

INFORMATION
July 31, 2015

HIGHER EDUCATIONAL AIDS BOARD

BOARD REPORT #16-02

**CHANGES TO MINORITY TEACHER LOAN AND TEACHER EDUCATION
LOAN**



State of Wisconsin
Higher Educational Aids Board

P.O. Box 7885
Madison, WI 53707-7885
E-Mail: HEABmail@wi.gov

Telephone: (608) 267-2206
Fax: (608) 267-2808
Web Page: <http://heab.wi.gov>

Scott Walker
Governor

John Reinemann
Executive Secretary

TO: HEAB Board
FROM: John Reinemann, HEAB Executive Secretary
RE: Changes to HEAB Programs under 2015 Wisconsin Act 55
DATE: July 27, 2015

The 2015-17 biennial state budget legislation, known as 2015 Wisconsin Act 55, makes substantial changes to two HEAB programs.

The Teacher Education Loan program (TEL), is known colloquially as the “MTEC program” since it is only available to students studying to obtain a teaching certificate through the Milwaukee Teacher Education Center or MTEC. MTEC is one of eight “alternative teacher licensure programs” approved by the Wisconsin Department of Public Instruction (DPI) to assist candidates for teaching licenses who pursue an alternative route to licensure.

The Teacher Education Loan program (TEL) is/was a relatively small program. In 2013-14 HEAB awarded TEL loans totaling \$244,750 to 82 students, for an average loan of \$2,985. Details of loan payback and forgiveness under the program are discussed below.

The Minority Teacher Loan program (MTL) is available to minority students at schools in one of HEAB’s sector colleges that offer a course of study in teaching. Like TEL loans, loans through MTL are forgivable; details of loan payback and forgiveness are discussed below.

MTL is an even smaller program than TEL; in 2013-14 HEAB awarded MTL loans totaling \$159,100 to 68 students, for an average loan of \$2,340. Again, details of loan payback and forgiveness are discussed below.

2015 Wisconsin Act 55 repealed TEL and created a new program in its place; the Act amended the terms of the MTL program.

The changes to these programs were put in place by two motions before the Joint Committee on Finance (JCF). On Tuesday, May 12, the Joint Committee on Finance passed two motions (279 and 286) that affected our agency. These items now appear in the LFB summary of Joint Finance action under the HEAB heading, as items #8 and #9. These items were subsequently approved by the State Senate and the State Assembly, and were passed to Governor Walker for consideration as part of the budget.

Staff for the Finance Committee met with me briefly to discuss what the committee was planning to do to the two programs. However, no copies of their intended motions were available, and I failed to ask enough questions about some of the details of the planned motion.

On May 15 I emailed the chief aides in the offices of the Joint Finance co-chairs to tell them of the effects of the motions. What I sent them is a table that looked much like the one that follows in this memo. The Finance committee elected not to act further on these programs before finishing its work on the budget.

The inclusion of these motions in the budget meant sudden changes to TEL and MTL. This meant that plans, and offers of loans under the two programs, that had been expected by students and their schools as of this past spring, were suddenly in play. HEAB analyzed the changes and concluded that:

In the case of TEL (MTEC), it appears that the changes will remove the monopoly formerly held by MTEC in the area of TEL loans; in addition, the other changes to the program are large enough to negate offers of loans made under the “old” TEL program since no loan documents for any of the TEL loans anticipated as of Spring 2015 for school year 2015-16 had been signed at the time the budget bill became effective.

On July 9, I asked Governor Walker’s office to consider vetoing some or all of the changes to TEL and MTL out of the budget. I stated that the action of the legislature on these programs created uncertainty for prospective participants, and asked for a veto so that HEAB could work with the legislature to explore the perceived need for changes to these programs.

The Governor did not veto the changes in their entirety. Instead, he made only one partial veto in this area: He opened up the student teaching requirement from Milwaukee-only teaching to any eligible student teaching. His veto message on the item shows the veto as item #26 and reads:

Minority Teacher Loan Program Eligibility Sections 1372r and 9319 (3f) [as it relates to the requirement to student teach in Milwaukee]

Section 1372r sets forth eligibility provisions for a reformed minority teacher loan program. To be eligible for the program, students must be: (a) state residents enrolled at least half-time as sophomores, juniors or seniors in an institution of higher education; (b) individuals enrolled in a program of study leading to a teacher's license in teacher shortage areas; (c) individuals enrolled in a program of study that includes student teaching in the city of Milwaukee; and (d) individuals with a grade point average of at least 3.0 on a 4-point scale or the equivalent.

