

Student Loan Forgiveness/Repayment Panel

Texas

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Senior Director, Student
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Pennsylvania

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Mississippi

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**Student Loan Repayment
Programs
vs.
Loans with Forgiveness
Provisions**



Texas Higher Education
Coordinating Board

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Senior Director, Student Financial Aid Programs

Loans With Forgiveness Provisions

Pro:

- For those who fulfill the service obligation, reduces or eliminates student loan debt

Cons:

- Students often change career paths while enrolled, other life changes occur after graduation
- Not cost-effective: all processes for a traditional student loan (origination, servicing, collections) are required, in addition to verification of service & forgiveness processes
- Texas' forgiveness loans have yielded poor results

Advantages to LRP Model (Payment After Service)

- Guarantees a return on the state's investment
- No costly loan servicing, collections, or litigation activities
- Public funds are going to degree holders contributing to the state's economic and social well-being

Note: There's no shortage of student loans to assist students.

Active Loan Repayment Programs

	Physician Education LRP	Teach for Texas LRAP	Math & Science Scholars LRP	Nursing Faculty LRAP	LRP for Mental Health Professionals	Peace Officer LRAP
Year Authorized	1985	2003	2013	2013	2015	2019
2020-2021 Appropriation	\$25,350,000	\$2,675,000	\$2,575,000	\$3,000,000	\$2,125,000	\$4,233,347
Maximum Annual Award	\$30,000-\$60,000	\$2,500	\$5,000	\$7,000	\$1,000-\$48,000	\$4,000
Maximum Aggregate	\$180,000	\$12,500	TBD	\$35,000	\$10,000-\$160,000	\$20,000
# Years Allowed	4	5	4+	5	5	5
# Current Participants (as of 10-1-20)	427	489	19	217	144	N/A

Application Process Options

Initial Application for enrollment – before service starts

- Review for eligibility, conditionally approve, reserve funds
- Automated or manually produced letter requesting end-of-service period verification form
- If all requirements met, disburse award to lender

Application for loan repayment after service provided

- Review for eligibility (credentials, service verification)
- If all requirements met, disburse award to lender

Features of System “Modernization”

- Applicants create secure login, enter data (including e-mail adr. of “CAO”), save draft application, upload required documents, and submit application
- System generates e-mails acknowledging, reminding, and notifying CAO to complete verification form
- Applicant can login to self service portal to check status of application, correct or retrieve application information, and view messages
- Applicant can also retrieve disposition letter via the portal instead of the Agency mailing a letter to the applicant
- Improved monitoring and reporting

Operational Costs

- Current operational staffing: 1 Program Manager, 1 Program Specialist, 3 LRP Representatives
- Information Technology staff support
- Outsourcing for part of “modernization” project and new LRP for Peace Officers

Evaluation/Data

- LRP database – ad hoc and scheduled reports
- Performance measures focus on retention
- PELRP surveys provide data and participant feedback on the degree to which the program influenced decision to practice in shortage area and decision to remain there

Loan Repayment Program Information

<http://www.hhloans.com/> (Select Loan Repayment Programs tab)

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Loan Forgiveness and Conditional Aid Programs

Elizabeth K. McCloud

Vice President, PA State Grant and Special Programs

History: Commonwealth-Funded Programs

Agriculture Education Loan Forgiveness Program

Early Childhood Education Loan Forgiveness Program

- Both resembled traditional loan forgiveness programs attached to specific employment requirements
- Designed to attract and retain workers in hard-to-fill positions in Pennsylvania that addressed policy issues as determined by the Pennsylvania legislature

History: Foundation-Funded Programs

Nursing Loan Forgiveness Program

Nurse Educator Loan Forgiveness Program

- Funded by the Pennsylvania Higher Education Foundation and administered by PHEAA
- Created to help reverse the nursing shortage that threatened quality healthcare in the Commonwealth during the mid-2000s

Federal Servicing Contract

Public Service Loan Forgiveness Program (PSLF)

Teacher Education Assistance for College and Higher Education Grant Program (TEACH)

As a federally contracted servicer, PHEAA – operating as FedLoan Servicing – is required to service these programs in strict compliance with federal law and program rules

Pennsylvania National Guard Education Assistance Programs

Pennsylvania National Guard Education Assistance Program (EAP)

- Tuition Assistance Program
- 6-year Service Commitment
- If recipients fail to honor the service commitment with the PA National Guard, they must repay the total EAP award amount, plus interest

PA National Guard Military Family Education Program (MFEP)

- Tuition assistance program for dependents (spouses and children) of PA Guard Members who enter into an additional 6-year service commitment
- New for 2020-21

Recent Legislative Activity

HB 1786 - First Responder Loan Forgiveness Program

- Would forgive up to \$16,000 of federal student loans / up to \$4,000/year, not to exceed 25% of the original qualifying loans
- Different in that, at its core, the new program would encourage volunteerism that advances public safety in communities throughout PA

HB 1773 - Active Volunteer Tuition Assistance Program

- Would provide tuition assistance to active volunteers, with volunteer organizations, while enrolled in approved institutions of higher education in Pennsylvania
- Requires full repayment if program requirements are not met



Thank you



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The logo features a stylized orange hand holding a blue map of Mississippi. An orange arrow points upwards from the top of the map.

