

CALIFORNIA STATE BOARD OF BEHAVIORAL SCIENCES BILL ANALYSIS

BILL NUMBER: AB 2345

VERSION: AMENDED APRIL 6, 2026

AUTHOR: BAINS

SPONSOR: NATIONAL ASSOCIATION OF SOCIAL WORKERS – CALIFORNIA CHAPTER (NASW-CA)

STAFF RECOMMENDED POSITION: SUPPORT IF AMENDED

SUBJECT: STUDENT LOANS: MEDICAL, NURSING, SOCIAL WORK , AND SOCIAL WELFARE STUDENTS: CALIFORNIA HEALTH CARE WORKFORCE SUPPLEMENTAL LOAN PROGRAM

Summary: This bill creates the California Health Care Workforce Supplemental Loan Program to ensure that eligible students in medical, nursing, social work, and social welfare programs can continue accessing loan amounts comparable to federal unsubsidized and grad PLUS loans that are being reduced under upcoming federal changes. It authorizes the California Student Aid Commission to provide state-backed supplemental loans that fill the gap between financial aid and the cost of attendance.

Existing Law:

- 1) Establishes the California Student Aid Commission to administer student financial aid programs. (Education Code (EC) §69510)

This Bill:

- 1) Establishes the California Health Care Workforce Supplemental Loan Program under the Student Aid Commission (Commission), with the purpose of providing eligible students with access to the same level of financial assistance toward the cost of an accredited medical school, nursing school, social work, or social welfare program that was available before January 20, 2025 through federal direct unsubsidized loans and federal direct grad PLUS loans. (EC §70051)
- 2) Requires the loans under this program to have equivalent financial terms to the federal direct grad PLUS grant loans, including the interest rate calculation, repayment options, deferment, and forbearance protections, as they existed on January 20, 2025. (EC §70053)
- 3) Provides that the maximum loan amount per academic year is the gap amount to ensure the student can cover the full cost of attendance not covered by federal direct unsubsidized loans and other financial aid. (EC §70053)

- 4) Defines an “eligible student” as a student who is a resident of California and who is enrolled at least half time in an accredited medical or nursing school, or an accredited social work or social welfare program, in California. The student must have applied for and received the maximum annual federal direct unsubsidized loan amount available under federal law and would have qualified for a federal direct grad PLUS loan under the criteria in effect on or before January 20, 2025. (EC §70050(c))

Comment:

- 1) **Background.** Starting July 1, 2026, federal loan changes will create a significant funding gap for graduate students, including those in master’s-level mental health programs. Graduate PLUS Loans, which students use to cover costs beyond the standard federal loan amounts, will be eliminated for new borrowers, and most graduate programs will remain limited to just \$20,500 per year in unsubsidized loans, with a maximum lifetime cap of \$100,000 (including undergraduate loans). Because many programs cost more than this, new students entering after July 1, 2026, may face substantial shortfalls and may need to rely on private loans or personal funds. Students already enrolled and borrowing before that date can continue under the current rules for up to three additional years¹.

A detailed explanation of the changes can be found here:
<https://financialaid.ucdavis.edu/loans/federal-loan-update>

Types of Federal Loans

The types of federal loans being discussed as part of this bill analysis comprise the following:

- Federal Direct Unsubsidized Loan: Typically available to undergraduate and graduate students. More information here: <https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>
- Federal Direct Graduate PLUS Loan: These loans are for graduate or professional students for education expenses not covered by other financial aid. More information here: <https://studentaid.gov/understand-aid/types/loans/plus/grad>

- 2) **Some Board License Types Excluded.** While the bill has been amended to include students in accredited social work degree programs, it does not include students in degrees intended to lead to licensure as a marriage and family therapist, educational psychologist, or a professional clinical counselor.

¹ University of California, Davis. “Federal Loan Updates for 2026–27.” UC Davis Financial Aid and Scholarships, <https://financialaid.ucdavis.edu/loans/federal-loan-update>. Accessed Mar. 26, 2026.