I am partially vetoing these sections to delete the requirement that eligible individuals must be enrolled in a program of study that includes student teaching in the city of Milwaukee. The Milwaukee Public School District certainly is in need of excellent teachers, and the loan forgiveness structure of the improved program encourages teachers to teach and remain in Milwaukee. As such, I object to this eligibility provision because it is unnecessary and overly restrictive.

It will now fall to HEAB to review options for implementing or perhaps changing the language in Act 55 affecting TEL and MTL.

Following is a table that compares the “old” and “new” terms of the TEL and MTL programs, while attempting to indicate possible questions and issues arising from the changes.

Program	"Old" law	As changed in Act 55
Teacher Education Loan (TEL) or MTEC Motion 279	Students eligible: New students Teachers continuing education Persons already holding undergraduate degrees could earn teacher certificate	Students eligible: New undergraduate students only
	GPA requirement: None (compare to Minority Teacher Loan)	GPA requirement: 3.0 GPA on a 4.0 scale
	Location for coursework: Limited to only the Milwaukee Teacher Education Center (MTEC)	Location for coursework: Not specified
	QUESTION re location: Will the new program be open at any DPI-approved program providing alternative route to teaching licensure? MTEC is one of eight in the state. ANALYSIS: Current program provides a monopoly to MTEC; HEAB values MTEC's partnership and record but is unsure if this is appropriate. In addition, HEAB believes Act 55 has the effect of excluding MTEC and its students from all participation in 2015-16.	
	Location for teaching (loan forgiveness): Teach in MPS (City of Milwaukee or Charter School in City of Milwaukee school district)	Location for teaching (loan forgiveness): (1) Teach in a high demand area (2) elementary or secondary school (3) public or private (4) in City of Milwaukee (5) receive rating of proficient or distinguished on educator effectiveness system or equivalent in school which does not use this system
	QUESTIONS re proficiency rating: 1. If participant does not rate as required, chance to improve prior to repayment? 2. Is this rating required for some set time frame in order to earn forgiveness? Might one such rating meet the requirement? 3. Deferment or exception to be available for life events (i.e. military service, pregnancy, etc.)? 4. Does school performance or pupil test scores effect teacher rating? ANALYSIS: HEAB has had comments from students citing inability to earn forgiveness due to lack of (qualifying) teaching assignments within MPS. HEAB is unable to cite the causes for this situation but expresses concern that forgiveness should be earnable to students if possible.	

	HEAB is not familiar with these ratings and would need support from DPI and /or the teacher licensure program(s) to facilitate this requirement. In addition, HEAB cannot comment on the usefulness of this measure since we are unfamiliar with the rating system. Does it apply to private and public schools? Are the criteria sufficiently within control of the teacher(s) to permit some certainty in earning forgiveness?	
	Disciplines included: Any	Disciplines included: Teach in a proficiency shortage area for WI as identified by US Dept. of Ed
	QUESTION re disciplines: What if a demand discipline drops off of list while participant is in program (during education, during forgiveness period)? ANALYSIS: Potential effect on employability, or rather on demand for teachers in the discipline; ability to earn forgiveness may be affected also.	
	Loan amounts: \$250-\$10,000 (2014-15), lifetime max \$40,000 (Majority of loans are between \$2,500-\$3,500, loan amounts were \$250 - \$3,500 from 1997 to 2013-14)	Loan amounts: Up to \$10,000 annually, lifetime max \$30,000
	Terms of forgiveness: 50% per year Up to 3 years to earn	Terms of forgiveness: 25% per year No stated time period
	QUESTION re forgiveness: Is there to be a time period? If so, what? ANALYSIS: The "old" TEL allowed three years; the MTL program allows six years (per rule).	
	Repayment: Interest rate of 5% 10 years allowed for repayment	Repayment: Interest rate of 5% No stated time period
	QUESTION re repayment: Is there to be a time limit? If so, what? ANALYSIS: New program allows larger loans and potentially larger debt. HEAB prefers repayment periods of no more than 10 years (to ease administration), but at \$30k total debt, such payments could be substantial and affect students adversely	
Other concerns:		
<ol style="list-style-type: none"> 1. Immediately changing the existing TEL program will have a negative effect on students and institution currently relying on this program. Suggest one year delay in rollout. 2. Historically the funds in the TEL program have been under-utilized. With a narrower population of eligible candidates, potential to be limited in spending full amount. Suggest opening criteria to allow for other geographic areas of need in the state. Could lock candidates in to geographic teaching area at contract signing. 		