MISSISSIPPI
OFFICE *of*
STUDENT
FINANCIAL AID

Forgivable Loans

Mississippi's Experience



What Are Forgivable Loans?

- Student receives while enrolled in postsecondary
- Heavy administrative burden:
 - Requires contract/prom note
 - Requires disclosure statements and self-certification
 - Requires servicing agent to track recipients after graduation
 - No write-off for state debt
- 5% penalty
- Student incurs debt if doesn't pass licensing exam
- Difficult to alter programs

Undergraduate Programs

Mississippi Teaching Fellows
Critical Needs Teacher/Alt. Rte.
Teacher Education Scholars
William Winter Teacher/Alt. Rte.
Nursing Education, BSN
Nursing Education, RN to BSN

Undergraduate/Graduate Programs

Health Care Professions
Family Protection Specialist Social Worker

Graduate Programs

Counseling and School Administration
Graduate Teacher
Critical Needs Dyslexia Therapy
Speech-Language Pathologist
Veterinary Medicine Minority
Nursing Education, MSN
Nursing Education, RN to MSN
Nursing Education, Ph.D./DNP
Nursing Teaching Stipend
SREB Regional Contract for Optometry
State Dental Education
State Medical Education
Graduate and Professional Degree



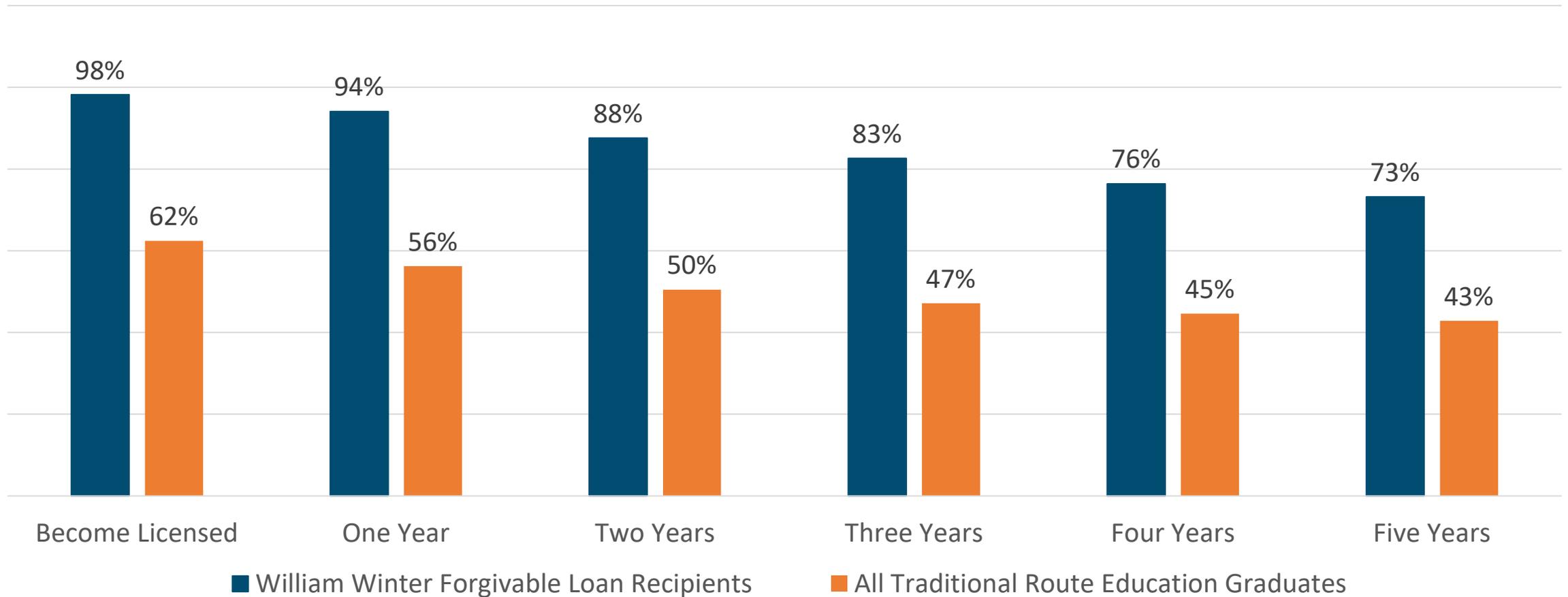


Why Forgivable Loans?

- Entice students into specific programs of study
 - Q *Is the state having trouble enticing students into a specific program of study?*
 - Q *Is program cost the primary barrier or do other barriers exist?*
 - Entice graduates into specific positions in fields with shortages
 - Q *Do graduates have opportunities for multiple career paths, and one career path pays better than the other?*
 - Q *Are qualified positions widely available for graduates upon graduation?*
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Employment Rates of William Winter Forgivable Loan Recipients vs. All Traditional Route Education Graduates





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MISSISSIPPI OFFICE
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