



# Georgia Department of Audits and Accounts Performance Audit Division

Greg S. Griffin, State Auditor  
Leslie McGuire, Director

## Why we did this review

This follow-up review determined the extent to which the General Assembly, Georgia Board for Physician Workforce, Georgia Department of Agriculture, State Veterinary Education Board, University of North Georgia, Georgia Military College, Georgia National Guard, and Georgia Student Finance Authority addressed recommendations presented in our October 2017 performance audit (Report #17-07).

The 2017 performance audit was conducted due to the state's increased investment in loan forgiveness programs.

## About Loan Forgiveness Programs

Loan forgiveness is an incentive typically used to recruit and retain individuals to high-need occupations or geographic areas. Loan forgiveness programs either provide student loans which can be forgiven if a service obligation is met or provide funding toward existing student loan debt.

Georgia funds various loan forgiveness programs targeted to occupations such as medical professionals, National Guard members, large animal veterinarians, engineers, and public service employees. State appropriations to the various programs have been stable since the original report, ranging from \$8.9 million in fiscal year 2018 to \$8.7 million in fiscal year 2020.

## Follow-Up Review Loan Forgiveness Programs

### Limited progress has been made on loan forgiveness program assessment

### What we found

Since our 2017 performance audit, the General Assembly has not taken action to assign responsibility for periodically assessing whether programs are still needed and the extent to which each program is achieving its intended purpose. State agencies and schools have taken few steps to address report recommendations intended to enhance the effectiveness of the programs.

The original audit assessed whether loan forgiveness programs were targeted to high-need occupations and geographic areas, as well as the recruitment and retention effects of the programs. It noted that not all programs had a clearly stated purpose, and some appeared to be unrelated to addressing occupational needs. No entity was responsible for assessing effectiveness or the continued need for some programs. The report also found opportunities to enhance the effectiveness of loan forgiveness programs, including improved marketing, program design changes, higher award amounts, and/or higher penalties.

### Legislative Action

As noted in the initial report, while these loan forgiveness programs are generally used to recruit and retain individuals to specific fields or occupations, some appeared to have a different purpose, such as supporting a school or individuals employed in traditionally low-paying sectors even when no worker shortage exists. Regardless, the General Assembly has not assigned responsibility for periodically assessing program effectiveness or the continued need for the programs. Specifically, the General Assembly has not directed the Department of Agriculture (GDA) to periodically determine whether a large animal veterinarian

shortage continues to exist or required any state entity to determine whether an engineering shortage continues to exist.

### Program Performance Measures

Many loan forgiveness programs continue to lack performance measures. The Georgia Board for Physician Workforce (GBPW) has not established performance measures for its loan repayment program, though agency personnel indicated that a recently hired data analyst will be working on establishing metrics. The State Veterinary Education Board has also not established performance measures to assess the effectiveness of the Veterinarian Loan Repayment Program. In the last couple of months, the Georgia National Guard set a target of 70% of scholarship holders at the University of North Georgia successfully completing the program and obtaining a commission in the Georgia Army National Guard. At Georgia Military College, the target is for 50% of scholarship holders to successfully complete the program and obtain a commission. GSFA has not adopted performance measures for the state's two engineering programs.

### Opportunities for Increased Effectiveness

State entities have made some progress towards addressing report recommendations related to program recruitment and retention efforts. Both GBPW and the State Veterinary Education Board have improved marketing of their respective loan forgiveness programs, including providing flyers to medical and veterinarian schools and increasing social media presence. In addition, GBPW increased the county population limit for its loan forgiveness program from 35,000 to 50,000, to better target rural underserved areas that were excluded due to the previous population cap. The State Veterinary Education Board is considering utilizing additional criteria for prioritizing awards such as the number of veterinarians and livestock populations in each county. GSFA and the Georgia National Guard have improved the service verification process, including proactively providing forms to recipients and working together to ensure recipients complete and submit the service verification forms to GSFA.

While some changes were made, none of the state entities operating loan forgiveness programs have increased award amounts or penalties. The original report noted that higher award amounts would likely positively impact a program's recruiting effect, and that harsher penalties are likely to increase the rates of service completion. In addition, GBPW has made no changes to the requirement that applicants for its loan forgiveness program be employed in the desired geographic area prior to receiving an award. This limits the program's influence as applicants must be willing to work in the targeted areas without the incentive. Lastly, GSFA has taken no action on targeting the Student Access Loan public service cancellation option towards specific public service employee sectors.

*GBPW Response:* The GBPW board will continue to work to establish performance measures for its loan repayment program.

*GDA Response:* GDA officials agree that the shortage of large animal veterinarians does exist and noted that it will continue to work with partners to identify areas of need. GDA also agrees that "the collection and consideration of statistical data by the State Veterinary Education Board would also be helpful to best evaluate the rural areas of veterinary need. The ability to utilize data on numbers of livestock species and producer access to food animal veterinary care would be extremely helpful to the Board." Finally, GDA agrees that statistical data is important to evaluate the program and believes that the data can be collected within the program's current form. It sees "no benefit" to changing the program's design.

