full-time service in an eligible position as a registered nurse in a State-operated facility.
- Up to \$5,000 after completion of the fourth year of full-time service in an eligible position as a registered nurse in a State-operated facility.

Application and Selection Process

Applicants may obtain and submit the completed application to the office of the director of the nursing program at their institution. Schools may develop their own criteria and procedures for selecting and nominating participants. Students must be determined to have outstanding ability based on criteria that may include, but not be limited to: grade point average, test scores, interviews, faculty evaluations and other recommendations. Participating schools then forward their nominations to the Commission for review and selection.

The Commission will review applications submitted by participating institutions and award points for: length of time remaining until the applicant is expected to complete their pre-licensure nursing program, enrollment in or completion of an accelerated program, outstanding balance on a need-based student loan, grade point average, and a completed baccalaureate degree. Applicants with the highest point totals will receive a SNAPLE NSF. In the case of a tie, participants will be selected based on the date the application was received by the Commission.

Loan Assumption Agreements

Selected applicants are sent an Agreement that must be signed and returned to the Commission. The Agreement authorizes the Commission to make loan assumption payments if the participant complies with all SNAPLE NSF requirements.

Of the 40 authorized Agreements, five students were nominated and all five received an Agreement.

2006-07 PROGRAM PARTICIPANTS

Participants by Educational Program

At the time of nomination, three participants were enrolled in an Associate of Arts degree program and two were working towards a Bachelor of Arts degree.

Age

The average age of APLE NSF participants was 28.

Ethnicity

Ethnic background has no bearing on the selection of SNAPLE NSF participants. While the SNAPLE NSF application contains a question regarding ethnicity, it is optional and applicants are not required to respond. The five participants are of Caucasian, Filipino, and Hispanic descent.

Gender

Of the five SNAPLE NSF participants, four are female and one is male.

2006-07 PROGRAM PERFORMANCE

Program Participation

The Commission awarded 5 applicants in the first year of SNAPLE NSF. The number of nominated applicants is expected to increase as schools and students become more aware of this program.

Retention Rates and Loan Assumption Benefit Payments

It is anticipated that the first loan assumption payments will be made in June 2008.

APPENDIX A

SNAPLE NSF

2006-07 ELIGIBLE STATE-OPERATED FACILITIES

**State Facilities with a Vacancy Rate in Nursing Staff
Greater Than Ten Percent**
(As of January 1, 2007)

Department of Corrections and Rehabilitation

<u>Institution</u>	<u>Vacancy Rate</u>
Avenal State Prison	10.10%
California Institution for Men	14.53%
California Institution for Women	16.67%
California Medical Facility	24.79%
California Men's Colony	11.98%
California State Prison – Corcoran	10.69%
California State Prison – Los Angeles	22.86%
California State Prison – Sacramento	11.51%
California State Prison – Solano	13.64%
Centinela State Prison	14.03%
Chuckawalla Valley State Prison	23.93%
Correctional Training Facility	26.08%
Delano II State Prison	24.02%
Deuel Vocational Institution	21.33%
El Paso De Robles School	11.11%
Folsom State Prison	14.25%
Ironwood State Prison	24.43%
Northern California Youth Center	12.50%
Pleasant Valley State Prison	22.17%
R. J. Donovan Correctional Facility	19.23%
Salinas Valley State Prison	27.31%
San Quentin State Prison	27.59%
Substance Abuse Treatment Facility at Corcoran	14.45%
Youth Training School	17.39%

Department of Developmental Services

<u>Developmental Center</u>	<u>Vacancy Rate</u>
Canyon Springs	44.4%
Fairview	12.9%
Lanterman	21.7%
Porterville	19.8%
Sierra Vista	47.1%
Sonoma	15.0%

California Department of Education

<u>School/Diagnostic Center</u>	<u>Vacancy Rate</u>
California School for the Deaf at Riverside	18.00%

Department of Mental Health

<u>State Hospital</u>	<u>Vacancy Rate</u>
Atascadero	23.0%
Coalinga	50.0%
Metropolitan	15.0%
Vacaville Psychiatric Program	21.0%
Salinas Valley Psychiatric Program	43.0%

Department of Veterans Affairs

<u>Veteran's Home</u>	<u>Vacancy Rate</u>
Yountville	30.5%
Barstow	33.5%

Source of Data: Department of Personnel Administration

PART IV

Graduate Assumption Program of Loans for Education

REPORTING REQUIREMENT

This report to the Legislature on the Graduate Assumption Program of Loans for Education complies with the California Education Code Section below.

