

A Study of Participants in the South Carolina Teacher Loan Program Who Are Repaying Their Loans

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Introduction

Policy makers have long recognized that the quality and supply of teachers are crucial to the national interest and have maintained that incentives can be a powerful tool in encouraging students to enter the teaching profession. The first federal initiative to provide an incentive to teachers through the mechanism of loan forgiveness or loan cancellation was the National Defense Student Loan Program, authorized by the National Defense Education Act of 1958. This program was targeted at public school teachers and reflected concern about the state of mathematics and science education in the United States following the launch of a space satellite by the Soviet Union.

In recent years, federal loan forgiveness for teachers has been available mainly through Stafford student loans funded by the Federal Family Education Loans (FFEL) and the William D. Ford Direct Loan Program (DL). FFEL loans are provided by private lenders such as banks, and the loans are guaranteed by the federal government. DL loans are provided directly to students and their parents by the federal government. Together, these programs have provided millions of dollars for loans to qualified teachers. Teachers can be forgiven \$5,000 after five consecutive years of full-time teaching in a low-income public or private school in a district eligible for Elementary and Secondary Education Act (ESEA) Title I-A funding. It is projected that between FY2005 and FY2014 over \$1.6 billion in teacher loans will be forgiven under these programs (McCallion, 2004).

Another source of federal loans for teachers under FFEL and DL is the Perkins Student Loan Program. Full-time teachers in schools serving low-income students or teaching in high need areas may recoup 15% for years one and two, 20% for years three and four, and 30% for the fifth and each successive year, with the maximum forgiven being up to 100% of the loan amounts. In the recent 108th Congress, over 40 bills were introduced “which would extend loan forgiveness or service payback programs to additional categories of individuals or would expand existing programs” (McCallion, 2004, p. 12).

States across the nation, including South Carolina, have sought ways to retain current teachers and to also increase the supply of teachers in high need areas. According to Cornett (2004), the research on teacher retention has demonstrated a need to focus on the first several years of teaching. In the first year of teaching, between 12% and 20% of teachers leave the classroom. Data from Tennessee indicate that for teachers with no previous experience, “36%

leave within the first four years and 42% leave within five years. Similar turnover occurs in other states. Georgia reports first year teachers leave at a rate of 15%; South Carolina 12%; North Carolina 13%; and Texas 19%.” (Cornett & Gaines, 2004, p. 4). States in the region have responded by offering a variety of incentive plans for teachers, including career ladders, advanced certification, and loan forgiveness.

The South Carolina Teacher Loan Program

The South Carolina Teacher Loan Program was established through action of the South Carolina General Assembly with the passage of the Education Improvement Act of 1984. According to the Code of Laws of South Carolina (Title 59, Section 26j):

the Commission on Higher Education, in consultation with the State Department of Education and the staff of the South Carolina Student Loan Corporation, shall develop a loan program whereby talented and qualified state residents may be provided loans to attend public or private colleges and universities for the sole purpose and intent of becoming certified teachers employed in the State in areas of critical need. Areas of critical need shall include both geographic areas and areas of teacher certification and must be defined annually for that purpose by the State Board of Education.

The intent of the legislation was to encourage prospective students to become teachers and to remain in the State teaching in areas of critical need by offering loans that could be cancelled (or forgiven) if the teacher taught in a critical needs area. The program was one of a number of incentive-related programs included in the 1984 legislation. While other incentive programs, like the School Incentive Reward Program, the Principal Incentive Program, and the Teacher Incentive Program were in place for varying lengths of time, only the Teacher Loan Program has continued to function to the present day. Beginning with an initial appropriation of \$1.5 million, the annual appropriation for the Teacher Loan Program has varied from \$1.2 to \$5.0 million over the two decades since the establishment of the program. Including budget transfers, funds available through repayment, and less administrative cost, the actual amount loaned has approached \$6.0 million within the past several years (Education Oversight Committee, 2004).

According to regulations from the Commission on Higher Education, eligible applicants for teacher loans must meet the following criteria:

- Be a United States citizen;
- Be a resident of South Carolina;

- Be enrolled in good standing at an accredited public or private college or university on at least a half-time basis;
- Be enrolled in a program of teacher education or have expressed intent to enroll in such a program;
- Be in good standing on any other student loan;
- Be in the top 40 percent of their high school graduating class;
- Have an SAT or ACT score equal to or greater than the SC average for the year of graduation from high school or the most recent year for which data are available. For students currently enrolled as undergraduate students, have taken and passed the Praxis II;
- Have an undergraduate cumulative grade point average of at least 2.75 on a 4.0 scale.

Graduate students who have completed at least one term must have a grade point average of 3.5 (on a 4.0 scale) and must be seeking initial certification in a critical subject area if the applicant already holds a teaching certificate.

Participants in the state's Career Changers Program are also eligible to receive loans from the South Carolina Teacher Loan Program. This program was established by the General Assembly in 2001 and is funded at approximately two million dollars per year. The Career Changers Program was designed to recruit persons with undergraduate degrees in areas other than teaching who have been working for at least three years. Instructional assistants in the public schools of South Carolina employed for a minimum of three years are also targets of the program. Finally, participants in the South Carolina Program for Alternative Certification for Educators (PACE) have been eligible to receive loans since 2000 for courses required for certification.

College freshmen and sophomores may receive loans for up to \$2,500 per year, while juniors, seniors, and graduate students may borrow up to \$5,000 per year. The maximum total loan amount for any individual student is currently \$20,000. PACE participants are limited to \$5,000 or \$1,000 per year. Individuals in the Career Changers Program are eligible to borrow up to \$60,000 or \$15,000 per year.

