

Recruiting Teachers Using Student Financial Aid: Do Scholarship Repayment Programs Work?

Student financial aid can be used as a tool to encourage interested participants to pursue a particular field of study or to reduce the educational cost burden incurred by students in particular fields. This type of aid targeting is employed by the federal government and a number of states, including Illinois, to increase the supply of available preprimary, primary, and secondary school teachers. A survey of recipients of targeted teacher assistance in Illinois suggests such aid may have only limited effect in recruiting students who were not already considering becoming teachers into the field, but that it may have a positive impact in reducing the educational debt of teaching graduates.

Introduction

In *The Condition of Education, 2002*, the National Center for Education Statistics' (NCES) indicates primary and secondary school enrollments have increased in recent years and are projected to increase through 2005, resulting in a demand for more teachers. The NCES report *Predicting the Need for Newly Hired Teachers in the United States to 2008-09* suggests an additional 1.26 million teachers will be needed nationally over the next 5 years. Additional NCES data indicate that in 1971, teachers less than 35 years old constituted 46 percent of the teaching work force, while in 1998, they made up only 27 percent. In contrast, teachers 45 years or older represented about 35 percent of all elementary and secondary teachers in 1971 but nearly half of all teachers in 1998. The United States Department of Labor, Bureau of Labor Statistics, Occupational Outlook Handbook notes "a large proportion [of current teachers] will be eligible to retire by 2010, creating many vacancies, particularly at the secondary school level." These factors- increased enrollments and the corresponding need for a greater number of teachers, combined with the aging of the teacher workforce and the impending retirement of older teachers- have combined to make teacher recruitment and retention an important item on the agenda of education officials, state legislators, and policy makers.

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*The United States
Department of Labor,
Bureau of Labor Statistics,
Occupational Outlook
Handbook*

One of the ways policy makers have attempted to increase the number of available teachers is the provision of targeted postsecondary student financial aid. Targeted financial aid can take the form of up-front grants or scholarships, loan forgiveness or loan repayment for those entering teaching, or combination programs such as scholarships which must be repaid if the recipient does not fulfill a teaching requirement. The Federal government presently offers loan forgiveness for qualified borrowers entering teaching and has previously offered teaching scholarships requiring repayment, such as the Paul Douglas Scholarship. Information from the National Association of State Student Grant and Aid Programs (NASSGAP) 2000-2001 annual survey indicates more than 20 states offer some form of targeted teacher assistance and that 3 of the 5 states providing the largest amounts of student aid have programs targeted to teachers. Illinois, one of the largest providers of state funded undergraduate need-based aid in the nation, offers two programs that provide scholarships conditional on a

commitment to teach. The scholarships must be repaid monetarily if the teaching obligation is not met. In order to assess the effectiveness of this approach, ISAC staff completed a survey of recipients of aid from these programs.

Evaluating Financial Aid for Teachers in Illinois

The State of Illinois offers two targeted teacher scholarship programs that provide monetary awards: the David A. DeBolt Teacher Shortage Scholarship Program (DTSS) and the Minority Teachers of Illinois (MTI) Scholarship Program. Awards were first made in the MTI Program in academic year 1991-92, and in the DTSS program in academic year 1995-1996. Collectively referred to as the teacher scholarship programs, DTSS and MTI both provide students up to \$5,000 a year applicable to the cost of education in return for a promise to teach one year for each year of assistance received. DTSS recipients must agree to teach in a shortage area such as bilingual education or special education, while MTI recipients must teach in an Illinois school with a minority student population of at least 30 percent. DTSS applicants receive extra consideration based on financial need, and MTI applicants must be minorities to qualify for the program. At least 30 percent of MTI funding must be awarded to male recipients. Both programs require a minimum 2.5 GPA, at least sophomore status, and limit awards to eight semesters. The requirements of both programs have been changed recently to shorten the time allowed to repay aid, shorten the time before a recipient is required to begin teaching, expand eligibility to freshmen, and expand the shortage areas served. In addition, the DTSS program was renamed to the ITEACH Teacher Shortage Scholarship Program. Most of these changes will not come into effect until academic year 2003-2004.