§69618.8. *The commission shall report annually to the Legislature on this program. The report shall include, but not be limited to, the following:*

- (a) The total number of warrants awarded.*
- (b) The number of warrants allocated by the education level of recipients.*
- (c) The fields of study of applicants.*
- (d) The number of warrants that are redeemed by the initial recipients.*

PROGRAM HISTORY

Introduction

The Graduate Assumption Program of Loans for Education (Grad APLE), as described in California Education Code Sections 69618 to 69619, was designed by the Legislature to address California's growing shortage of postsecondary faculty members. The Legislature recognized that the rising costs of higher education, coupled with the shift of available financial aid from scholarships and grants to loans, made loan assumption options an important consideration in a student's decision to pursue a graduate education.

Background

The Grad APLE was established by Chapter 330, Statutes of 1998 (SB 1564) commencing in 1998-99.

Chapter 667, Statutes of 1999 (AB 1118) and Chapter 460, Statutes of 2000 (AB 2159) amended the Grad APLE to make it more flexible. Participants may continue in the program as long as they are enrolled at least half-time in a graduate course of study each academic term as defined by an eligible institution. The amendment also provided greater flexibility for participants to complete the required teaching service.

From 1998-99 through 2002-03, the Commission was authorized to award up to 500 new applicants each year. Although funding for new applicants was discontinued in 2003-04, renewal participants with remaining eligibility will continue to receive loan assumption benefits.

PROGRAM INFORMATION

Program Eligibility Requirements

Grad APLE applicants had to meet the following eligibility criteria:

- Be a United States citizen or eligible noncitizen.
- Be a California resident attending an eligible school or college.
- Comply with United States Selective Service requirements.
- Demonstrate academic ability and financial need.
- Make satisfactory academic progress.
- Complete a baccalaureate degree program or be enrolled in an academic program leading to a baccalaureate level or a graduate level degree.
- Not owe a refund on any state or federal educational grant or have delinquent or defaulted student loans.
- Receive or be approved to receive a student loan.

Benefits

The Commission is authorized to assume up to \$6,000 in outstanding educational loan balances for participants who provide three consecutive academic years of eligible teaching service. The Commission will make loan assumption payments in the following manner:

- Up to \$2,000 after completing one academic year, or the equivalent, of full-time eligible teaching service.
- Up to \$2,000 after completing the second consecutive academic year, or the equivalent, of full-time eligible teaching service.
- Up to \$2,000 after completing the third consecutive academic year, or the equivalent, of full-time eligible teaching service.

Participants not completing three consecutive academic years, or the equivalent, of full-time eligible service retained full liability for all student loan obligations remaining after the Commission's assumption of loan liability for the last academic year of qualifying instruction.

PROGRAM PERFORMANCE

Program Participation

Since 1998-99, there has been a total of 1,075 Grad APLE participants. Table 1 below shows the status of those participants.

**TABLE 1
STATUS OF GRAD APLE PARTICIPANTS**

	Number	Percent
Active	414	38.5
Withdrawn, Paid Full Benefits	106	9.9
Withdrawn, Partial Benefits Paid	8	0.7
Withdrawn, No Benefits Paid	547	50.9
Total	1,075	100.0

Status of Remaining Participants

Although the Grad APLE is no longer awarding new applicants, the Commission continues to track just over 400 participants with remaining eligibility. In 2006-07, the Commission paid 46 participants a total of \$90,000. As reflected in Table 2, 16 percent of the remaining participants continue to pursue their graduate degrees.

**TABLE 2
ACTIVE GRAD APLE PARTICIPANTS
ACADEMIC YEAR 2006-07**

	Number	Percent
Attending School	66	15.9
Teaching	302	73.0
Paid in 2006-07	46	11.1
Total	414	100.0

PART V

National Guard Assumption Program of Loans for Education

REPORTING REQUIREMENT

This report to the Legislature on the National Guard Assumption Program of Loans for Education complies with the California Education Code Section below.

§69751.3. The Student Aid Commission shall report annually to the Legislature regarding program participation, including, but not necessarily limited to, both of the following, as categorized on the basis of age, ethnicity, and gender:

- (a) The total number of participants in the program established by this article.*
- (b) The number of participants who receive a loan assumption benefit, classified by payment year.*

PROGRAM HISTORY

Introduction

The National Guard Assumption Program of Loans for Education (NGAPLE), as described in California Education Code Sections 69750 to 69751.8, is a state-funded program designed to provide an incentive for persons to enlist or reenlist in the National Guard, the State Military Reserve, or the Naval Militia.

Background

The NGAPLE was established by Chapter 345, Statutes of 2003 (AB 547). The bill stipulated that, beginning in 2004-05, the number of Loan Assumption Agreements (Agreement) would be authorized each year in the Budget Act and that the program would sunset as of January 1, 2008.