Under current guidelines, teacher loans may be cancelled at the rate of 20% annually or \$3,000, whichever is greater, for each full year of teaching in a critical subject **or** a critical geographic area within the State. Should both criteria be met, teaching in a critical subject **and** in a critical geographic area, the loan may be cancelled at an annual rate of 33.33% or \$5,000, whichever amount is greater. Since the State Board of Education annually reviews potential need areas and makes appropriate designations, the areas of critical need may change from year to year. Generally, the subject areas deemed critical at the time of application are honored for cancellation when the individual begins teaching. The critical geographic area designation

must be deemed critical at the time of employment. Should the loan recipient decide not to teach, the interest rate is set at the interest rate charged on Stafford Loans plus an additional 2%. This variable rate has been capped at 10.25%.

In 2000, the Teacher Quality Act directed the Education Oversight Committee (EOC) to conduct annual reviews of the South Carolina Teacher Loan Program and to report their findings to the South Carolina General Assembly. The EOC has conducted a series of studies of the program, the most recent in September 2004. One consistent finding has been that a large proportion of loan recipients have chosen to repay the loans rather than having them cancelled. The primary purpose of the present study was to determine the reasons why recipients have chosen to repay the loans. In addition, the characteristics of “repayers” (e.g., gender, level of education, and ethnicity), the motivation of recipients to initially consider a career in teaching, and the teaching status of those choosing to repay were examined.

Methodology

The target participants for this study were South Carolina Teacher Loan Program recipients who either had recently completed loan repayment (between January 1, 2004, and March 31, 2005) or who were currently repaying their loan. A questionnaire was developed by the South Carolina Educational Policy Center (SCEPC) in collaboration with the EOC, the South Carolina Department of Education, and the South Carolina Student Loan Corporation (see Appendix A). The questionnaire was mailed to 632 individuals identified by the South Carolina Student Loan Corporation (SCSLC) as the universe of persons currently repaying or recently completing repayment, as defined above. Participants were assured of confidentiality and urged to take the few minutes required to complete the questionnaire. They were asked to return the questionnaire in the self-addressed, postage-paid envelope provided. Two weeks following the initial mail-out, a follow-up letter and questionnaire were sent to participants who had not returned the initial questionnaire. This procedure produced a return of 302 questionnaires (48%) by the cutoff date to begin data analysis.

Results

Description of Respondents

Of the 302 respondents, 275 affirmed that they were either currently repaying or had recently completed repayment. For most items on the first part of the questionnaire, the number of responses averaged about 250. Most of the respondents held a baccalaureate degree

(51%), were white (88%), and female (80%). Figure 1 and Table 1 present a more complete picture of the respondents' demographic characteristics.

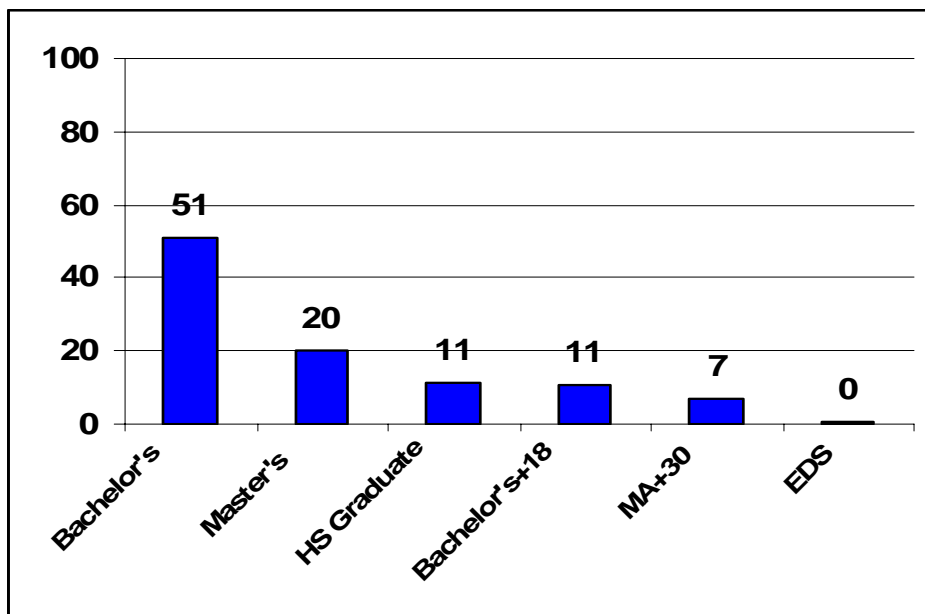


Figure 1. Percentages of respondents at various educational levels.

Table 1

Percentages of Respondents by Gender and Ethnicity

	American Indian/ Alaska Native	Asian	Black/African- American	Hispanic/ Latino	White European American	Total
Female	0.0	0.8	7.6	0.8	71.3	80.5
Male	0.4	0.0	1.6	0.4	17.1	19.5
Total	0.4	0.8	9.2	1.2	88.5	100.0

The questionnaire included a series of questions common to all respondents and asked additional questions of respondents who were currently teaching or had taught in the past. These additional items asked about the organizational level at which the respondents taught, years of experience as a teacher, the subject areas taught, etc. Almost 28% of all respondents had participated in the Teacher Cadet Program during high school. For those items limited to respondents either currently teaching (45%) or for those who had taught in the past (11%), the number of respondents was about 140. Almost half the sample (44%) had never (or not yet) taught (see Figure 2).

