

Teacher Loan Forgiveness Strategy

2017-19 Biennium Budget Decision Package

Agency: 350 Professional Educator Standards Board
Decision Package Code/Title: PB/Teacher Loan Forgiveness Strategy
Budget Period: FY 2017-19
Budget Level: PL

Agency Recommendation Summary Text:

The majority of PESB's programs that address the teacher shortage benefit tremendously from candidate support in the form of scholarships or loan forgiveness. This would serve both as an incentive to candidates who may be unsure about their ability to pay for college (whether that is at the high school to college transition, or at the career-changer transition), and as a means of extra support for candidates who come from traditionally underrepresented groups

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 001-01	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Total Cost	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0	0	0	0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. N	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000

Package Description

Loan Forgiveness

Structure:

- 1) Teachers must have a Residency Certificate or higher to qualify
- 2) Teachers must have received their Residency Certificate from a Professional Educator Standards Board approved preparation program
- 3) Teachers must have served as the teacher of record full time for 5 consecutive school years
- 4) Teachers must have served at least 3 of the 5 consecutive school years teaching in a state identified geographic or subject matter shortage area
- 5) Teachers must not qualify for any other loan forgiveness or cancellation program
- 6) Funds shall not be applied to any private or third party loans
- 7) (Other)

Cost:

- 1) Average Student Debt at Graduation in WA: ~\$25,000 (Source)

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- a) ~90% of outstanding debt is federal
- 2) Federal repayment plans encumber students with \$8,000-\$12,000 worth of interest payments over 10 years: Per the [Federal Loan Repayment Calculator](#)
- 3) Assuming standard repayment on principle of \$25,000 @ 4% interest:
 - a) \$272 monthly for 60 months (5 years)
 - b) \$16,320 paid by student
 - c) \$8,680 left to forgive

Reason for request:

The federal government already provides loan forgiveness for teachers teaching in Title I schools. Building upon that concept, the state would fill the gap for those who don't qualify for the federal program, "forgiving" the outstanding federal loan balances of teachers with Residency Certificates or higher who have taught full time for 5 consecutive years in specific capacities.

Currently, Washington teachers are leaving at a rate that we have not seen for at least the past decade [For more data / analysis on teacher attrition see our data site -<http://data.pesb.wa.gov/retention>]. Not only are veteran teachers leaving at unprecedented rates, they are transferring as well. The combination of leavers and transfers mean that district hiring has gone up dramatically. Where several years ago we had high unemployment of graduates looking to become teachers, it now it appears that nearly all graduates looking for teaching jobs are finding positions. Graduates unable to find teaching positions contributed to district substitute pools. Increased hiring means these substitute pools are also diminished.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. N/A

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

This policy package supports Goals 1, 3, 4 & 5 of the strategic plan. Goal 1 pertains to educator preparation options. Goal 4 refers to qualified educators and Goal 5 addresses educator diversity. These policies contribute greatly to the overall goals of the PESB.

Expenditure Calculations and Assumptions:

(Include Agency Indirect 10.5%)

Impact on other state programs:

Washington Student Achievement Council (WSAC) is the agency that manages the alternative route conditional loan scholarships. PESB believes these improvements will have little impact on WSAC.

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served. (narrate)

What are other important connections or impacts related to this proposal?

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Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify:
Other local gov't impacts?	Yes	Identify: WA state school districts and ESD's
Tribal gov't impacts?	No	Identify:
Other state agency impacts?	Yes	Identify: WSAC and OSPI
Responds to specific task force, report, mandate or exec order?	No	Identify:
Does request contain a compensation change?	No	Identify:
Does request require a change to a collective bargaining agreement?	No	Identify:
Facility/workplace needs or impacts?	No	Identify:
Capital Budget Impacts?	No	Identify:
Is change required to existing statutes, rules or contracts?	No	Identify:
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

What are the consequences of not funding this request? Currently, Washington State has no effective means of ensuring teacher retention in public schools, especially for diverse populations. Without funding, the attrition rates of all teachers will continue.

How has or can the agency address the issue or need in its current appropriation level?


Other supporting materials:

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Activity Inventory:

Activity Inventory Item	Prog	Staffing			Operating Expenditures		
		FY 2018	FY 2019	Avg	FY 2018	FY 2019	Total
A021	010	0.0	0.0	0.0	\$3,000,000	\$3,000,000	\$6,000,000
Total Activities					\$3,000,000	\$3,000,000	\$6,000,000

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)