

**INFORMATION**  
**February 1, 2008**

**HIGHER EDUCATIONAL AIDS BOARD**

**BOARD REPORT #08-15**

**TEACHER EDUCATION LOAN TEN YEAR REPORT**

## The Teacher Education Loan Program

Through the Teacher Education Loan Program, the State of Wisconsin provides loans to Wisconsin residents enrolled in teacher education programs at the Milwaukee Teacher Education Center (MTEC). For each year in which the loan recipient teaches full-time in the Milwaukee Public Schools (MPS), after completing the MTEC program, 50% of the loan is forgiven. Loan recipients who do not complete the MTEC program, or who do not earn full forgiveness by teaching in MPS, must repay any unforgiven balance of their loan to the State of Wisconsin.

The Teacher Education Loan Program was created under state statute 39.395 by Act 27 of the 1997 State Legislature:

### Wisconsin State Statute 39.395

39.395 Teacher Education Loan Program.

- (1) The board shall establish a loan program to defray the cost of tuition for persons enrolled in a teacher education program offered by the Milwaukee Teacher Education Center, a non-stock, non-profit corporation organized under Chapter 181. Loans shall be made from the appropriation under statute 20.235 (1) (cu).
- (2)
  - (a) After the recipient of the loan under subsection (1) has completed the teacher education program, the board shall forgive 50% of the loan and 50% of the interest on the loan for each school year that the recipient of the loan is employed as a full-time teacher in the school district operating under Chapter 119. The board shall deposit in the general fund as general purpose revenue-earned all repayments of the loans made under subsection (1) and the interest on the loans.
  - (b) The board shall promulgate rules to administer this section.

39.395 - ANNOTATIONS  
History: 1997 act 27.

The administrative rules for the Teacher Education Loan Program were published in January of 2002 under Chapter HEA 13 of the Wisconsin Administrative Code:

### Chapter HEA 13

#### HEA 13.01 PURPOSE

To define the various aspects of the Teacher Education Loan Program authorized by State Statute 39.395, as created by 1997 Wisconsin Act 27, as to the awarding of loans, their forgiveness, or their repayment.

HEA 13.01 - ANNOTATIONS  
History: CR 01-078: Created Register January 2002 No. 553, effective 2-1-02.

#### HEA 13.02 DEFINITIONS

- (1) "Board" means the Higher Educational Aids Board.
- (2) "Eligible school district" means the Wisconsin school district operating under Chapter 119 of State Statutes, First Class City School System.
- (3) "Forbearance" means an extension of time for making loan payments or the acceptance of smaller payments than were previously scheduled.
- (4) "Loan" means the Teacher Education Loan Program.

- (5) "MTEC" is the abbreviation for the Milwaukee Teacher Education Center; a non-stock, non-profit corporation organized under Chapter 181 of State Statutes.

HEA 13.02 - ANNOTATIONS

History: CR 01-078: Created Register January 2002 No. 553, effective 2-1-02.

HEA 13.03 BORROWER ELIGIBILITY

- (1) The borrower shall be a resident of the United States either a citizen or an alien lawfully admitted for permanent residence by the Federal Immigration and Naturalization Service.
- (2) The borrower shall be a Wisconsin resident as determined by the board using the residency standards of State Statute 36.27.
- (3) The borrower shall be enrolled in a teacher education program at MTEC.
- (4) The borrower shall not be required to show financial need.

HEA 13.03 - ANNOTATIONS

History: CR 01-078: Created Register January 2002 No. 553, effective 2-1-02.

HEA 13.04 TERMS OF LOAN

- (1) Eligible borrowers shall receive a minimum award of \$250. The maximum award amount shall be set annually by the board. The exact amount of the award shall not exceed the borrower's cost of education, as determined by MTEC using recognized federal methodology, minus the need-based aid the borrower is offered. Loans for students that are need-based may be replaced in the package of aid by the Teacher Education Loan.
- (2) For loans that are not forgiven and must be repaid, the interest rate shall be 5% annually on the unpaid principal balance with accrual beginning upon the initial date of repayment. Interest shall not accrue during periods of full-time enrollment; employment that qualifies for forgiveness; or during board-authorized periods of deferment from repayment.
- (3) The initial date of repayment shall be determined by the board in each instance beginning no sooner than the day after the borrower withdraws or graduates from school.