3) Staff Recommended Position. Staff recommends that the Board consider taking a “support if amended” position on this bill and request the inclusion of post-graduate degree programs leading to licensure as an LMFT and LPCC, and also inclusion of post-graduate degree programs leading to credentialing as a school psychologist.

4) Support and Opposition.

Support:

- National Association of Social Workers – California Chapter (NASW-CA)
(Sponsor)

Opposition: None at this time.

5) History.

04/07/26 Re-referred to Com. on HIGHER ED.

04/06/26 From committee chair, with author's amendments: Amend, and re-refer to Com. on HIGHER ED. Read second time and amended.

03/25/26 Re-referred to Com. on HIGHER ED.

03/24/26 From committee chair, with author's amendments: Amend, and re-refer to Com. on HIGHER ED. Read second time and amended.

03/09/26 Referred to Com. on HIGHER ED.

02/20/26 From printer. May be heard in committee March 22.

02/19/26 Read first time. To print.

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AMENDED IN ASSEMBLY APRIL 6, 2026
AMENDED IN ASSEMBLY MARCH 24, 2026
california legislature—2025–26 regular session

ASSEMBLY BILL

No. 2345

Introduced by Assembly Member Bains

February 19, 2026

An act to add Article 25 (commencing with Section 70050) to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code, relating to student financial aid.

legislative counsel's digest

AB 2345, as amended, Bains. Student loans: medical, nursing, ~~and social work work~~, *and social welfare* students: California Health Care Workforce Supplemental Loan Program.

Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education.

This bill would establish the California Health Care Workforce Supplemental Loan Program, under the administration of the commission, for the purpose of providing eligible students, as defined, with access to the same level of financial assistance toward the cost of attendance at an accredited medical or nursing school, or at a school's accredited social work *or social welfare* program, that was available on or before January 20, 2025, through federal direct unsubsidized loans and federal direct grad PLUS loans. The bill would require the commission to establish an application process and would require the loans issued under the program to have equivalent financial terms as

the federal Direct PLUS Loans, as those terms existed on January 20, 2025, except for changes that the commission determines to be necessary to administer the program. The bill would create the Health Care Workforce Supplemental Loan Fund in the State Treasury.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known, and may be cited, as the
2 California Health Care Workforce Supplemental Loan Act.

3 SEC. 2. The Legislature finds and declares all of the following:

4 (a) Recent federal legislation, the “One Big Beautiful Bill Act,”
5 has eliminated the federal Direct PLUS Loans to graduate and
6 professional students (federal direct grad PLUS loan) and imposed
7 strict annual and lifetime borrowing caps on federal student loans
8 effective July 1, 2026.

9 (b) Under these new federal rules, medical students are capped
10 at borrowing \$50,000 per year, and nursing students are capped
11 at borrowing only \$20,500 per year due to a reclassification
12 excluding them from “professional” status.

13 (c) The average cost of attendance for medical and nursing
14 schools in California significantly exceeds these new federal limits,
15 creating a funding gap of tens of thousands of dollars per student
16 annually.

17 (d) Without access to the financing previously provided by
18 federal direct grad PLUS loans, aspiring doctors and nurses from
19 low- and middle-income families will be forced to turn to more
20 costly private loans or abandon their education entirely.

21 (e) Facing a critical shortage of health care providers already,
22 it is vital that financial barriers do not prevent qualified students
23 from entering the medical and nursing professions.

24 SEC. 3. Article 25 (commencing with Section 70050) is added
25 to Chapter 2 of Part 42 of Division 5 of Title 3 of the Education
26 Code, to read:

1 Article 25. California Health Care Workforce Supplemental
2 Loan Program

3
4 70050. For purposes of this article, the following definitions
5 apply:

6 (a) “Commission” means the Student Aid Commission.

7 (b) “Cost of attendance” has the same meaning as defined in
8 Section 472 of the federal Higher Education Act of 1965 (20 U.S.C.
9 Sec. 1087*ll*).

