



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #431

Minority Teacher Loan Program (HEAB)

[LFB 2019-21 Budget Summary: Page 228, #8]

CURRENT LAW

The current minority teacher loan offer loans to minority students who meet all of the following requirements: (a) are state residents enrolled at least half-time as sophomores, juniors, or seniors in an institution of higher education located in Wisconsin; (b) are enrolled in programs of study leading to a teacher's license in a discipline identified as a teacher shortage area for Wisconsin by the federal Department of Education; and (c) have a grade point of a least 3.0 on a 4-point scale or the equivalent. An eligible student may be awarded up to \$10,000 in loans annually for up to three years, for a maximum of \$30,000.

Loans under the program are repaid at an annual interest of 5%. The Higher Educational Aids Board (HEAB) is required to forgive 25% of the principal and interest for each school year the recipient satisfies all of the following: (a) the recipient is employed by a public or private elementary or secondary school in the City of Milwaukee as a full-time teacher in a high-demand area related to the recipient's discipline; and (b) the recipient receives a rating of proficient or distinguished on the educator effectiveness system or the equivalent in a school that does not use the system.

GOVERNOR

Delete \$259,500 GPR annually and prohibit HEAB from making loans under the minority teacher loan program after the effective date of the bill. Specify that this provision would first apply to loan applications received by HEAB on the effective date of the bill. Require HEAB to administer the repayment and forgiveness of loans made under the program on or before the effective date of the bill.

DISCUSSION POINTS

1. In the 2015-17 budget (2015 Act 55), several modifications were made to the minority teacher loan program. Two changes under Act 55 expanded eligibility under the program: (a) eligibility for sophomores was added to that of juniors and seniors; and (b) up to \$10,000 per year for three years could be borrowed, rather than up to \$2,500 per year for two years. Two other changes under Act 55 made it more difficult to qualify for loans, including: (a) students had to enroll in a program of study leading to a teacher's license in a discipline identified as a teacher shortage area for Wisconsin by the federal Department of Education, rather than in a program leading to teacher licensure; and (b) the recipient must be employed by a public or private elementary or secondary school in the City of Milwaukee as a full-time teacher in a high-demand area related to the recipient's discipline, rather than be employed as a teacher in a school district located in Wisconsin in which minority students constitute at least 29% of the membership or in a school district participating in the inter-district pupil transfer (Chapter 220) program.

2. Since the program modifications were enacted in Act 55, student demand for minority teacher loans has declined significantly. HEAB made 68 awards totaling \$159,100 in 2013-14 and 59 awards totaling \$129,300 in 2014-15, the years immediately prior to the enactment of Act 55. After Act 55, there were seven awards totaling \$15,000 in 2015-16, three awards totaling \$12,100 in 2016-17, and one award for \$10,000 in 2017-18.

3. As an alternative to eliminating this program as recommended by the Governor, the Committee could modify current law to restore the pre-Act 55 eligibility requirements relating to obtaining a teacher's license and being employed in a larger number of school districts than just schools located in the City of Milwaukee. Under the pre-Act 55 teacher eligibility requirements, there were a significant number of loan awards being made by HEAB. It is possible that interest in the program would increase if students obtaining all types of teacher's licenses and working in a broader range of school districts were eligible. Under this option, schools in around 60 school districts would satisfy the 29% minority student threshold or participate in the Chapter 220 program.

4. Senate Bill 55 and a companion bill, Assembly Bill 51, were introduced in February, 2019. SB 55/AB 51 would broaden the definition of minority student to include an Alaskan native, a person of Asian or Pacific Island origin (rather than persons from Laos, Vietnam, or Cambodia), and a person whose ancestry includes two or more races. In addition, SB 55/AB 51 would allow the recipient to be employed by a public or private school as a full-time teacher in a high demand area related to the recipient's discipline in a school district located in Wisconsin in which minority students constitute at least 40% of the membership. Under this option, schools in around 25 school districts would satisfy the 40% minority student threshold.

5. The Governor's budget recommendation would eliminate this program under HEAB and create a categorical aid program under the Department of Public Instruction (DPI) to award competitive grants to school districts to recruit minorities to teach in the school district. This program would have a similar goal of increasing the number of minority teachers in the classroom, but would provide grants to school districts to this end, rather than forgivable loans to eligible minority teachers. This proposed DPI grants program will be addressed under that agency.

ALTERNATIVES

1. Approve the Governor's recommendation to delete \$259,500 annually and prohibit HEAB from making loans under the minority teacher loan program after the bill's effective date. Require HEAB to administer the repayment and forgiveness of loans previously made under the program.

ALT 1	Change to	
	Base	Bill
GPR	- \$519,000	\$0

2. Modify eligibility under the current minority teacher loan program as follows: (a) make students eligible if they are enrolled in programs of study leading to licensure as a teacher and are not currently licensed as teachers; and (b) offer loan forgiveness to students who agree to teach in a school district in Wisconsin in which minority students constitute at least 29% of the membership or in a school district in the inter-district pupil transfer program (Chapter 220). Specify that the HEAB would forgive 25% of the principal and interest on the loan for each school year the recipient teaches in an eligible school district and receives a rating of proficient or distinguished or the equivalent.

ALT 2	Change to	
	Base	Bill
GPR	\$0	\$519,000

3. Include the provisions of Senate Bill 55/Assembly Bill 51, which would broaden the definition of minority student to include an Alaskan native, a person of Asian or Pacific Island origin (rather than persons from Laos, Vietnam, or Cambodia), and a person whose ancestry includes two or more races. In addition, SB 55/AB 51 would allow the recipient to be employed by a public or private school as a full-time teacher in a high demand area related to the recipient's discipline in a school district located in Wisconsin in which minority students constitute at least 40% of the membership. As under current law, HEAB would forgive 25% of the principal and interest on the loan for each school year the recipient teaches in an eligible school district and receives a rating of proficient or distinguished or the equivalent.

ALT 3	Change to	
	Base	Bill
GPR	\$0	\$519,000

4. Take no action.

ALT 4	Change to	
	Base	Bill
GPR	\$0	\$519,000

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