

CHAPTER 12

Teacher Shortage Loan Forgiveness Program

Overview:

The Teacher Shortage Loan Forgiveness Program is a state-funded program that will provide student loan repayment assistance to Iowa teachers repaying Federal Stafford and Consolidation Loans. This program is designed to increase the number of teachers in Iowa schools teaching in instructional shortage areas designated by the Iowa Department of Education. The Teacher Loan Forgiveness Program is administered by the Iowa College Student Aid Commission.

Date Established: July, 2007

Funding:

TEACHER LOAN FORGIVENESS PROGRAM FUNDING HISTORY		
ACADEMIC YEAR	STATE APPROPRIATION	TOTAL FUNDING
2007-08	\$485,400	\$485,400
*2008-09	\$478,119	\$478,119
**2009-10	\$438,282	\$438,282
2010-11	\$421,016	\$421,016
2011-12	\$392,452	\$392,452
2012-13	\$392,452	\$392,452

* Reduced by 1.5% due to mid-year across the board cut.

** Reduced by 10% due to across the board cut on 10/8/09. Backfill appropriation added \$43,828 on 10/28/09.

A. Eligibility Requirements:

To be eligible for loan forgiveness, teachers must:

- Be teaching in designated shortage areas at Iowa kindergarten through 12th grade schools recognized and approved by the Iowa Department of Education,
- Complete and file annual applications by the deadline established by the Commission. If funds remain available after the application deadline, the Commission will continue to accept applications,
- Annually assist the Commission with collecting affidavits of practice verifying that they are teaching in eligible teacher shortage areas,

- Begin their first teaching jobs in Iowa on or after July 1, 2007,
- Not be in default on a federal student loan,
- Seek loan forgiveness within 10 years of graduating from the approved practitioner preparation program.

B. Application Process:

Teachers must complete the Iowa Financial Aid Application between January 1 and March 31. If funding remains after funding all eligible applications received on or before the priority deadline, additional applications will be considered for awards.

C. Selection of Recipients:

If funding is not available to assist all on-time applicants, awards will be made using the following priorities in the order listed:

- Application renewal status – Renewal applications receive priority
- Instructional shortage area being served (if ranked by the Iowa Department of Education)
- Geographic shortage area being served (if ranked by the Iowa Department of Education)
- Iowa Residency Status
- Employment status – full-time, part-time
- Total indebtedness
- Date of Application

D. Award Amounts and Limits:

The maximum annual award shall be the lesser of:

- The average resident tuition rate established for students attending universities governed by the Iowa board of regents for the first year following the teacher's graduation from an approved practitioner preparation program, or
- Twenty percent of the teacher's total federally guaranteed Stafford/Consolidation loan balance, including principal and interest, under the Federal Family Education Loan Program (FFELP) or the Federal Direct Loan Program (FDLP). Eligible loans include subsidized and unsubsidized Stafford loans and consolidated loans. Only the outstanding portion of a Federal Consolidation Loan that was used to repay an eligible subsidized or unsubsidized Federal Stafford Loan, an eligible Direct Subsidized Loan, or an eligible Direct Unsubsidized Loan qualifies for loan forgiveness.

E. Renewal Eligibility:

- Recipients may receive loan forgiveness for a maximum of five consecutive years. Recipients who fail to complete five consecutive years teaching in the designated shortage area will not be considered for subsequent years of forgiveness.
- Recipients must annually complete an application by the deadline established by the Commission.
- Practice by an eligible teacher in a shortage area must be completed within 10 years following graduation from the approved practitioner preparation program.

F. Disbursement of Loan Forgiveness Funds:

- Loan payments will be disbursed upon completion of the year for which forgiveness was approved and upon certification from the school district that the teacher was employed during the entire academic year and completed the academic year in good standing.
- Loan proceeds will be distributed to the recipient's student loan holder and applied directly to eligible loans.