HEA 13.04 - ANNOTATIONS

History: CR 01-078: Created Register January 2002 No. 553, effective 2-1-02.

HEA 13.05 APPLICATION PROCESS

- (1) A borrower seeking a loan shall contact MTEC.
- (2) MTEC shall determine the borrower's cost of education within the requirements set by the Board. MTEC shall decide if the borrower shall receive a loan under this program.
- (3) MTEC shall notify the board of the loan amount for the borrower. The board shall issue a check for the borrower's loan after the borrower's signed agreement form has been received by the board.
- (4) All borrower's contact concerning forgiveness and repayment shall be with the board. After leaving MTEC the borrower shall maintain written annual contact with the board until the loan is either forgiven or repaid. The borrower shall forward all name, address, and telephone number changes to the board.

HEA 13.05 - ANNOTATIONS

History: CR 01-078: Created Register January 2002 No. 553, effective 2-1-02.

HEA 13.06 LOAN FORGIVENESS

- (1) Loans shall be forgiven when the borrower is employed as a full-time teacher in the eligible school district. For every academic year of employment, 50% of the principal and accrued interest, if any, shall be forgiven, with the amount to be prorated in cases where fewer months are worked. The borrower shall be given a maximum of 3 years to work the required 2 years for full forgiveness.
- (2) The maximum of 3 years allowed for forgiveness shall be extended by the board for up to a total of 3 years for approved periods of deferment, as referenced in s. HEA 13.08. In no instance shall the term of forgiveness exceed 6 years including periods of deferments authorized by the board. The executive secretary may allow additional periods of deferment in exceptional situations.
- (3) Any loan principal remaining unforgiven either because the forgiveness period as defined in subs. (1) and (2) is over, or because the borrower has not been employed for forgiveness as defined in sub. (1)

or has moved out of state, shall be repaid to the state of Wisconsin with interest accrued from the date on which the forgiveness period ended.

- (4) Only borrowers who have completed the teacher education program at MTEC and who are licensed to teach by the Wisconsin Department of Public Instruction shall be eligible for forgiveness.
- (5) No interest shall be charged to the borrower during the forgiveness period.

#### HEA 13.06 - ANNOTATIONS

History: CR 01-078: Created Register January 2002 No. 553, effective 2-1-02.

#### HEA 13.07 TERMS OF REPAYMENT

- (1) The borrower shall repay the loan if not employed as a full-time teacher in the eligible school district. Repayment shall be required of borrowers who are employed for periods of time but who do not complete their forgiveness within the time allowed.
- (2) The minimum monthly payment shall be \$50 including principal and accrued interest. Accrued interest shall be paid first each month from the payment received. The board shall determine the monthly repayment schedule, although the borrower may request a schedule with a higher monthly payment.
- (3) The borrower shall repay the loan within a maximum of 6 years not counting periods of deferment granted by the board. Interest shall not accrue during periods of deferment authorized by the board.
- (4) The borrower may prepay any or all of the loan without penalty whether the borrower is in school, forgiveness, repayment, or deferment.
- (5) If the borrower dies or becomes totally and permanently disabled, all obligation to make any further payment of principal and interest on the loan shall be canceled.

#### HEA 13.07 - ANNOTATIONS

History: CR 01-078: Created Register January 2002 No. 553, effective 2-1-02.

#### HEA 13.08 DEFERMENT OF LOAN REPAYMENT FOR BORROWERS

- (1) Borrowers who return to school on a full-time basis in any course of study at an accredited institution shall be deferred from repayment by the board for the period of enrollment.
- (2) Borrowers who are on active duty in the military shall be deferred from repayment by the board for the period of their active duty, not to exceed 3 years.
- (3) Borrowers who enter the Peace Corps or Volunteers in Service to America shall be deferred from repayment by the board for the term of their active service, not to exceed 3 years. Employment with a similar private agency may be eligible for deferment, as determined by the executive secretary, if the agency is federally tax exempt.
- (4) Borrowers who are unemployed shall be deferred from repayment by the board for up to 6 months at a time, up to a maximum of 24 months, as long as they provide proof, satisfactory to the board, that they are actively seeking employment.
- (5) Borrowers who become pregnant, give birth or legally adopt a child shall be deferred from repayment by the board for up to 12 months.
- (6) In order to receive a deferment, the borrower shall apply to the board. If the borrower submits written evidence that verifies eligibility for the deferment, the board shall approve of and grant the deferment.
- (7) The board may grant forbearance from repayment for the benefit of the borrower. The board may grant forbearance whenever unemployment, health, other personal problems, or study that is ineligible for deferment temporarily affects the borrower's ability to make scheduled payments on the loan. Periods of forbearance may not exceed 6 months for each approved request, up to a maximum of 24 months.