Illinois' targeted teacher scholarship programs provide annual awards up to up to \$5,000 in return for a pledge to teach in a designated area for one year for each year of assistance received.

Recipients of aid under Illinois teacher scholarship programs are on average a little older than the general student body. Teacher scholarship recipients have an average age of 28 years, and only about 27 percent are age 21 or younger. About 85 percent of recipients are female and about 80 percent are from Chicago or the Chicago area. About 63 percent of teacher scholarship recipients attend public universities, 34 percent attend private universities, and 3 percent attend community colleges. Although slightly more than 41 percent of teacher scholarship recipients received Monetary Award Program (MAP) awards in 2002, the average taxable income for teacher scholarship recipients is higher than for MAP recipients. The Monetary Award Program is Illinois's primary need-based grant program.

In order to gather information about ISAC's teacher scholarship program recipients and the impact of the programs, ISAC conducted a mail survey of past recipients and completed a database review examining recipient status, need and borrowing patterns.

Methodology

The survey instrument included questions concerning when students decided to become a teacher, whether they were able to find a teaching position, and if they plan to remain in teaching, as well as soliciting general demographic information such as age, ethnicity, and gender. The survey was intended to help determine if

the teacher scholarship programs helped to recruit program participants into teaching as a career path, assess the impact the repayment provisions of the programs had on program participants' decision to select a teaching career, and determine whether past recipients are still teaching or have moved to different fields.

A random sample of 770 past recipients was selected to receive a survey. The survey population was chosen from recipients of a scholarship benefit who were currently either teaching, in repayment, had fulfilled their obligation by teaching, or who had repaid their scholarship. Those selected to receive a survey received a second copy if they did not return their survey within two weeks of the initial mailing. Eliminating undeliverable addresses resulted in a sample size of 656 from which a total of 349 surveys were returned for an effective return rate of 53 percent.

Comparisons of demographic data were made between respondents and non-respondents in the sample and between the sample and the demographic data available in ISAC's databases. No important demographic differences between respondents and non-respondents in the sample were identified. The database analysis suggested some possible other differences between sampled past recipients who responded to the survey and those who did not. Specifically, about 5 percent of survey respondents were in repayment status, meaning they were monetarily repaying their scholarships instead of fulfilling their teaching obligation, compared to about 20 percent of the survey nonrespondents. In a related difference, the percentage of nonrespondents with outstanding balances, meaning scholarship amounts which had not been "paid for" with teaching service or paid off monetarily, were slightly higher than respondents. Despite these minor differences, the survey results are likely representative of the general population, however, care should always be used in generalizing the characteristics or opinions of the survey respondents, especially when generalizing from the characteristics of subgroups of the sample or survey respondents.

A survey was sent to teacher scholarship recipients to gather their opinions and assess the impact of the programs.

Findings

Program Outcomes

Based on available database information, there have been about 3,000 unduplicated recipients of teacher assistance through academic year 2000-2001. Of those, about 1,170 or 39 percent, are in one of four "work force" statuses: repayment, teaching, fulfilled, or paid. The remainder are graduated, still in school, or in another status such as disabled. The "work force" statuses indicate a recipient has left school and has probably entered the work force. Repayment status means they have begun repaying their assistance in cash instead of repaying by teaching, teaching status indicates they are currently teaching in a position in Illinois in which they are fulfilling their obligation, paid status means they have repaid their assistance in cash and not by teaching, and fulfilled status indicates they have fulfilled their teaching obligation. Graduated status means a recipient is not in school and is not teaching in an approved position, however,

	<u>Number</u>	<u>Percent</u>
Work force statuses	1,167	39%
<i>Repayment</i>	150	13%
<i>Teaching</i>	256	22%
<i>Fulfilled</i>	748	64%
<i>Paid</i>	13	1%
Graduated	529	18%
In school	1,214	40%
Other	91	3%
Total	3,001	100%

the recipient’s repayment period has not expired and the teaching obligation may still be met. Recipients in graduated status may be working in other fields than teaching and waiting until they repay their aid, or may be involved in other activities and planning to teach in the future. Of those in a work force status, about 150, or 13 percent, are in repayment and approximately 1,000, or 86 percent, are teaching or have fulfilled their teaching requirement. The status of recipients is shown in Table 1.