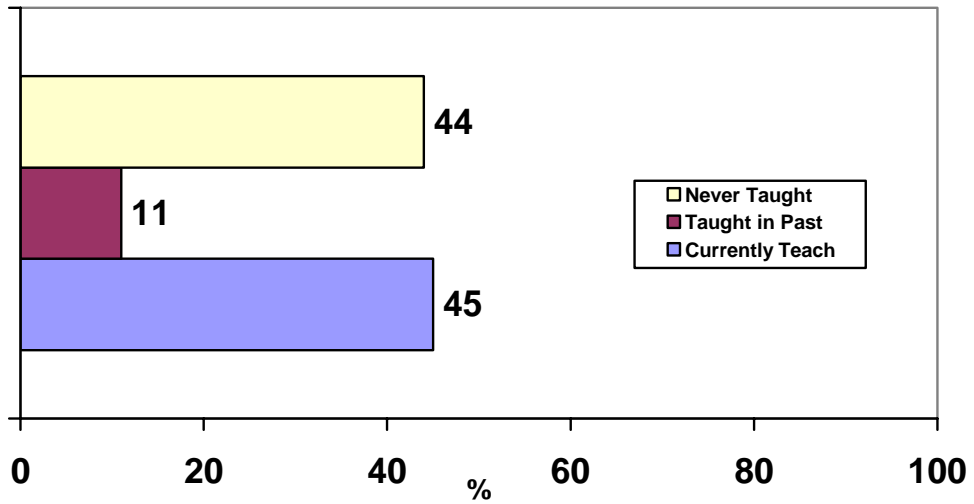


Figure 2. Percentages of respondents by teaching status.

As Figure 3 reveals, most respondents received their loans as college juniors (44%) or seniors (39%). A total of 17 persons (7%) reported receiving loans as career changers. It should be noted that since respondents could mark as many categories as applied, the percentages in Figure 3 will not total to 100%.

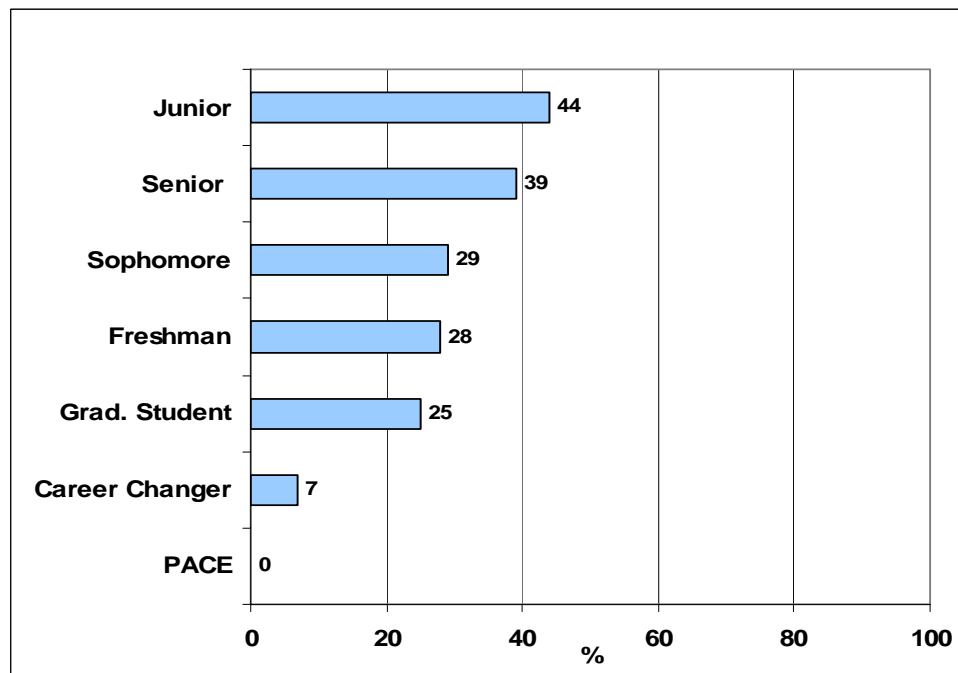


Figure 3. Percentages of respondents receiving loans at each level of education.

As Table 2 indicates, the most frequently reported job held was teacher, followed by business/retail:

Table 2
Percentages of Respondents in Various Job Categories

Position	% of Respondents
Teacher	41
Business/retail	16
Stay-at-home parent/homemaker	9
Work with children in another capacity	7
Other	7
Student	5
Substitute teacher	4
Health-related	2
Higher education	2
Administrative	2
Speech/language pathologist	2
Private day care	2
Guidance/counselor/psychologist	1

Reasons for Not Teaching and Repaying the Loan

When asked to select the reason(s) that they were not teaching, 25% of the respondents marked “I pursued vocational options other than teaching.” These data are presented in Table 3.

Table 3
Responses of All Respondents to the Item: Why are you not currently teaching?

Reason for Not Teaching	% of Respondents ^a
I pursued vocational options other than teaching.	25
Other	22
I concluded that teacher salaries were too low.	13
I had personal issues (for example, health issues or got married).	11
I did not like teaching.	10
I did not graduate.	9
I concluded that opportunities for advancement in teaching were lacking.	6
I did not meet teacher certification requirements.	6
I could not find a qualifying job or school close to my community.	2

^a Respondents could select more than one reason so the percentage will not total 100%.