#### HEA 13.08 - ANNOTATIONS

History: CR 01-078: Created Register January 2002 No. 553, effective 2-1-02.

#### HEA 13.09 APPLICABILITY

Chapter HEA 13 shall apply to all loans made since the inception of the program.

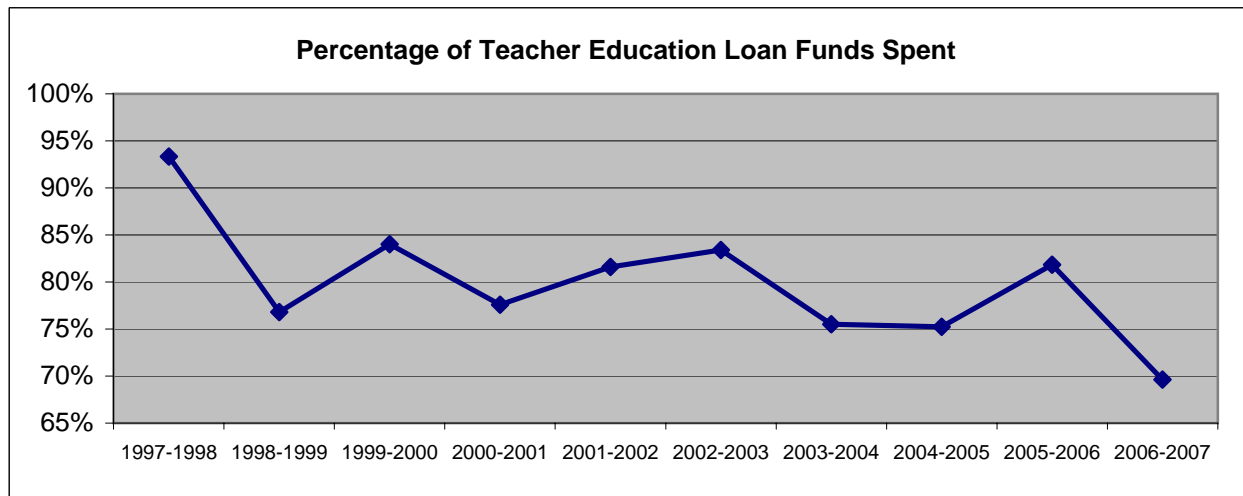
#### HEA 13.09 - ANNOTATIONS

History: CR 01-078: Created Register January 2002 No. 553, effective 2-1-02.

## Teacher Education Loan Spending by Fiscal Year

Fiscal Year	State Appropriation	Amount Disbursed by HEAB	Amount Returned to HEAB by MTEC *	Net Spent	Percent Spent
1997-1998	\$150,000	\$150,000	\$10,000	\$140,000	93.33%
1998-1999	\$250,000	\$250,000	\$58,000	\$192,000	76.80%
1999-2000	\$250,000	\$248,000	\$38,000	\$210,000	84.00%
2000-2001	\$250,000	\$250,000	\$56,000	\$194,000	77.60%
2001-2002	\$250,000	\$250,000	\$46,000	\$204,000	81.60%
2002-2003	\$275,000	\$315,000	\$85,625	\$229,375	83.41%
2003-2004	\$275,000	\$239,750	\$32,125	\$207,625	75.50%
2004-2005	\$275,000	\$261,500	\$54,600	\$206,900	75.24%
2005-2006	\$275,000	\$295,500	\$70,425	\$225,075	81.85%
2006-2007	\$275,000	\$212,925	\$21,500	\$191,425	69.61%
<b>TOTAL</b>	<b>\$2,525,000</b>	<b>\$2,472,675</b>	<b>\$472,275</b>	<b>\$2,000,400</b>	<b>79.22%</b>

\* MTEC returns funds to HEAB if a student withdraws or completes their program before earning their entire loan award.