Chapter 549, Statutes of 2004 (AB1997) modified the NGAPLE to allow students with a baccalaureate degree to apply for the program. It also entitles participants, at both public and private institutions, to take academic leave throughout the period that his or her loan payments are being assumed under NGAPLE.

Chapter 554, Statutes of 2004 (SB1322) extends the academic leave entitlement to January 1, 2012 and allows graduate students or students who are enrolled in, or have just completed, a vocational diploma program to apply.

In 2006-07, the Commission was authorized to issue up to 100 Agreements for the first and only time.

PROGRAM INFORMATION

Program Eligibility Requirements

Applicants must meet specified conditions which include:

- Enlist, reenlist, or in the case of an officer, commit to serve, in the National Guard, the State Military Reserve, or the Naval Militia;
- Have received a baccalaureate degree or vocational diploma from an institution of higher education in California; **or** be currently enrolled in a program of undergraduate instruction on at least a half-time basis; **or** be currently enrolled in a qualified vocational diploma program at an institution of higher education in California; **or** be on an academic leave of absence because of active duty status from an institution of higher education in California;
- Maintain satisfactory academic progress;
- Have qualified student loans; and
- Be a resident of California for at least one year immediately preceding the date of application to the program.

Benefits

The Commission is authorized to assume up to \$11,000 in outstanding educational loan balances for participants who provide up to four consecutive years of qualified service. Based on the participant's June 30 outstanding loan balance(s), the Commission will make loan assumption payments in the following manner:

- Up to \$2,000 after completing one year of qualified service;
- Up to \$3,000 after completing the second consecutive year of qualified service;
- Up to \$3,000 after completing the third consecutive year of qualified service; and
- Up to \$3,000 after completing the fourth consecutive year of qualified service.

Application and Selection Process

Applicants must submit an application and Student Aid Report, that is generated by filing a Free Application for Federal Student Aid, to the Office of the Adjutant General (OAG). The OAG checks the application for completeness, follows up with applicants with missing information, certifies that the applicant is enlisted or has re-enlisted in the National Guard, the State Military Reserve, or the Naval Militia, and sends all applications to the Commission.

The Commission reviews and assigns a score to each complete application. The applicants with the highest scores are sent an Agreement. In the case of insufficient funding for the number of authorized Agreements, the Commission will award based on financial need and active duty status.

Loan Assumption Agreements

Selected applicants are sent an Agreement that must be signed and returned to the Commission. The Agreement authorizes the Commission to make loan assumption payments if the participant complies with all NGAPLE requirements.

Of the 132 complete applications reviewed, 100 applicants received an Agreement.

2006-07 PROGRAM PARTICIPANTS

Segmental Distribution

NGAPLE participants may attend, or have attended, any of the five segments of higher education in California. Table 1 illustrates the segmental distribution of NGAPLE participants.

TABLE 1
NGAPLE PARTICIPANTS BY SEGMENT

	Number	Percent
California Community Colleges	13	13.0
University of California	3	3.0
California State University	29	29.0
Independent Colleges & Universities	30	30.0
Private Career Colleges	23	23.0
Leave of Absence, Active Duty	2	2.0
Total	100	100.0

Age

Table 2 illustrates the distribution of NGAPLE participants by age group.

TABLE 2
NGAPLE PARTICIPANTS BY AGE

	Number	Percent
20 and under	1	1.0
21 to 25	4	4.0
26 to 30	34	34.0
31 to 35	24	24.0
36 to 40	22	22.0
41 to 45	8	8.0
46 and older	7	7.0
Total	100	100.0

Ethnicity

Ethnic background has no bearing on the selection of NGAPLE participants. While the NGAPLE application contains a question regarding ethnicity, it is optional and applicants are not required to respond. Table 3 reflects the distribution of NGAPLE participants by the self-reported ethnicity.

TABLE 3
NGAPLE PARTICIPANTS BY ETHNICITY

	Number	Percent
Asian	3	3.0
African-American	11	11.0
Latino	25	25.0
Caucasian	39	39.0
Other	21	21.0
No Response*	1	1.0
Total	100	100.0

* Response to question on ethnicity is voluntary.

Gender

Of the 100 NGAPLE participants, 76 are male and 24 are female. This gender split is the mirror opposite of the gender split seen in postsecondary enrollment.

2006-07 PROGRAM PERFORMANCE

Program Participation

The NGAPLE has 100 participants. The Commission will continue to monitor these participants for as long as they have remaining eligibility.

Retention Rates and Loan Assumption Benefit Payments

It is anticipated that the first loan assumption payments will be made in June 2008.