

Date of Hearing: April 9, 2019

ASSEMBLY COMMITTEE ON HUMAN SERVICES

Eloise Gómez Reyes, Chair

AB 850 (Lackey) – As Amended March 28, 2019

SUBJECT: Social workers: student loan repayment program

SUMMARY: Establishes the “California Social Worker Student Loan Repayment Program” to allow eligible social worker students to qualify for student loan repayment awards. Specifically, **this bill:**

- 1) Establishes the “California Social Worker Student Loan Repayment Program” (Program) within the Office of Statewide Health Planning and Development (Office).
- 2) Defines “office” as the Office of Statewide Health Planning and Development.
- 3) Defines “program” as the California Social Worker Student Loan Repayment Program.
- 4) Defines “fund” as the California Social Worker Student Loan Repayment Fund.
- 5) Requires the Office to administer the Program, and allows an individual with a bachelor’s degree in social work to be eligible to receive a loan repayment award if the applicant satisfies all of the following conditions:
 - a) The applicant has received a student loan in order to meet the costs associated with obtaining a bachelor’s degree in social work;
 - b) The applicant has been employed for five years as a child welfare social worker; and,
 - c) The applicant continues to have repayment obligations on the loan after the conclusion of the five-year period.
- 6) Requires the amount of the loan repayment award provided be equal to 50% of the balance remaining on the loan after the conclusion of the five-year period.
- 7) Requires the Office to develop a process to distribute an applicant’s loan repayment award, and, further, requires the Office to adopt rules and regulations for purposes of administering the program.
- 8) Stipulates that the rules and regulations include, but not be limited to, provisions regarding the period of time for which a loan repayment award must remain valid, the reallocation of loan repayment awards that are not utilized, and the development of projections for funding purposes.
- 9) Instructs the Office to work in conjunction with lenders participating in federal or similar loan programs to develop a streamlined application process for participation in the program.
- 10) Allows the Office to seek matching funds from foundations and private sources, and, further, allows the Office to contract with an exempt foundation for the receipt of matching funds to be transferred to the fund for use by the Program.

- 11) Establishes the “California Social Worker Student Loan Repayment Fund” within the State Treasury, and requires all funds received by the state pursuant to the provisions of the bill, be deposited into the fund.
- 12) Makes moneys in the fund, upon appropriation by the Legislature, available in order to carry out the purposes of this bill’s provisions.
- 13) Makes implementation of the provisions of this bill contingent upon appropriate funding, as determined by the Office, being made available, upon appropriation by the Legislature or other sources, as specified.
- 14) Requires the director of the Office to file a written notices with the Legislature when sufficient funds have been received, pursuant to current law, as specified.
- 15) Prohibits, for taxable years beginning on or after January 1, 2020, gross income from including a loan repayment award, as specified.
- 16) Makes implementation of provisions of this bill related to the exclusion of loan repayment awards as gross income contingent upon the Program receiving sufficient funding, as specified.

EXISTING LAW:

- 1) Establishes a state and local system of child welfare services, including foster care, for children who have been adjudged by the court to be at risk of abuse and neglect or to have been abused or neglected, as specified. (Welfare and Institutions Code [WIC] Section 202)
- 2) States that the purpose of foster care law is to provide maximum safety and protection for children who are currently being physically, sexually, or emotionally abused, neglected, or exploited, and to ensure the safety, protection, and physical and emotional well-being of children who are at risk of harm. (WIC 300.2)
- 3) Defines the practice of clinical social work as a service in which a special knowledge of social resources, human capabilities, and the part that unconscious motivation plays in determining behavior, is directed at helping people to achieve more adequate, satisfying, and productive social adjustments. (Business and Professions Code Section 4996.9)

FISCAL EFFECT: Unknown

COMMENTS:

Child welfare services: California’s Child Welfare Services (CWS) system exists to protect children from abuse and neglect, and in doing so, to provide for their health, safety, and overall well-being. When suspicions of abuse or neglect arise, often as a result of a report by a mandated reporter like a doctor or teacher, Child Protective Services is tasked with investigating the report. If the allegation of abuse or neglect is substantiated, it is then determined whether it is in the best interest of the child to remain in their parent’s custody or be placed within the CWS system. If a child is suspected to be at risk of neglect, abuse, or abandonment, the juvenile court holds legal jurisdiction, and the CWS system appoints a social worker to ensure that the needs of

a youth are met. As of October 2018, there were 59,487 youth between the ages of 0 and 21 placed in California's CWS system.

Social workers play a key role in the child welfare system and are responsible for ensuring that youth, both before and during their time in the child welfare system, are healthy and safe. Social workers are tasked with investigating allegations of abuse or neglect received by child protective services, are responsible for presenting evidence of abuse or neglect to the juvenile court during the adjudication process, are entrusted with ensuring the health and safety of youth placed in the CWS system, and help prepare older youth for their transition to adulthood, among numerous other duties and responsibilities.