ALTERNATIVE – Loan Repayment:

There are existing Federal, State, Institutional and private grant, loan and work programs already in place to help students achieve their educational goals. Instead of adding to the multiple options to help finance school education through forgivable loans, seek qualified candidates who meet these criteria or similar criteria and help to repay existing loans. Qualified candidates would receive payments directly to loan holders (similar to JR Justice Program).

- (1) Address issues of helping to repay existing student debt, not creating additional debt
- (2) State loans are not considered when Federal loan processors determine repayment plans; if repayment becomes necessary payments are in addition to federal repayment plans
- (3) If a participant does not meet the criteria and repayment becomes necessary, consider likelihood of repayment burden (1) upon the state agency, (2) upon the individual (if recipient cannot achieve educator goal, what will their earning potential really be)
- (4) This program type creates the same type of incentive for potential students, but allows for immediate reward to candidates meeting criteria and gives additional incentive for candidates to remain in needed job area. For candidates who do not remain in program, repayment of forgiven funds could be required.

Program	"Old" law	As changed in Act 55
Minority Teacher Loan (MTL) Motion 286	Students eligible: Wis resident enrolled at least half-time Junior, Senior, or Graduate (or Special) Student Minimum GPA of 2.5 on 4.0 scale (rule) Cannot current possess a valid Wisconsin teaching license	Students eligible: Wis resident enrolled at least half-time Sophomore, Junior, or Senior; Special students (post-BA or post-BS) excluded Minimum GPA of 3.0 on 4.0 scale (statute?)
	QUESTIONS re eligibility: <ol style="list-style-type: none"> 1. HEAB believes that candidates with 3.0 GPAs will be hard to find, resulting in the program being under-utilized 2. Some students in MTL hold BA or BS degrees on entering MTL and are seeking a teaching certification; new program would exclude these students since by definition they cannot be "sophomores, juniors, or seniors" 3. HEAB believes that that some current teachers would welcome assistance in earning a graduate degree and may be potential clients of the new program if allowed to participate 4. Related to both points above, HEAB is uncertain what prospects for graduate education are open to students with undergraduate GPAs below 3.0 5. Does student need to obtain a teaching license? Under the current program, the student must obtain a teacher's license (per administrative rule) 6. Some students do not pass the Praxis, but do teach under an emergency permit. Would the students be able to earn loan forgiveness while teaching with an emergency permit? 	
	Location for coursework: Not specified	Location for coursework: Must be enrolled as a student teacher in a City of Milwaukee school
	Location for teaching (loan forgiveness): Full-time teaching in a Wisconsin school district with a 29% or higher student minority population or a school district that participates in the interdistrict pupil transfer program	Location for teaching (loan forgiveness): Must teach in a high demand area in a public or private school in the City of Milwaukee
	Disciplines included: Any	Disciplines included: Teach in a shortage area for WI as identified by US Dept. of Ed
	QUESTION re disciplines: What happens if there are changes to "high demand" disciplines? (Example, student is studying to become a music teacher and takes out \$30,000 in loans. By the time the student becomes a licensed teacher, music no longer meets the high demand criteria.) Will the student still be able to earn forgiveness on their loan, or will they have to re-pay?	

