



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

TAB B

May 19, 2022

Terrel H. Bell Incentive Loan Program Forgiveness

The Terrel H. Bell Incentive Loan Program (TILP) was created in 1984 to recruit students to teach in prioritized critical areas of need in Utah's public schools. Since its inception, the program has supported thousands of students entering the teaching profession. The popularity of incentive loan programs peaked in the 1980s-1990s; however, such programs have since been shown to create confusion regarding post-graduation obligations among recipients, especially among students from historically underserved populations.

With the passage of H.B. 188 during the 2019 Legislative General Session, the TILP transitioned from an incentive loan program to a scholarship program. Since this transition, students awarded before 2019 have been required to continue repaying their loans or teach full-time in exchange for loan credit.

The administrative system for tracking loan repayment is managed and accessible only to UHEAA staff through a contract agreement with the Pennsylvania Higher Education Assistance Authority. The current administrative cost to maintain the TILP legacy system exceeds the value of the revenues generated by loan payments that have been used to augment the funds in the current scholarship program since 2019. The cost to transition the system to the Commissioner's office has warranted a proposal to forgive the current outstanding debt and cease administrative operations of the TILP before diminishing revenues from legacy loan payments create a deficit cost for the Commissioner's office in the next 2-5 years.

There is a balance of \$3,057,262 remaining to be paid through teaching or monetary repayment for 429 students. The average amount forgiven for the remaining students is \$7,126.

Board of Higher Education policy R630-5.3 "delegates to the Commissioner of Higher Education authority to approve the postponement or waiver of repayment obligations as well as leaves of absence for the Terrel H. Bell Teaching Incentive Loan Program."

Commissioner's Recommendation

Due to the cost of administration of TILP, the barriers created by incentive loan programs in general, and the critical educator shortage across the state, the Commissioner recommends outstanding loans be forgiven effective May 31, 2022.