## Teacher Education Loan Repayments Received by Fiscal Year

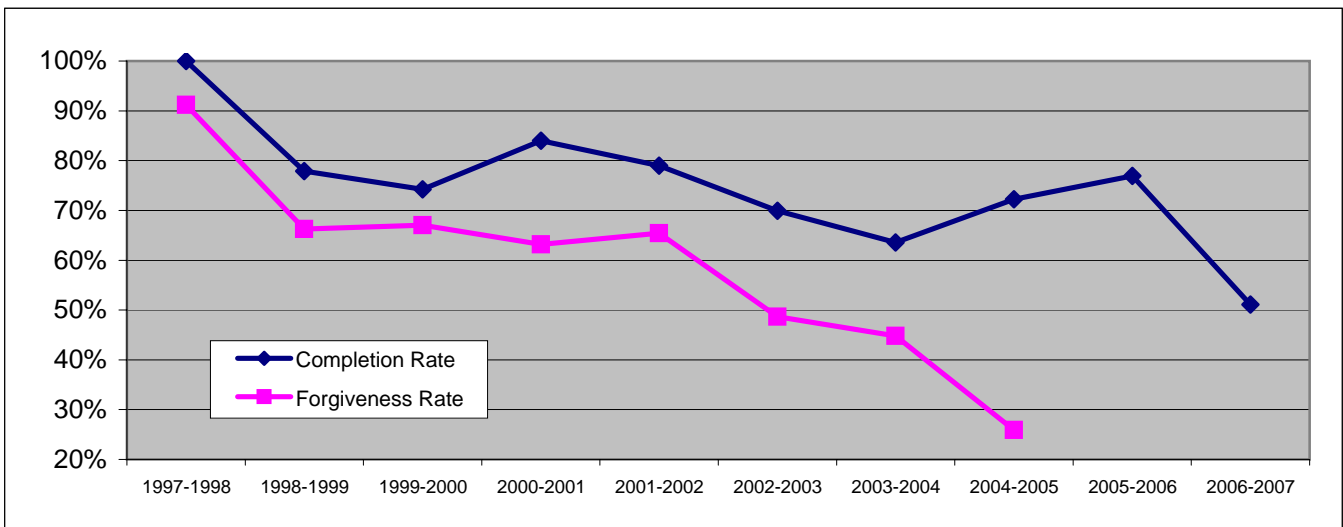
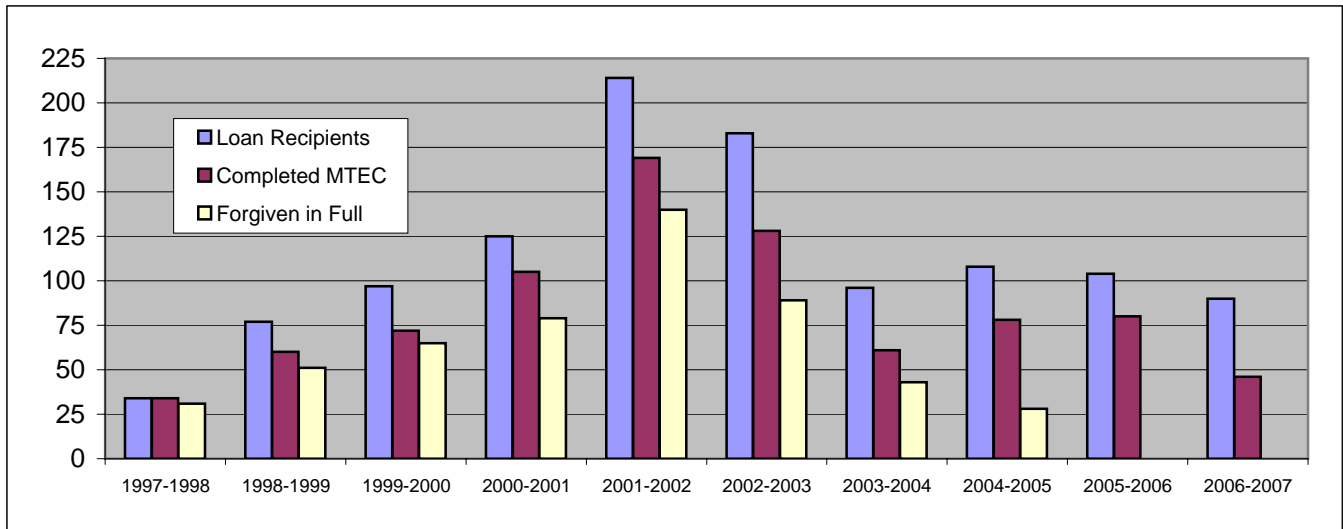
Fiscal Year	Principal Paid	Interest Paid	Total Repayments
2000-2001 *	\$2,762.43	\$170.43	\$2,932.86
2001-2002	\$2,793.10	\$272.26	\$3,065.36
2002-2003	\$7,074.89	\$410.72	\$7,485.61
2003-2004	\$11,251.99	\$482.57	\$11,734.56
2004-2005	\$22,934.76	\$1,167.13	\$24,101.89
2005-2006	\$27,016.16	\$1,820.52	\$28,836.68
2006-2007	\$27,406.78	\$1,910.52	\$29,317.30
<b>TOTAL</b>	<b>\$101,240.11</b>	<b>\$6,234.15</b>	<b>\$107,474.26</b>