Participants were asked to mark all responses that applied, and many did mark more than one response option. While the most frequently marked response (25%) was “I pursued options other than teaching,” an additional 22% cited “other” reasons for not currently teaching. These “other” responses were categorized as follows:

- Pursuing other vocational options 26%
"I am teaching in a pre-school/daycare non-state supported."
- Staying at home with children 17%
"Staying home with my kids was more important."
- Failed to qualify or finish/did not pass PRAXIS 16%
"Failed internship."
- Obstacles arose/lack of support 10%
"Too many students in small classrooms. Too much paperwork (unnecessary paperwork). Too many after school hours were required. Too much restriction on creativity in teaching."
- Personal difficulty/illness/lack of funds 10%
- Position not available or still looking 9%
- Currently in graduate school or planning to go to graduate school 9%
- Moved out of state 3%
"My husband is in law school in Michigan."

Item 6 posed the following key question to respondents: "Why are you repaying your teacher loan rather than having it cancelled by teaching in a critical need subject area or a critical need geographic location?" The percentages of respondents choosing each option are shown in Table 4.

Table 4

Responses of All Respondents to the Item: Why are you repaying your teacher loan rather than having it cancelled by teaching in a critical need subject area or a critical need geographic location?

Reason for Not Canceling Loan	% of Respondents ^a
I am not currently teaching.	51
Other reason.	17
I am teaching in a state other than South Carolina.	15
I am teaching in a school that is not defined as critical need.	15
I knew that the loan could be cancelled, but I did not know how to go about seeking cancellation.	11
I am teaching in a subject not defined as critical.	10
I knew that the loan could be cancelled, but I did not think that I qualified for cancellation.	9
I am teaching in a private school.	8
I did not know that the loan could be cancelled.	6
I benefited financially by taking a job in a not qualifying content area or school.	4
I knew that the loan could be cancelled, but I decided not to pursue cancellation for other reasons.	4
I decided that I did not want to teach in a critical need school.	3
I knew that the loan could be cancelled, but I did not think that the amount cancelled justified pursuing.	0

^a Respondents could select more than one reason so the percentage will not total 100%.

A majority of respondents (51%) indicated that they were repaying their teacher loans because they were not currently teaching. Fifteen percent of the respondents were teaching in a state other than South Carolina or reported teaching in a school not qualifying for cancellation. Seventeen percent of respondents noted that they had “other reasons” for repaying their loans. These “Other reason” responses ($n=41$) were reviewed and categorized, and the categories are presented in the examples that follow:

- School or subject not on list (ESOL, early childhood, speech pathology, long-term substitute) 24%
“The content area I am teaching in was on the list prior to me signing. Then it was taken off.”
- Can’t find a teaching job that qualifies 22%
“I was unable to get a job in a critical needs school or subject area. I was however offered jobs from 2 non-critical needs schools (one of which I accepted.)”
- Pursuing other vocational options 17%
“Teaching at a SC technical college.”
- Teaching in another state/country/college 15%
“Teaching in Guadalajara, Mexico for TESOL experience.”
- Moved to another state 7%
“Will be moving to a critical needs state-TN.”
- Did not know about cancellation 7%
- Failed to qualify or finish/didn’t pass PRAXIS 5%
“Not finished with school yet. Not passed Praxis I.”
- Stay-at-home parent 2%

The selection of specific reasons for loan repayment and reasons described by respondents in the “other” category often reflected confusion or puzzlement about various aspects of loan cancellation. The following examples illustrate this confusion:

- *“For some reason, even though I have qualified in the past, the state won’t cancel it.”*
- *“I teach [organizational level and federal facility] but is considered to be a school system that does not qualify. Wish my loans could be cancelled. Wouldn’t have gotten them otherwise.”*
- *“The content area I am teaching in was on the list prior to me signing. Then it was taken off.”*
- *“Some of my loan was a Stafford loan which couldn’t be cancelled, to my knowledge anyway.”*
- *“There were no critical need schools in my area that I’m aware of.”*

Analyses of Responses from Current Teachers

When the analysis of responses to item 6 was limited to only those persons currently teaching ($n=114$), the most frequent response selected (32%) was “Repaying, because I am teaching in a school that is not defined as critical need.” Next, 28% of the teachers selected

“Repaying because I am teaching in a state other than South Carolina.” Twenty-five percent of the current teachers marked “Repaying-Other reasons,” and 22% marked “Repaying because I am teaching in a subject not defined as critical.” Respondents could select more than one reason so the percentages do not total 100%.

The 114 current teachers were asked to indicate the name of the state, school district, and school where they were teaching. They also reported the grade level(s) taught and/or subject areas taught. Seventy-nine of the 114 current teachers were working in South Carolina schools, and their schools and subject areas were compared with the FY05 list of critical needs subject areas and geographical areas qualifying for loan cancellation. Although currently repaying their teacher loans, 44 of the 79 teachers or 55.7% were actually working in South Carolina schools or in subject areas that in fact did qualify them for loan cancellation. Table 5 presents the reasons selected by this group regarding their decision to repay. Almost half of the respondents (45%) indicated that they were aware of loan cancellation, but did not know how to seek cancellation. Approximately one-third of the South Carolina teachers did not believe that they qualified for cancellation.

Table 5

Responses of Current South Carolina Teachers Qualifying for Loan Cancellation (n=44) to the Item: Why are you repaying your teacher loan rather than having it cancelled by teaching in a critical need subject area or a critical need geographic location?