	<p>Loan amounts:</p> <p>\$2,500 per year, lifetime max of \$5,000</p>	<p>Loan amounts:</p> <p>\$10,00 per year, lifetime max of \$30,000</p>
	<p>Terms of forgiveness:</p> <p>25% principal and 25% interest forgiven for each year of full-time teaching in a Wisconsin school district with a 29% or higher student minority population or a school district that participates in the interdistrict pupil transfer program; administrative rule allows loan forgiveness to be prorated if teaching less than full-time</p> <p>Six years to obtain forgiveness (rule)</p>	<p>Terms of forgiveness:</p> <p>25% principal and 25% interest forgiven for each year of full-time teaching in a high demand area in a public or private school in the City of Milwaukee.</p> <p>Must receive a rating of proficient or distinguished on the educator effectiveness system or the equivalent in a school that does not use the educator effectiveness system</p>
	<p>QUESTIONS re forgiveness:</p> <ol style="list-style-type: none"> 1. Could loan forgiveness be pro-rated for less than full-time work? This is allowed, per administrative rule, under the current program. 2. How long would students have to obtain loan forgiveness? Current program allows six years per admin rule; motion #286 appears not to define this. 3. What happens if a teacher does not meet the rating of proficient or distinguished? Do they have a set time limit to meet that rating? Also, how easy will it be for HEAB to obtain the rating? Is it public information like a teacher's license status (which we can look up on the DPI website at any time)? 4. How often are teachers rated? 5. Is the rating requirement a one-time matter or is it ongoing? If the latter, what does that mean? Rating must be maintained until forgiveness complete, or loan(s) then go into repayment? Can loans go back to forgiveness if rating is regained? 	
	<p>QUESTIONS re eligible districts: Motion #286 would exclude a long list of districts now eligible for the current MTL program. The list is found at the end of this document, below.</p> <ol style="list-style-type: none"> 1. This difference not only affects the forgiveness portion of the program, but also the awarding of loans. 2. There are colleges and universities outside the greater Milwaukee area that do award this loan to students. HEAB does not know how many of those college and universities would offer student teaching sites in the City of Milwaukee. 	
	<p>Repayment:</p> <p>Interest rate of 5%</p> <p>10 years allowed for repayment (rule)</p>	<p>Repayment:</p> <p>Interest rate of 5%</p> <p>No stated time period</p>
<p>Other concerns:</p> <ol style="list-style-type: none"> 1. Immediately changing the existing MTL program will have a negative effect on students and institution currently relying on this program. Suggest one year delay in rollout. 2. Historically the funds in the MTL program have been under-utilized. With a narrower population of eligible candidates, potential to be limited in spending full amount. Suggest opening criteria to allow for other geographic areas of need in the state. Could lock candidates in to geographic teaching area at contract signing. 		

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REFERENCE: Wisconsin School Districts eligible for the current MTL program

School districts with 29% or higher minority student populations:

Abbotsford	Greenfield	Menominee Indian	Tri-County Area
Arcadia	Gresham	Milwaukee	Verona
Bayfield	Hayward	Nicolet UHS	Walworth J1
Beloit	Kenosha	Norris	Waukesha
Bowler	Lac du Flambeau	Racine	Wausau
Brown Deer	Lake Geneva J1	Saint Francis	Wauwatosa
Crandon	Lakeland UHS	Sharon J11	West Allis-West Milwaukee
Cudahy	Linn J4	Sheboygan Area	Whitewater Unified
Delavan-Darien	Madison Metropolitan	Shorewood	Wis Dept of Corrections
Glendale-River Hills	Maple Dale-Indian Hill	Siren	Wis Dept of Health Services
Green Bay	Menasha Joint	Sun Prairie Area	21st Century Prep School-Racine

The following schools are located in Milwaukee County:

Bruce Guadalupe	Milwaukee College Prep	School for Early Development & Achievement
Capitol West Academy	Milwaukee Academy of Science	Seeds of Health EI
Central City Cyberschool	Milwaukee Collegiate Academy	Tenor High School
DLH Academy	Milwaukee Math Science Acad	Urban Day School
Downtown Montessori	Milwaukee Scholars Charter Sch	Veritas High
Escuela Verde	North Point Lighthouse Charter	Woodlands School
King's Academy	Rocketship Southside Community Prep	

School districts that participate in the inter-district pupil transfer program:

Elmbrook	Germantown	Menomonee Falls	Oak Creek-Franklin	Whitnall
Fox Point-Bayside	Greendale	Mequon-Thiensville	South Milwaukee	
Franklin Hamilton	New Berlin	Whitefish Bay		