

2018 Supplemental Budget Decision Package

Agency: 350 Professional Educator Standards Board

Decision Package Code/Title: PF/Teacher Loan Forgiveness Strategy

Budget Period: 2018 Supplemental

Budget Level: PL

Agency Recommendation Summary Text:

Future educators, particularly those from historically disadvantaged communities, need greater financial support as they pursue a career as an educator. Tuition has greatly outpaced inflation and income growth in Washington. Current Federal programs provide loan forgiveness for teachers teaching in high poverty schools. However, quality educators are needed in a number of shortage areas that may not be covered by these supports. This request is for an additional \$3 million in FY 18 and \$3 million in FY 19 to provide loan forgiveness opportunities for specified terms of service to educators that do not qualify for federal forgiveness programs.

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 (Program 010)	\$3,000,000	\$3,000,000	\$0	\$0
Total Cost	\$3,000,000	\$3,000,000	\$0	\$0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Obj. N	\$3,000,000	\$3,000,000	\$0	\$0

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

Cost:

- 1) Average Student Debt at Graduation in WA: ~\$25,000 ([institute for college access & success](#))
 - 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.

Washington can further encourage entry into the teaching profession and address critical shortages by providing loan forgiveness opportunities for specified terms of service to educators that do not qualify for federal forgiveness programs.

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 expenditure, FTE and revenue assumptions, calculations and details: If funded at the requested level, it is assumed that approximately 340 future educators may be served if they maintain commitment to the forgiveness requirements outlined in this package.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

If given increased opportunity to address the financial burdens of educator preparation, historically disadvantaged candidates will be given greater confidence and assurance that they can afford and complete an educator preparation program.

How contributes to strategic plan. This policy package supports PSEB [Strategic Goals](#) 1, 3, 4 & 5.

- Goal 1 Educator Preparation Program Options.
- Goal 3 Career-Long Growth
- Goal 4 Qualified Educators
- Goal 5 Educator Diversity

Expenditure Calculations and Assumptions:

It is assumed that, if funded at the requested amount, the program will serve approximately 340 future educators. Based on the assumption that, after applying available Federal forgiveness programs (which may not address all critical shortage needs in our state) that a typical student would have approximately \$8,680 in remaining educational debt. With an appropriation of \$3,000,000 this program may potentially serve 340 future educators.

Impact on other state programs:

Washington Student Achievement Council (WSAC) is the agency that manages the Alternative Route conditional loan scholarships. PSEB believes this proposal will have minimal impact on WSAC operations.

Performance Measure detail:

Though increased flexibility in loan forgiveness options to meet individual and regional needs in teacher recruitment and placement, historically disadvantaged populations will have increased opportunity to enter the educator workforce. Currently, our educator workforce does not represent the student population. This leaves many of our state's students without the opportunity to see themselves and their community in the educators that serve them. Research indicates that student of color benefit greatly from the ability to identify with the educators that serve them.

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

Teacher Loan Forgiveness Strategy

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

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?

N/A

What are the consequences of not funding this request?

Diversifying loan forgiveness and repayment options will increase the number of viable pathways to becoming an educator in Washington State, particularly for communities of color. Not expanding entrance into these pathways through financial supports will result in a less diverse educator workforce that does not represent the diversity of our state's students and their communities.

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

Teacher Loan Forgiveness Strategy

The PESB, through a number of community focused and informed initiatives, is working to address critical issues involving teacher recruitment, training, and continuing education. These initiatives span the secondary and postsecondary education and training systems in our state promoting best practice and ensuring quality and adherence to high standards in educator preparation and continuing education. A state specific loan forgiveness program will complement other existing efforts and ensure that financial barriers are minimized for individuals that are interested in and passionate about pursuing a career as an educator in our state.

Other supporting materials:

N/A

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.)