\* No payments were received prior to the 2000-01 fiscal year.

## Teacher Education Loan Recipients who Completed MTEC and Earned Full Forgiveness

MTEC Cohort for Academic Year:	Number of Recipients	Completed MTEC		Earned Full Forgiveness *	
		Number	Percent	Number	Percent
1997-1998	34	34	100.00%	31	91.18%
1998-1999	77	60	77.92%	51	66.23%
1999-2000	97	72	74.23%	65	67.01%
2000-2001	125	105	84.00%	79	63.20%
2001-2002	214	169	78.97%	140	65.42%
2002-2003	183	128	69.95%	89	48.63%
2003-2004	96	61	63.54%	43	44.79%
2004-2005	108	78	72.22%	28	25.93%
2005-2006	104	80	76.92%	0	0.00%
2006-2007	90	46	51.11%	0	0.00%

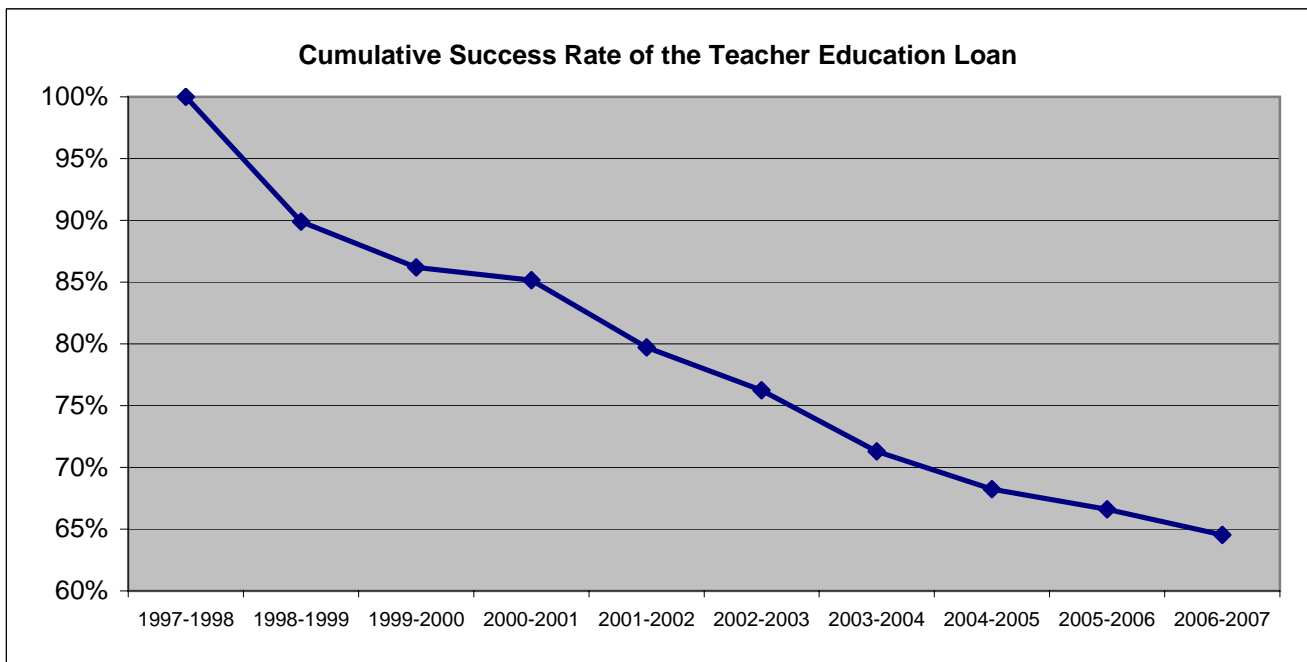
\* The forgiveness period for the Teacher Education Loan is 3 years. Borrowers who received the loan in 2004-05 or later are still in the process of earning full forgiveness.