Reason for Not Canceling Loan	% of Teachers ^a
I knew that the loan could be cancelled, but I did not know how to go about seeking cancellation.	45
I knew that the loan could be cancelled, but I did not think that I qualified for cancellation.	34
Other reason.	30
I am teaching in a school that is not defined as critical need.	25
I am teaching in a subject not defined as critical.	16
I did not know that the loan could be cancelled.	14
I decided that I did not want to teach in a critical need school.	5
I benefited financially by taking a job in a not qualifying content area or school.	2
I am teaching in a private school.	2
I knew that the loan could be cancelled, but I decided not to pursue cancellation for other reasons.	2
I knew that the loan could be cancelled, but I did not think that the amount cancelled justified pursuing.	0
I am not currently teaching.	0
I am teaching in a state other than South Carolina.	0

^a Respondents could select more than one reason so the percentage will not total 100%.

The following comments were representative of the 30% of teachers marking “Other reason:”

- “There were no critical need schools in my area that I’m aware of.”
- “I know that the loan could be cancelled, but I was told that I did not qualify.”
- “I have a family and I needed a job close to my home. It just so happened that the schools near me are not critical needs schools.”
- “Did not receive paperwork for school signature to have canceled.”
- “Early childhood was taken off the list.”

Factors that Led to a Career in Teaching

In rating the importance of factors leading to initial consideration of a career in teaching (see Table 6 for ratings from all 253 respondents), altruistic motives were most often cited. More than nine in ten respondents rated “helping students become successful,” “imparting knowledge to children,” “working with children,” and “making a contribution to society” as either “extremely important” or “quite important.” Respondents rated working conditions (summers off, flexible schedules) intermediate in importance and financial incentives (like teacher loans) lower in importance. Only 17% of the respondents rated teacher loans as extremely or quite important.

Table 6

Percentage of Total Respondents (n=253) Marking Each Factor as “Extremely Important” or “Quite Important” When Initially Considering a Career in Teaching

Factor Leading to Consideration of Teaching As a Career	% of Respondents ^a
Helping students become successful	95
Imparting knowledge to children	94
Working with children	92
Making a contribution to society	89
Job security in teaching	56
Other	53
Good holidays/summers off	50
Encouragement by a teacher	46
Flexible working hours	44
The status of being a teacher	29
Teacher loans	17
Carrying on with a family tradition	12
Financial incentives other than teacher loans	9

^a Respondents could select more than one factor so the percentage will not total 100%.

Table 7 presents the responses to this same item given by subgroups of respondents. Respondents were divided into those who had never taught ($n=110$), taught in the past ($n=28$), or were currently teaching ($n=114$). Inspection of Table 7 reveals that current teachers tended

to rate altruistic factors “extremely important” or “quite important” more often than those respondents who had never taught. For example, “Working with children” was rated as extremely or quite important by 97% of current teachers but by only 88% of respondents who had never taught. Similarly, for “Making a contribution to society,” the values were 93% and 86%, for current teachers and respondents who had never taught, respectively. The lowest value for this factor (82%) was from respondents who had taught in the past. Teachers tended to rate working conditions (summers off, flexible schedules) as less important than respondents who had never taught or taught in the past. Table 7 indicates that there was little difference in how current teachers and respondents who had never taught viewed teacher loans: only 17% of those who had never taught and 19% of current teachers rated teacher loans as either “extremely important” or “quite important.” Eleven percent of former teachers responded that teacher loans were “extremely important” or “quite important” to them. The largest differences in percentages between the groups of current teachers and respondents who had never taught were for “Job security” (13 percentage points) and “The status of being a teacher” (14 percentage points). Current teachers rated both of these factors higher than respondents who had never taught.

Table 7

Percentage of Respondents Who Have Never Taught, Taught in the Past, or Are Currently Teaching Who Marked Each Factor as “Extremely Important” or “Quite Important” When Considering a Career in Teaching

Factor Leading to Consideration of Teaching	Never Taught		Taught In Past		Current Teacher	
	N	% ^a	N	% ^a	N	% ^a
Working with children	110	88	28	93	113	97
Good holidays/summers off	108	52	28	57	113	46
Making a contribution to society	108	86	28	82	112	93
The status of being a teacher	107	22	28	21	111	36
Imparting knowledge to children	108	94	28	86	114	96
Flexible working hours	107	48	28	43	113	40
Job security in teaching	110	49	28	61	113	62
Carrying on with a family tradition	107	8	28	7	114	18
Helping students become successful	109	95	28	93	114	96
Encouragement by a teacher	109	45	28	39	114	48
Teacher loans	109	17	28	11	113	19
Financial incentives other than teacher loans	103	8	27	4	109	11
Other	7	43	1	100	9	56

^a Respondents could select more than one factor so the percentage will not total 100%.

Discussion and Recommendations

Policy makers are increasingly finding loan cancellation programs to be an attractive approach to entice individuals to choose an occupation, a field of specialization, or a work location. One of these programs, the South Carolina Teacher Loan Program, is now in its 21st year of operation and has provided over 12,000 loans to support the education of aspiring teachers in South Carolina. Teachers are eligible to have their loans cancelled or forgiven by teaching in designated critical needs areas. Recent reviews of the South Carolina Teacher Loan Program by the EOC have noted that a large proportion of teacher loan recipients are repaying their loans rather than having them cancelled by teaching in a critical needs area. The current study collected data from program participants who are repaying their loans to examine the characteristics of these participants and their reasons for repayment. The results of the study are discussed and recommendations presented in the areas of program governance, program communication, and program mission.