The time permitted to fulfill the teaching obligation has not expired for most scholarship recipients. Of those recipients who have entered the work force, 86 percent are currently teaching or have fulfilled their teaching requirement.

Recipients who are in school or graduated cannot yet be assessed regarding the outcome of receiving aid. Those in graduated status may be planning to teach or may simply have not yet made a decision as to their career. Considering only those recipients in a work force status suggests more than 85 percent of recipients of assistance under these targeted aid programs are teaching or have fulfilled their repayment obligation by teaching. This suggests that from the perspective of creating teachers, the programs have been a success for 85 percent of recipients. It is important to note, however, that of the recipients in graduated status, about 23 percent have been in graduated status for 5 years or more. While their final work force status is difficult to predict, it seems likely this group of recipients will eventually move into repayment status and are not likely to fulfill their obligation through teaching at an approved school or in an approved discipline. This may reduce the overall program success rate in the future.

Do the Programs Recruit Teachers?

Survey recipients were asked what they planned to study when they entered college and how they intended to use their college training. More than 46 percent indicated they intended to study an education field, including bilingual, elementary, secondary, and special education, when they entered college and 55 percent planned to utilize their training to become a teacher. In contrast,

according to The American Freshman (Fall 2000), 11 percent of incoming freshmen nationwide plan on becoming teachers when they start college.

About 31 percent of survey respondents said they decided to be a teacher during their first two years of college. The majority of those who decided to become teachers when they were undergraduates did so sophomore year. This suggests about one-third of aid recipients may have decided to become teachers at a time when they were eligible for targeted teacher assistance.

About 81 percent of survey respondents indicated they would have pursued teaching even without a teaching scholarship, however, 13 percent said they would not have become a teacher without a teacher scholarship program award.

Survey recipients were asked to agree or disagree with a series of statements categorizing the importance of targeted teacher aid to them in choosing their field of study and career. As shown in Table 2, 81 percent of respondents indicated they would have pursued teaching even without a teaching scholarship and 73 percent of respondents said they didn't consider the availability of aid in deciding to study teaching. About 30 percent of the respondents, however, agreed or strongly agreed that the availability of aid was very influential in helping them to decide to become teachers and fully 13 percent of respondents said they would not have become a teacher without a DeBolt or MTI award. There were no observed differences in the responses of survey recipients to these questions between different Estimated Family Contribution (EFC) groupings.

A follow up analysis suggests teacher aid may have been an important factor for 73 percent of survey respondents for whom database information was available. For the follow up analysis, the college budgets of scholarship recipients (tuition and fees plus a uniform living allowance) were compared to their EFC from the federal needs analysis process, the federal Pell grant amount received and MAP

Table 2: Impact of Targeted Assistance- Recruitment

<u>Percent Who Disagreed or Strongly Disagreed</u>	<u>Statement</u>	<u>Percent Who Agreed or Strongly Agreed</u>
7%	I wanted to become a teacher and would have pursued that in college even without a DeBolt or MTI award.	81%
21%	I simply didn't consider the availability of DeBolt or MTI assistance in deciding what to study.	73%
64%	The availability of a DeBolt or MTI award was very influential in helping me decide to pursue teaching.	30%
80%	I probably would not have become a teacher if I had not received a DeBolt or MTI award.	13%

Percentages do not add to 100 because respondents could also indicate they were "Uncertain."

award eligibility. Teacher scholarship recipients with sufficient need can receive a MAP award for tuition and fees and a teacher scholarship to meet additional education expenses. The analysis indicated 6 percent of the respondents for whom financial information was available had remaining need (college budget, minus EFC, minus Pell, minus MAP) which exceeded the maximum Stafford loan amount for their class level plus a full \$5,000 teacher scholarship. An additional 23 percent had remaining need which could be covered with a Stafford loan and a full teacher scholarship. Fifty percent of respondents for whom financial information was known had remaining need which was less than a full teacher scholarship and 21 percent had no remaining need; meaning their EFC was sufficient to cover their cost by this assessment. This suggests that a teacher scholarship was a very important financing tool for 79 percent of recipients for whom financial information was known.