Social worker education requirements: To become a social worker in California, individuals may obtain a bachelor's degree in social work (BSW), a master's degree in social work (MSW) or sometimes both. A BSW includes both classroom and field education and generalized social work practices in order to prepare a student to work as a social worker or attend graduate school to obtain their MSW. An MSW traditionally takes one to two years to complete and programs include classroom and field education, though different institutions may offer different focuses, electives, and work placement/internship opportunities. An MSW is the highest level of education necessary to perform social work in California, and can lead to careers in school social worker, social work supervision, and medical social work.

According to the Bureau of Labor Statistics, in May 2018, the median hourly wage for a child, family, and school social worker in California was \$22.24, compared to the national average of \$23.92, while the median annual salary for a social worker in California was \$46,270, compared to the national average of \$49,760. An individual's pay rate and salary, however, can fluctuate depending on an individual's level of education and the cost of living in the area where an individual is employed, among other factors.

Student loan debt across the nation: A February 2019 article by Forbes estimates that, in the United States alone, 44 million borrowers collectively owe \$1.5 trillion in student loan debt, and student loan debt accounts for the second highest consumer debt category. Student loan debt is second only to mortgage debt, but surpasses credit card debt and auto loans. Borrowers in the Class of 2017 owe, on average, \$28,650 per capita, according to the Institute for College Access and Success. According to the Forbes article, the student loan delinquency or default rate is 11.4%, with 5.1 million borrowers more than 360 days delinquent, and 2.6 million borrowers with loans in forbearance. The Forbes article also states that California, Florida, Texas, and New York represent more than 20% of student loan borrowers who, collectively, owe more than \$340 billion in student loan debt; California has 3.4 million borrowers owing a collective \$111.7 billion. According to the article, Connecticut has the highest average of student loan debt per capita at \$38,510, and Utah has the lowest average at \$18,838; California students have a loan debt average of \$22,785 per capita.

To combat the student loan debt crisis, a number of debt forgiveness programs exist, including the Public Service Loan Forgiveness (PSLF), which was established in 2007 by H.R. 2669 (Miller), P.L. 110-85. Known as the "College Cost Reduction and Access Act of 2007", PSLF permitted borrowers of certain direct loans who make 120 qualifying monthly payments (10 years-worth of payments) while working full time for a qualifying employer, to have the remainder of their balance forgiven. An April 2, 2019, article in the Washington Post states that

nearly 99% of applications submitted to the PSLF have been denied, and less than 300 applicants have successfully been accepted to the program. Only \$10.6 million in loans have been forgiven.

Other types of loan forgiveness programs include Teacher Student Loan Forgiveness, Forgiveness for Income-Based Repayment, Forgiveness for Income-Contingent Repayment (ICR), and programs available to nurses, doctors, health care professionals, and others.

Need for this bill: Social workers play a vital role in the child welfare system and are tasked with ensuring the health and safety of children who are under the care and supervision of the state. The provisions of this bill, in recognition of the required levels of education for social workers and the national climate related to student loan debt, seek to support social workers by creating the Program. The Program would deem certain social workers as eligible to receive a loan repayment award if certain criteria are met in order to offset the educational costs acquired by students who go into the social work field.

According to the author, “We must cultivate a culture of stability for both child welfare workers and the communities they impact. [This bill] reflects that we have not only heard the concerns of those in this career field, but reinforces that they are valued, appreciated, and will be invested in.”

Staff comments: This bill proposes a promising program to support the state’s social workers who are employed or have been employed in the arena of child welfare services. However, some of the requirements of the program as currently drafted may lead to confusion and to both unintended eligibility and unintended barriers to eligibility. For example, the requirement that an applicant has been employed for five years as a child welfare social worker does not define what is meant by “child welfare social worker” – and therefore, it is unclear what breadth of work would or would not count. Additionally, it is unclear if an applicant needs to be currently employed as child welfare social worker. This bill also allows for repayment of a “loan,” singular, when college students often receive multiple loans by school term for which they are registered. This bill also may leave open for interpretation whether or not an award recipient has to use the award to repay loans directly linked to their social work education; that is, per the current language, an individual who received a student loan to meet the costs associated with obtaining a bachelor’s degree in social work may be able to argue that any award they receive isn’t obligated to be used specifically toward that loan, and may be used for other student loans. Moreover, it appears per the language of the bill that an individual who has earned an MSW in social work and worked five years as a child welfare social worker, but whose bachelor’s degree was in another subject and/or who has paid off any student loans for that bachelor degree, would not be eligible. For these reasons, should this bill move forward, ***the author may wish to provide more clarity and definition around who qualifies as a “child welfare social worker,” and what types and amount of loans the award can be used toward.***

Double referral: This bill will be referred to the Assembly Revenue and Taxation Committee should it pass out of this committee.

PRIOR LEGISLATION:

H.R. 2669 (Miller), P.L. 110-85, also known as the “College Cost Reduction and Access Act of 2007”, established a loan forgiveness program that forgave any remaining debt after 10 years of full-time employment in public service.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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