Program Governance

The Education Improvement Act of 1984 stated that “the Commission on Higher Education, in consultation with the State Department of Education and the staff of the South Carolina Student Loan Corporation (SCSLC), shall develop a loan program whereby talented and qualified state residents may be provided loans to attend public or private colleges and universities for the sole purpose and intent of becoming certified teachers employed in the State in areas of critical need.” It defined critical need to include “both geographic areas and areas of teacher certification” as defined by the State Board of Education (South Carolina Code of Laws, Title 59, Section 26j).

While the Commission on Higher Education (CHE) is designated as the lead agency in program development, the SCSLC has clearly assumed the lead role in actual program operation with support from the State Board of Education (SBE), the State Department of Education (SDE), and the CHE. The Center for Educator Recruitment, Retention, and Advancement (CERRA) at Winthrop University has conducted annual teacher supply and demand surveys of school districts in order to inform decision making at the SDE and the SBE about critical needs teaching areas. In addition, oversight to the program has been provided by the EOC since 2000, ably guided by periodic reviews of program operation by EOC staff. The strong, positive leadership provided by agency heads, the talents of individual staff members, and the amicable relationships developed among them have enabled the program to avoid organizational fragmentation and to operate smoothly. However, there could come a time when

positive informal collegial relationships cannot effectively cope with complex organizational issues. Honest differences of interpretation of statute, regulation, or procedure can arise, and there should be a formal structure in place to guide policy development.

Recommendation:

Establish a formal Policy Board of Governance for the South Carolina Teacher Loan Program with the responsibility to:

- Review inter-relationships among agencies and make recommendations to the legislature for needed structural changes including the designation of a single agency to provide programmatic authority.
- Develop annual goals and objectives, monitor progress, and recommend needed operational modifications.
- Commission research to study salient issues and concerns.
- Consider reports relative to the effective operation of the South Carolina Teacher Loan Program.
- Advise on issues related to the administration of regulations and procedures.

The Policy Board of Governance might consist of agency heads, or their designees, from the SDE, the SCSLC, the CHE, the EOC, and CERRA. In addition, the Board should include one or more current or recent recipients of teacher loans through the SCSLC, a local school district personnel officer, and a university administrator working in the area of student financial aid. The Board should meet several times during the year at points most appropriate to provide timely advice on program policy and/or procedures.

Program Communication

The State forgives, or cancels, the loan, or a portion thereof, for each year of service performed in a designated location or area of specialization. Locations and specialization areas are determined annually and approved by the South Carolina State Board of Education. More specifically, loan recipients who become certified and who teach in a critical geographic or critical subject area may have their loan payments postponed while they are teaching after submitting the appropriate paperwork to the SCSLC. At the end of the year, the loan will be eligible for cancellation provided that the recipient and the school district personnel officer (or the district superintendent) confirms that the teacher was employed for the entire year in a critical needs school or subject.

Depending on teacher supply, designations of critical need by the State Board of Education can change from year to year. If, for instance, the need for science teachers, as

measured by the CERRA data abates and there is an adequate supply of science teachers, the State Board of Education may take science off the critical needs list. Similarly, should a school improve its test performance, it may no longer be designated as a critical needs school. While these changes in eligibility are completely rational – based upon current needs – keeping track of who qualifies for loan cancellation can be a challenge. It is quite conceivable, for example, that if two third grade math teachers in the same school applied for loan postponement/cancellation in different years, one may be eligible for cancellation while the second may not. School and/or subject area designations might also have been different for the two teachers.

It is apparent from a number of comments made by respondents in this study that there is confusion about which subject areas and schools are designated as critical need and how applicants navigate the cancellation qualification criteria. The comment of one respondent in the present study typifies the attitude of many others: *“The content area I am teaching in was on the list prior to me signing. Then it was taken off.”*

An important finding of this research is that of 79 current South Carolina teachers repaying their loans, 44 (54%) were working in schools or in subject areas that actually **did** qualify them for loan cancellation, based upon the FY05 criteria. Anecdotal evidence of the communications challenge was offered by respondents:

- *“The majority of my loans were not Teacher Loans because the financial aid person at my college told me that it was difficult to find an elementary school that was critical needs w/out moving, so if I wasn't willing to move or teach a critical needs subject area in secondary that it was better to get a regular loan. She said that repaying a teacher loan would be higher in interest than a regular loan, so if I wouldn't be able to cancel my loan and had to repay, I would end up paying more. She convinced me that a Teacher loan wasn't the best way to go, and now I'm stuck w/loans that could possibly be cancelled.”*
- *“Nobody ever gave me information about repaying my loans or having them cancelled. I can't even tell by reading the paper from the student loan corp. which loan is which. So I'm not sure how much I actually owe for the Teacher's Loans. I am very interested in more information about loan cancellation though! Thanks.”*
- *“If I do get a job in a critical needs school—what are the steps I should take with my student loan (i.e., to get cancelled)?”*

The anecdotal accounts of communications issues were reinforced by analyses showing that 41 respondents in the sample of 253 (or one in six) indicated that they were repaying their loans because either a) they did not know that the loan could be cancelled, and/or b) they did not know how to go about seeking loan cancellation. Thirty-four of the 41 respondents were

current teachers, 4 had taught in the past, and 3 had never taught. The fact that 34 of the 41 were current teachers means that about three in ten teachers (34 of 114, or 30%) professed a lack of understanding of loan cancellation. One respondent in the present study asked this question: *“How can I start cancellation of my loan? I have an Initial Certificate [certificate number omitted] in Early Childhood. I graduated (or completed my classes) in Dec. 2003 and began working as a teacher in [school district name omitted] in January 2004. Please let me know what I need to do. I have contacted the SCSLC, but have not received the paperwork for the school Principal to fill out. I have gone through ECERS last year and this year also!!) Thank you for your help.”*

Another source of confusion can be attributed to the very nature of borrowing money. Loans for any purpose involve obligations assumed by the client and by the lender summarized in a loan agreement written in language that is not always easily understood by all clients. Deciphering these agreements can be daunting. As one respondent in the study commented to the senior author, “This loan cannot be *cancelled*. I owe the money.” The term “loan cancellation” means different things to different people and is at odds with the more common term “loan forgiveness” used with most federal loan programs.