Survey recipients were also asked about the single most important factor that made them decide to become a teacher. Nearly 21 percent indicated a teacher influenced them, 18 percent said it was just something in which they were interested, and 18 percent indicated they liked working with children. Only 2 percent of respondents said the availability of financial aid for teachers was the most important factor that influenced them to become a teacher.

What Impact Do the Repayment Provisions Have?

Survey recipients were asked to agree or disagree with a series of statements regarding the repayment obligations of DeBolt and MTI assistance. The overwhelming majority, 91 percent, said they fully understood the repayment obligations of the programs, and 65 percent disagreed or strongly disagreed with the idea that they did not give serious consideration to the DeBolt or MTI repayment obligation when they applied for or accepted their award. Only about 13 percent of the respondents agreed or strongly agreed that the repayment obligations made them hesitant to apply for or accept an award. A clear majority of respondents, 83 percent, agreed or strongly agreed with the idea that they expected to become a teacher when they accepted their award and didn't feel they would ever need to repay their aid. This information is shown in Table 3.

About 16 percent of the survey respondents said the repayment obligations of the aid had a strong or very strong influence on their decision to seek employment as a teacher. A high percentage of respondents, 92 percent, said that after completing their education they were able to find a teaching position which allowed them to meet their repayment obligations. Of those who found such a position, almost all, 98 percent, accepted the position. Of those who accepted the position they found, more than 12 percent indicated they would not have or were unsure if they would have taken the position if they had not had to fulfill a DeBolt or MTI repayment obligation. Figure 1 shows the response percentages to a series of questions concerning whether aid recipients found a teaching position.

Do Recipients Stay in the Teaching Field?

Most teacher scholarship recipients understand the repayment obligations of the programs and most are able to find a job which fulfills the requirements.

Table 3: Impact of Targeted Assistance- Repayment Obligations

<u>Percent Who Disagreed or Strongly Disagreed</u>	<u>Statement</u>	<u>Percent Who Agreed or Strongly Agreed</u>
6%	I fully understood the repayment obligations when I received my DeBolt or MTI award.	91%
79%	The DeBolt or MTI repayment obligations made me hesitant to apply for or accept an award in order to pursue teaching.	13%
12%	I was aware of the repayment obligations when I accepted my award but since I expected to become a teacher I didn't feel I would ever need to repay it.	83%
65%	I don't believe I gave any serious consideration to the DeBolt or MTI repayment obligations when I applied for or accepted my award.	25%

Percentages do not add to 100 because respondents could also indicate they were "Uncertain."

Of the survey respondents currently teaching, almost all plan to fulfill their repayment obligations through teaching and to continue teaching after the obligation is met.