10 (c) “Eligible student” means a student who satisfies all of the
11 following conditions:

12 (1) The student is a resident of California.

13 (2) The student is enrolled at least half time in an accredited
14 medical or nursing school, or an accredited social work *or social*
15 *welfare* program, within California.

16 (3) The student has applied for and received the maximum
17 annual federal direct unsubsidized loan amount available under
18 federal law.

19 (4) The student would have qualified for a federal direct grad
20 PLUS loan under the credit and eligibility criteria in effect on or
21 before January 20, 2025.

22 (d) “Federal direct grad PLUS loan” means a federal Direct
23 PLUS Loan to graduate and professional students issued pursuant
24 to the William D. Ford Federal Direct Loan Program (20 U.S.C.
25 Sec. 1087a et seq.).

26 (e) “Federal direct unsubsidized loan” means a federal direct
27 unsubsidized loan issued pursuant to the William D. Ford Federal
28 Direct Loan Program (20 U.S.C. Sec. 1087a et seq.).

29 (f) “Gap amount” means the specific dollar amount of an eligible
30 student’s cost of attendance that remains uncovered above the
31 amount received by the student from federal direct unsubsidized
32 loans and other financial aid.

33 (g) “Program” means the California Health Care Workforce
34 Supplemental Loan Program established pursuant to this article.

35 (h) “Public Service Loan Forgiveness Program” means the
36 federal loan forgiveness program established pursuant to Section
37 685.219 of Title 34 of the Code of Federal Regulations.

38 70051. (a) The California Health Care Workforce
39 Supplemental Loan Program is hereby established under the
40 administration of the commission.

1 (b) The purpose of the program is to provide eligible students
2 with access to the same level of financial assistance toward the
3 cost of attendance at an accredited medical or nursing school, or
4 a school's accredited social work *or social welfare* program, that
5 was available on or before January 20, 2025, through federal direct
6 unsubsidized loans and federal direct grad PLUS loans.

7 70052. (a) Notwithstanding any other law, an applicant who
8 qualifies as an eligible student shall be approved for a loan under
9 the program.

10 (b) The commission shall establish an application process that
11 includes a mechanism to determine whether an applicant is an
12 eligible student and to determine the gap amount.

13 (c) The commission may establish a data sharing agreement
14 with accredited medical and nursing schools, and schools with an
15 accredited social work *or social welfare* program, and the United
16 States Department of Education to automate the verification of
17 federal loan receipt and the determination of the gap amount to
18 facilitate a seamless application process for the student.

19 70053. (a) The loans issued under the program shall have
20 equivalent financial terms as the federal direct grad PLUS loans,
21 as they existed on January 20, 2025, except for changes that the
22 commission may determine to be necessary to administer the
23 program.

24 (b) The interest rate shall be a fixed rate equivalent to the rate
25 that would have applied to a federal direct grad PLUS loan for the
26 corresponding academic year, calculated as the 10-year United
27 States Department of the Treasury note auction price plus 4.60
28 percent, capped at 10.5 percent.

29 (c) An eligible student shall have access to the same repayment
30 options, deferment, and forbearance protections available to
31 recipients of federal direct unsubsidized loans, including
32 income-driven repayment plans and the equivalent to the Public
33 Service Loan Forgiveness Program if the eligible student works
34 at a California public health facility.

35 (d) The origination fee shall not exceed 4.228 percent, which
36 was the percentage charged for a federal direct grad PLUS loan
37 on January 20, 2025.

38 (e) The maximum loan amount per academic year shall be the
39 gap amount in order to ensure that the student can cover the full

1 cost of attendance not covered by federal direct unsubsidized loans
2 and other financial aid.

3 70054. There is hereby created in the State Treasury the Health
4 Care Workforce Supplemental Loan Fund.

5 70055. The Legislature shall annually appropriate funds to the
6 Health Care Workforce Supplemental Loan Fund to pay for the
7 lending capital and administrative costs required to operate the
8 program.

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