A third communications challenge involves the number of persons who must understand the loan cancellation process:

- the loan recipient
- the local school district personnel officer/and or district superintendent
- university staff members and others who are involved in teacher training
- the principal at the local school where the recipients are employed

Respondents are given information about possible loan cancellation by many individuals including fellow teachers, principals, district staff, and staff from the various agencies associated with the teacher loan program. The complexity of the cancellation requirements and yearly changes in eligibility for cancellation make the provision of accurate information very challenging. Complicating the situation are provisions in the law that allow teachers’ loans to continue being cancelled if their eligible schools are removed from the critical needs list and they remain in teaching positions at the same school. In addition, teachers whose subject areas are removed from the critical needs list before the teachers begin their first teaching job are still eligible for cancellation. It is apparent from many of the respondents’ comments that some of these provisions are not uniformly understood.

Recommendations:

- Wherever possible, simplify the language and the procedures within the current program structure related to loan cancellation.
- Increase program communications efforts.
 - Establish and publicize a helpline and allocate sufficient staff members to adequately respond to questions from students, teachers, school administrators, university staff, and district administrators.
 - Review the SCSLC website and make revisions using customer feedback. Provide ready access to loan calculators on the website. Create a website tool to enable a current loan recipient to easily determine his/her eligibility for loan postponement/cancellation.
 - Encourage agencies, schools, school districts, and universities to establish links to the SCSLC website.
 - Issue a newsletter periodically to current loan holders and to agencies, schools, school districts, and universities updating readers and simplifying the more complex issues.
 - Routinely collect customer satisfaction data and periodically report the results to the Policy Board.

Program Mission

The original mandate in the EIA legislation was to establish a loan program “whereby talented and qualified state residents may be provided loans to attend public or private colleges and universities for the sole purpose and intent of becoming certified teachers employed in the State in areas of critical need” (South Carolina Code of Laws, Title 59, Section 26j). Although the language of the statute specifically called for loans, the primary intent was to increase the supply of teachers in critical subjects and localities.

During the two decades since the Act was passed, the need for teachers has only become more acute. A recent national survey, conducted by the National Center for Education Information (Feistritzer & Haar, 2005) indicates that 40% of the public school teaching force nationwide expects not to be teaching five years from now. While 22% expect to be retired, 12% expect to be in an education job other than K-12 teaching, and another 4% expect to be employed in a non-education-related job.

The aging of the teaching force is only part of the teacher supply problem. Richard Ingersoll (2002, p. 2), an expert in this area, has concluded that “recruiting more teachers will

not solve the teacher crisis if large numbers of such teachers then leave. The image that comes to mind is a bucket rapidly losing water because of holes in the bottom. Pouring more water into the bucket will not be the answer if the holes are not first patched.” He maintains that retaining teachers should be the primary focus and that this can be accomplished by providing increased support for teachers, increased salaries, improvements in student behavior, and a greater teacher voice in school decision making. “This, in turn, would diminish school staffing problems and ultimately contribute to better school performance” (Ingersoll, 2002, p. 2).

Maplethorpe (2001) draws a distinction between “loan forgiveness” programs and “loan repayment” programs. Loan forgiveness programs entice local (state) residents to enter a field by providing loan funds and offering forgiveness of the loan based upon years of service in targeted schools or critical need subject areas. If the service is not completed, the “unforgiven” portion of the loan amount must be repaid, sometimes at a high rate. According to Maplethorpe, the main advantage of these types of programs is that students may be encouraged to major in a subject or field that they may not have previously considered. These programs can also make a college education more accessible to students by providing financial aid while the student is in school (McCallion, 2004). Maplethorpe points out a number of disadvantages of loan forgiveness programs, including the following:

- It takes several years to produce qualified workers.
- As the labor market changes, graduates may find that they may not be able to find jobs consistent with state requirements.
- Program administration costs are incurred because administrators must keep track of borrower status for several years to ensure that all participant commitments are fulfilled. Also, there are potential costs to collect and/or litigate defaulted loans.

Maplethorpe (2001) believes that loan repayment programs offer a number of advantages over loan forgiveness programs. These types of programs do not provide loans to students while they are in school. Instead, loan repayment programs repay the interest and the principal that a former student has incurred when that former student works in designated fields or schools. Payments are made to the lender when service is completed or discontinued, or when the benefits maximum has been reached. Among the advantages are the following:

- Students are not enticed into a field or major simply because they need help paying for college. The repayment incentive is provided to individuals who selected their careers based on interest and aptitude.

- By delivering the loan repayment incentive at the point of service (i.e. when teaching begins), teachers might be educated in another state or country or through on-the-job training.
- Since the incentive is at the point of service, states are not bound to continue to repay loans for fields and areas no longer applicable. Targeting of funds can be quickly modified to deal with fields and areas not known at the time students were still enrolled in college.
- Administrative burden and costs are reduced. There is no need to maintain contact with borrowers for many years as they progress through college and careers (p. 41-43).