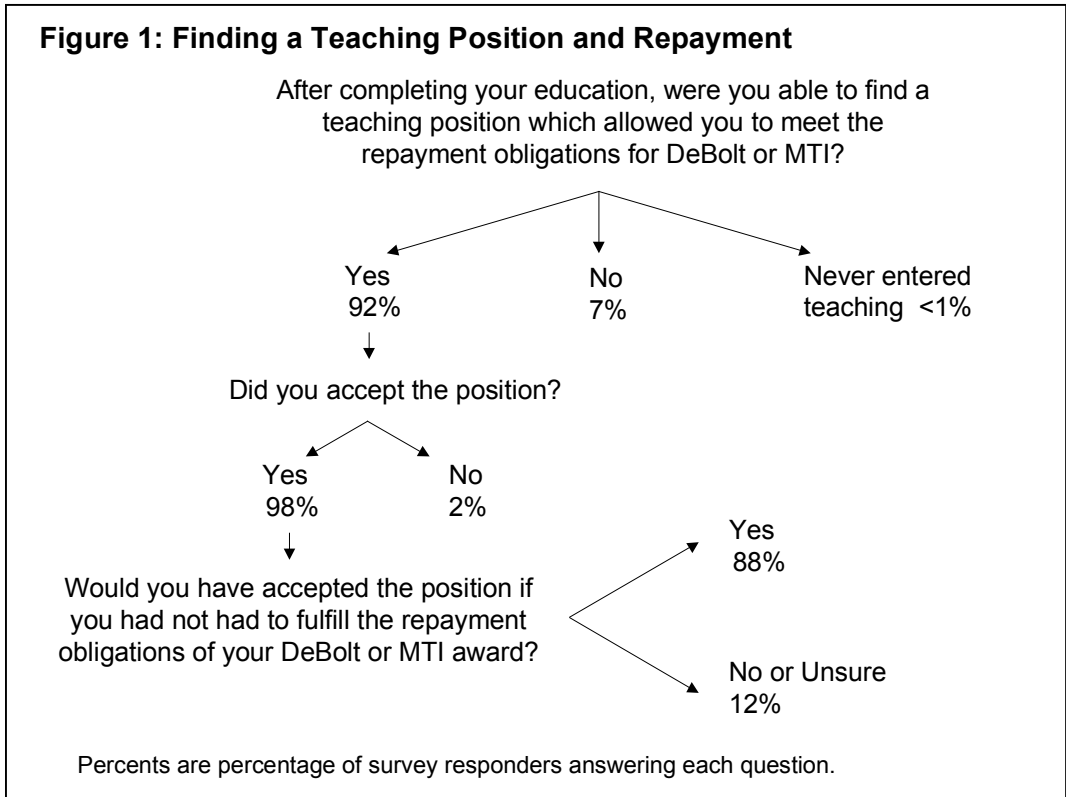
Most survey respondents, 85 percent, are currently teaching and of those who are teaching, 77 percent, have been teaching for at least 3 years. Of the survey respondents who were currently teaching, 87 percent said they plan to teach for at least 3 more years and of those who have been teaching at least 3 years, 87 percent plan to teach at least 3 more years. Of those survey respondents who indicated they were currently teaching, 97 percent stated they planned to fulfill their repayment requirements through teaching. Of those who expected to fulfill their obligation by teaching, fully 93 percent planned to continue teaching after their obligation was met.

Of those survey respondents who indicated they were not currently teaching, 18 percent were not teaching for personal or family reasons, and 15 percent indicated they felt they could make more money in another field. Of those not currently teaching, 62 percent are currently working full time and about one-half plan to enter or return to teaching in the future.

Additional Program Impact- Borrowing Patterns

In addition to examining current recipient status and opinions, DeBolt and MTI recipient borrowing patterns were examined. Specifically, financial need, as measured by EFC, and the average amount borrowed by DTSS and MTI recipients who were seniors and had loans guaranteed by ISAC under the Federal Family Education Loan (FFEL) Program was compared to the need and average amount borrowed by all seniors with ISAC guaranteed FFEL loans, by institution

Figure 1: Finding a Teaching Position and Repayment



for 2000-01 and 2001-02. On average, the DTSS and MTI recipients examined had EFC's between 13 and 34 percent lower than non-recipient seniors, meaning they on average had greater financial need. Despite having greater need, DTSS and MTI recipients had on average about 15 percent less loan debt than non-recipient seniors. These data are shown in Table 4.

Table 4: Recipient Loan Debt Compared to All Seniors

<u>Academic Year</u>	<u>Average Difference in Need (EFC)</u>	<u>Average Difference in Loan Debt</u>
2000-01	-34%	-15%
2001-02	-13%	-16%

Conclusions

Almost one-half of those surveyed indicated they intended to become a teacher when they entered college, a much larger proportion than the 11 percent of all incoming freshmen nationwide who plan on becoming teachers. This suggests DTSS and MTI recipients are clearly more disposed to teaching and more likely to already want to be teachers than other students. Survey results suggest that although many DTSS and MTI recipients might have pursued teaching even without targeted aid, the availability of aid appears to be a key factor for 30 percent of recipients and allowed another 50 percent to reduce or eliminate the

Targeted teacher grant aid helps recipients avoid student loan debt. This is especially important given the borrowing averse nature of lower income student populations and the initial salary levels of many beginning teachers.

