



DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington St., S.W., Suite 1-156
Atlanta, Georgia 30334-8400

Greg S. Griffin
STATE AUDITOR
(404) 656-2174

January 23, 2020

Honorable Dave Belton
State Representative
612-G Coverdell Legislative Office Bldg.
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Bill 736 (LC 49 0035S)

Dear Representative Belton:

The bill would establish a loan forgiveness program for certain teachers who teach in qualifying public schools. Qualifying schools include those in rural counties with populations of 35,000 or less and turnaround eligible schools that are not among the lowest-performing schools deemed by the Chief Turnaround Officer to be in the greatest need of assistance. To be eligible for the program, teachers would have to:

1. have obtained a bachelor's degree in education from a postsecondary institution in Georgia,
2. hold or be eligible to timely hold a certificate, permit, or other certification document, including clearance certificates, issued by the Georgia Professional Standards Commission,
3. have an outstanding loan balance for postsecondary education received at a postsecondary institution in Georgia, and
4. have taught in one or more qualifying public schools for five years (consecutive or nonconsecutive).

The program would cover the costs of tuition not covered by the teacher's HOPE scholarship and would not cover loan amounts attributable to books, fees, or living expenses. Loan repayment assistance would be available to eligible teachers on a first-come, first-served basis as long as funds are available.

The cost of the bill is dependent on the amount appropriated to the program, not the number of teachers that would qualify or their loan balances. The Georgia Student Finance Commission (GSFC), which would administer the program, noted that its costs are typically three percent of program expenditures, though in the first year the costs would be approximately six percent.

While we were unable to determine the cost of the bill, we estimate that approximately 8,000 teachers are potentially eligible for the loan forgiveness program. This is based on the number of eligible schools, the length of service for teachers in those schools, and the percentage of education-related graduates with student loans upon graduation. The list of eligible teachers could be lower if any turnaround eligible schools are also among the lowest performing as determined by the state's Chief Turnaround Officer.

- *Eligible Schools* – In 2019, there were 571 qualifying schools, either located within a rural county as defined by the bill or on the list of turnaround eligible schools.
- *Teachers* – The schools have approximately 23,000 certified teachers, but those with less than five years of service are ineligible for the program and those with many years of service are unlikely to have student loans. As of the fall of 2019, there are approximately 4,000 teachers with a bachelor's degree or higher who had taught at qualifying schools between five and nine years. Approximately 7,500 teachers have 10 to 19 years of service. If teachers return to school for an advanced degree, it is possible that they would have student loans more than ten years after beginning their career.
- *Student Loans* – A national average of 67% of education-related graduates have student loan debt upon graduation. Assuming 67% of teachers with five to 19 years of service have a loan, 7,972 teachers would be eligible.

According to data from the U.S. Department of Education, Georgia education-related graduates have an average student loan debt of approximately \$31,000 upon graduation. We were unable to determine the portion of loans that were paid for disallowed expenses such as books, fees, and living expenses.

Sincerely,



Greg S. Griffin
State Auditor



Kelly Farr, Director
Office of Planning and Budget