A recent study, funded by the Lumina Foundation for Education, found that 43 states had one or more loan forgiveness or service payback programs (Kirshstein, Berger, Benetar, & Rhodes, 2004). These authors refer to such programs as workforce-contingent financial aid (WFCA) programs. They are designed to “assist recipients with their educational expenses in exchange for work in either a specified field or specified locations” (Kirshstein et al., p. 3). The study found that despite the growing popularity of WFCA programs, very few studies have examined their effectiveness. The authors (Kirshstein, et al., 2004, p. 4) state that the following questions need to be addressed to determine whether WCFA should continue to proliferate:

- *Do students who are asked early in the education to declare majors and work intent remain in their initial major and field?*
- *Are WCFA programs attracting individuals who otherwise may not have entered that occupation or specialty?*
- *Are WCFA programs attracting the “best and brightest” individuals to the occupational areas supported?*
- *What are the implications of limiting participation to state residents?*
- *Are WCFA programs excluding individuals?*
- *What are the administrative costs associated with WCFA programs?*
- *How effective are WCFA programs relative to other types of financial aid?*

This study did not address the issue of program effectiveness or the viability of the various strategies and criteria employed. Several respondents did offer comments that touched on these issues:

- *“Repaying a loan while making a beginning teacher’s salary is a challenge. I hope the state will remove the stipulations for teaching only in critical needs areas and subjects will be removed. All schools need good teachers. Teacher loans could be a real incentive for the future with some changes.”*

- *“I wish there were other criteria for loan cancellations. I run a leadership development program for kids after school. The students in this program attend a very low income school and this program is a critical part of their education. This is a non-profit program and I do not make a lot of money. I would like to see the criteria for loan cancellations broadened.”*

Recommendations:

- The Policy Board should review the mission of the South Carolina Teacher Loan Program in the light of findings from the current study and other research studies on student loan programs, and recommend any needed structural changes in the program to the General Assembly.
- The Policy Board should commission research studies to inform decision making regarding the effectiveness of the teacher loan program. The research should address, at a minimum, the questions raised by the authors in the 2004 Lumina study.

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TEACHER LOAN QUESTIONNAIRE

DIRECTIONS: The South Carolina Educational Policy Center at USC-Columbia is conducting a study of participants in the South Carolina Teacher Loan Program who are currently repaying or who have recently finished repaying their teacher loans. While your participation in this study is completely voluntary, it is also very important for program improvement. The average time to complete this questionnaire is less than five minutes. Your candid response will help identify key program issues. Because a high return rate is essential to the validity of the study, a temporary identification number, which appears at the top of the page, has been assigned to this form in order to follow-up on non-returned forms. Do not put your name on the form. We guarantee your confidentiality. When you have completed the questionnaire, please place it in the self-addressed, postage-paid envelope and mail it. Thank you very much for helping us to gather information for this important study.

1. Are you currently repaying a teacher loan from the South Carolina Teacher Loan Program administered by the SC Student Loan Corporation? (Circle ONE.) a) Yes b) No
If yes, go on to question 3. If no, go to question 2.
2. Did you finish repaying a teacher loan from the South Carolina Teacher Loan Program between January 1, 2004, and March 31, 2005? (Circle ONE.) a) Yes b) No
If yes, go on to question 3.
If no, thank you for participating. Please return this form in the self-addressed envelope.
3. When did you receive loan funds from the South Carolina Teacher Loan Program? (Circle ALL that apply.)

a) As a freshman	e) As a graduate student
b) As a sophomore	f) As a PACE participant
c) As a junior	g) As a career changers participant
d) As a senior	
4. Which of the following best describes your teaching status? (Circle ONE.)
 - a) I have never taught. (If you circled this alternative, go to question 5.)
 - b) I have taught in the past, but I am not currently teaching. (If you circled this alternative, go to question 5.)
 - c) I am currently teaching. (If you circled this alternative, skip to question 6.)
5. Why are you not teaching currently? (Circle ALL that apply.)
 - a) I pursued vocational options other than teaching.
 - b) I did not graduate.
 - c) I concluded that teacher salaries were too low.
 - d) I could not find a qualifying job or school close to my community.
 - e) I did not meet teacher certification requirements.
 - f) I did not like teaching.
 - g) I concluded that opportunities for advancement in teaching were lacking.
 - h) I had personal issues (for example, health issues or got married).
 - i) Other (Please specify.) _____
6. Why are you repaying your teacher loan rather than having it cancelled by teaching in a critical need subject area or a critical need geographic location? (Circle ALL that apply.)
 - a) I am not currently teaching.
 - b) I am teaching in a subject not defined as critical need.
 - c) I am teaching in a school that is not defined as critical need.
 - d) I decided that I did not want to teach in a critical need school.
 - e) I am teaching in a state other than South Carolina.
 - f) I am teaching in a private school.
 - g) I benefited financially by taking a job in a content area or school that did not qualify for loan cancellation.
 - h) I did not know that the loan could be cancelled.
 - i) I knew that the loan could be cancelled, but I did not think that I qualified for cancellation.
 - j) I knew that the loan could be cancelled, but I did not think that the amount cancelled was large enough to justify pursuing cancellation.
 - k) I knew that the loan could be cancelled, but I did not know how to go about seeking cancellation.
 - l) I knew that the loan could be cancelled, but I decided not to pursue cancellation for other reasons.
 - m) Other (Please specify.) _____