For certain segments of the student population, up-front money, regardless of whether it is called a scholarship or a loan which can be "paid off" with a service commitment, may be a better method of providing assistance and encouraging career choices than requiring a student to incur debt now and participate in a repayment program later.

need for loans. A follow-up database review showed no significant difference in the average EFC of survey respondents who said the availability of targeted aid was very influential in helping them pursue teaching and those who did not feel it was influential. This suggests the programs are not recruiting only very needy students pursuing any aid source but are in fact helping students who would like to be teachers decide to study teaching. Targeted financial aid may not be a key decision element for many future teachers, but is clearly an element that helps some students move toward teaching.

Survey data suggest the repayment obligations of the DTSS and MTI programs are not onerous for those participating in the programs. Most of the recipients plan to teach and few expect to repay their awards with cash instead of service. For some recipients, the repayment obligations have encouraged them to teach in shortage positions they might not have otherwise accepted, an outcome clearly consistent with the goals of the State and the programs. The programs represent an opportunity for recipients who were already planning to teach in any case to receive what is effectively additional grant aid. The opportunity for additional grant aid which may allow students to avoid incurring additional debt is especially important given the initial compensation and salary levels of many beginning teachers.

Based on survey data, it does not appear to be the case that most DTSS and MTI recipients teach only long enough to fulfill their obligation and then move to other positions or fields. Survey respondents clearly plan to remain in teaching, and in fact are teaching, even after their repayment obligations have been met. It is important to note, however, that in general once teachers enter the field they are likely to remain teachers. Data from the National Center for Education Statistics (NCES) suggest those who teach at the K-12 level are "among the most stable of all employed graduates with respect to their occupations 3 years later." DTSS and MTI recipients are becoming teachers, and whether due to the repayment obligations or the simply the nature of the field, are remaining teachers.

There are strong opinions in the financial aid community about whether student financial aid should be used as a tool to address work force shortages, and if it should, about the best method of encouraging and supporting the desired student choices and behavioral changes. A recent article entitled *Advantages and Disadvantages of Loan Forgiveness and Repayment Programs* defines loan forgiveness programs as programs in which a loan is made to a student and the loaning authority, usually a state, forgives a portion of the loan for service in a particular targeted field. Loan repayment programs are defined as programs in which previously incurred educational loans are paid off for qualified individuals working in a targeted field. Under the terminology used in the article, Illinois' teacher scholarship programs are "loan forgiveness" programs. The article suggests loan forgiveness programs are less desirable than loan repayment programs in terms of administrative ease and effectiveness.

From a student's perspective, up-front scholarship or "loan forgiveness" programs offering immediate funding may have a greater influence on the choices they make than any promise of future payments a "loan repayment" program can present. A number of sources suggest certain segments of the

student population, particularly minority and low-income students, are more averse to borrowing than other segments of the population. For borrowing averse populations, up-front money, regardless of whether it is called a scholarship or a loan, which can be “paid off” with a service commitment may be a better method of providing assistance and encouraging career choices than requiring a student to borrow and incur debt in order to participate subsequently in a repayment program. Loan repayment programs force student to take loans without a guarantee or an entitlement of future assistance in retiring the debt. The DTSS and MTI programs target minority and low-income students. For these populations, loan forgiveness, instead of loan repayment, may be a more effective option. The database review suggests that the DTSS and MTI programs allow the targeted populations to complete their education with less debt. When placed in the context of the initial compensation and salary levels of beginning teachers mentioned earlier, lowering overall educational debt becomes even more important.

When asked if there was any one thing the State could have done when they were in school or could do now to make it more likely they would remain in the teaching profession, the two most common suggestions made by survey respondents were to increase teacher salaries and expand financial aid eligibility to teachers pursuing a master’s or other graduate degree. In Illinois, as in other states, an advanced teaching degree translates to higher pay in the teaching workplace. Expanding the programs to help teachers obtain a master’s degree and a corresponding increase in salary might have positive effects on teacher recruitment and retention and make the programs even more successful.