**Teacher Education Loan  
10-Year Cumulative Status of All Recipients  
as of the End of Each Academic Year**

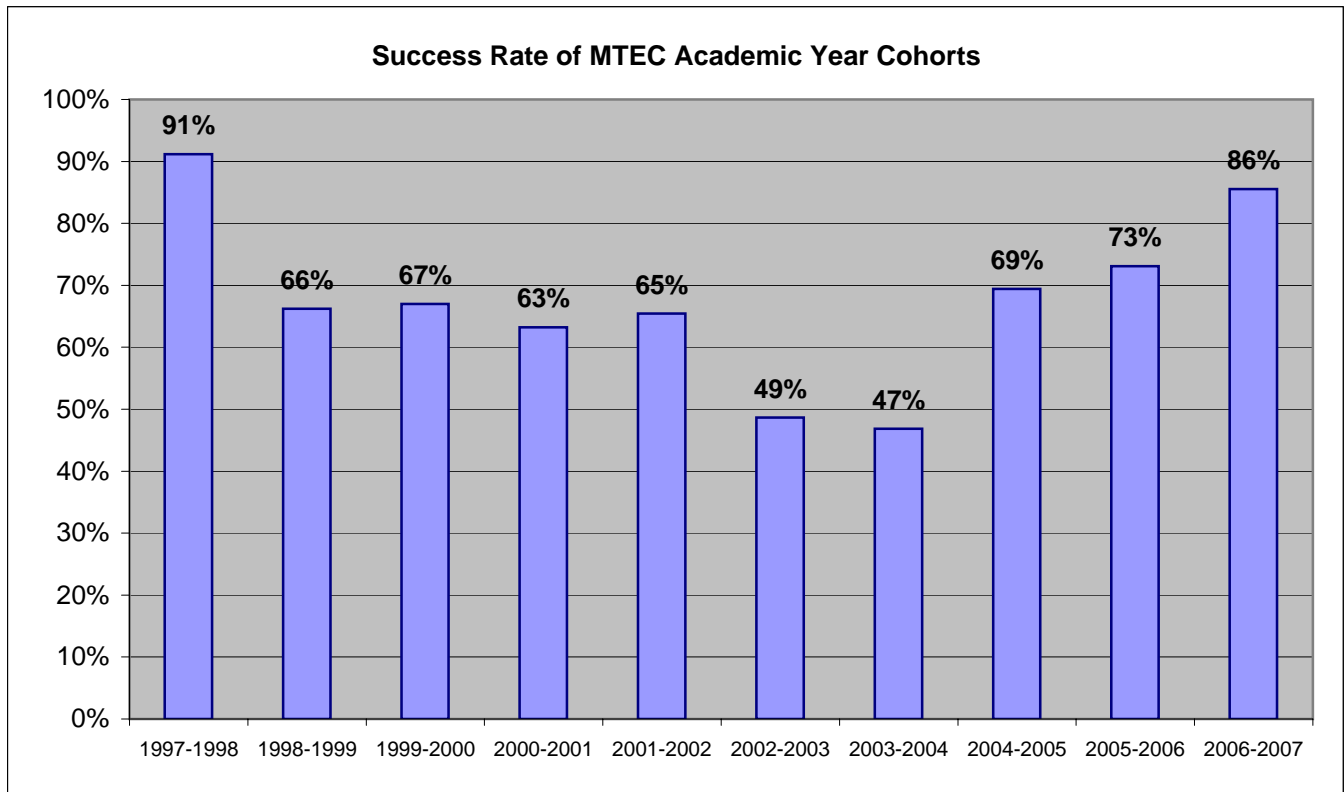
Status	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Enrolled at MTEC	41	93	124	125	64	76	89	74	90	31
Teaching in MPS for Forgiveness	34	94	139	202	329	347	266	205	172	171
Forgiven in Full	0	0	24	63	94	193	286	400	466	526
Withdrawn, Loan Returned to HEAB	0	21	43	62	107	160	181	187	198	210
Repayment	0	0	3	4	12	16	55	76	79	58
Paid in Full	0	0	0	2	2	9	15	29	46	62
Repayment Deferred	0	0	0	0	0	1	0	4	0	2
Declared Bankruptcy	0	0	0	0	2	2	2	0	0	1
Defaulted	0	0	0	0	1	4	5	20	42	67
<b>TOTAL</b>	75	208	333	458	611	808	899	995	1,093	1,128
<b>Success Rate</b>	100%	90%	86%	85%	80%	76%	71%	68%	67%	65%

Recipients are successfully meeting the requirements of the Teacher Education Loan Program if they are enrolled at MTEC, if they have completed the MTEC program and are teaching in the Milwaukee Public Schools for forgiveness of their loan, or if they have earned full forgiveness of their loan by teaching in MPS for two years after completing the MTEC program. Recipients in any other status have failed to meet the requirements of the Teacher Education Loan Program.



**Teacher Education Loan  
Status of Recipients by MTEC Academic Year Cohort  
as of the End of the 2006-2007 Academic Year**

Status	MTEC Cohort for Academic Year:										TOTAL
	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	
Enrolled at MTEC	0	0	0	0	0	0	0	0	0	31	31
Teaching in MPS for Forgiveness	0	0	0	0	0	0	2	47	76	46	171
Forgiven in Full	31	51	65	79	140	89	43	28	0	0	526
Withdrawn, Loan Returned to HEAB	0	17	25	20	45	56	18	6	11	12	210
Repayment	1	0	2	4	2	9	15	11	13	1	58
Paid in Full	1	6	3	15	5	10	12	7	3	0	62
Repayment Deferred	0	0	0	0	0	0	1	1	0	0	2
Declared Bankruptcy	0	0	0	0	1	0	0	0	0	0	1
Defaulted	1	3	2	7	21	19	5	8	1	0	67
<b>TOTAL</b>	34	77	97	125	214	183	96	108	104	90	1,128
<b>Success Rate</b>	91%	66%	67%	63%	65%	49%	47%	69%	73%	86%	65%





**Teacher Education Loan  
Recipients by MTEC Teacher Education Program**

MTEC Cohort for Academic Year:			Regular	Bilingual	Special	Contracted	TOTAL
	Inservice	Preservice	Education	Education	Education	Teacher	
1997-1998	34	0					34
1998-1999	14	63					77
1999-2000			75	22			97
2000-2001			103	22			125
2001-2002			88	25	101		214
2002-2003			80	24	79		183
2003-2004			0	15	64	17	96
2004-2005			37	10	26	35	108
2005-2006			0	13	47	44	104
2006-2007			1	7	66	16	90
<b>TOTAL</b>	48	63	384	138	383	112	1,128

The Inservice and Preservice programs were discontinued after 1998-99. The Regular and Bilingual Education programs began in 1999-2000. The Special Education program began in 2001-02, and the Contracted Teacher program began in 2003-04.

**Teacher Education Loan  
Status of Recipients by MTEC Teacher Education Program  
as of the End of the 2006-2007 Academic Year**

Status			Regular	Bilingual	Special	Contracted	TOTAL
	Inservice	Preservice	Education	Education	Education	Teacher	
Enrolled at MTEC	0	0	1	3	26	1	31
Teaching in MPS for Forgiveness	0	0	16	20	78	57	171
Forgiven in Full	41	41	217	71	135	21	526
Withdrawn, Loan Returned to HEAB	3	14	89	21	69	14	210
Repayment	1	0	11	6	29	11	58
Paid in Full	2	5	30	7	13	5	62
Repayment Deferred	0	0	1	0	1	0	2
Declared Bankruptcy	0	0	0	0	1	0	1
Defaulted	1	3	19	10	31	3	67
<b>TOTAL</b>	48	63	384	138	383	112	1,128
<b>Success Rate</b>	85%	65%	61%	68%	62%	71%	65%