*Georgia Military College (GMC) Response:* "Although GNG has placed a new officer at GMC to increase successful completion of scholarship recipients at the school and to redirect appropriate students to the University of North Georgia (UNG), the GNG has not yet designated individuals/departments who are responsible for developing the performance measures at either institution. Ideally the designated parties would also be responsible for providing feedback to the GNG

during and after establishing the requested performance measures. GMC recommends this designation be made in order for progress to be made on this mission.”

**Georgia National Guard (GNG) Response:** GNG stated “we will continue to work to ensure that our actions to address your other recommendations lead to continued success. To that end, we will work with the Georgia Student Finance Commission to ensure that the process to ensure that Guardsmen continue to be qualified for the benefits is effective. We will also closely monitor the use of the Georgia National Guard Service-cancelable Loan Program (GNGSCLP) and work with the legislature to ensure proper funding. Finally, we will support any legislative initiatives that are brought forward to add support to the fact that we use the GNGSCLP to recruit Guardsmen as well as retain them.”

**GSFA Response:** GSFA disagreed with some of the original report recommendations and, as a result, disagreed with the portrayal of the current status in the follow-up review. “GSFA feels that many recommendations about the loan forgiveness programs it administers were made in a limited context. While the recommendations made may make sense from a purely audit perspective, they cannot be adopted without considering a number of external factors. Some recommendations could not be adopted in isolation without consult, input, and authorization from policymakers, and some are incongruent with industry best practices.” GSFA specifically mentioned its inability to increase award amounts and penalties for nonpayment through services, the adoption of additional performance measures, and the inclusion of the Student Access Loan in the report.

**Auditor’s Response:** The audit did not recommend that GSFA unilaterally increase recipient award amounts or penalties for those not completing service requirements. The report noted that loan forgiveness programs with higher awards and higher penalties are more likely to influence behavior of individuals than programs with lower awards and penalties. As examples, it noted that SEE (a GSFA program) had a lower percentage of repayment through service than the Georgia Military Scholarship that provides a greater benefit. It also noted that SEE can be repaid at an interest rate at or below other student loans. As a result, students can easily use the scholarship as a loan with little intention of working in Georgia.

**Mercer Response:** Mercer noted that student inquiries to Mercer University’s School of Engineering programs have increased. “Furthermore, employment demand for engineers in the state of Georgia exceeds the number of graduates with an average of 5.5 job postings per graduate according to Burning Glass data, 2019. According to the Bureau of Labor Statistics, the 3-year historical growth for employment in the engineering fields specific to Mercer University have grown by 7.5% and the 5-year historic growth is 6.2%. In order to meet the needs of industry, Mercer University’s School of Engineering significantly contributes with high-value and in-demand engineers. At Mercer University’s 2018-2019 Career Fair, half of the employers who attended were based in Georgia and of those, 68% of companies were on campus to hire engineers.”

**University of North Georgia Response:** “We will continue our ongoing conversations with the Georgia National Guard to ensure the success of this program and produce the highest-quality officers to assist in meeting the readiness goals of the Georgia Army National Guard. Designated as the Military College of Georgia, we serve a critical role in the readiness of the Georgia National Guard, and this program helps to recruit and retain talented individuals who wish to serve their state and country.”

The following table summarizes the findings and recommendations in our 2017 report and actions taken to address them. A copy of the 2017 performance audit report 17-07 may be accessed at <http://www.audits.ga.gov/rsaAudits>.

<b>Loan Forgiveness Programs Follow-Up Review, June 2019</b>	
<b>Original Findings/Recommendations</b>	<b>Current Status</b>
<p><b>Not all loan forgiveness programs were created to address a shortage within an occupation or field. Those that are created to address a shortage are not always well targeted and their need is not routinely assessed.</b></p>	<p>Summary of other findings – Recommendations for each loan forgiveness program are discussed below</p>
<p><b>The state’s loan forgiveness programs have increased the number of individuals within targeted occupations or geographic areas, but opportunities for increased effectiveness exist.</b></p>	<p>Summary of other findings – Recommendations for each loan forgiveness program are discussed below</p>
<b>Physicians, Physician Assistants, and Advanced Practice Register Nurses for Rural Areas Assistance Act Programs</b>	
<p><b>While there is a shortage of medical professionals in areas of the state, program criteria do not ensure the neediest counties are eligible and prioritized for funding.</b></p> <p>We recommended that GBPW revise the geographic requirement to ensure that program funds are targeted to the highest-need rural areas.</p>	<p><b>Partially Addressed</b> – Since the original audit, GBPW has increased the maximum county population requirement to 50,000. Previously, applicants were required to practice in a county with a population of less than 35,000. GBPW has considered adding additional criteria to ensure that program funds are targeted toward the highest-need rural areas but has not yet made any changes.</p>
<p><b>Georgia’s loan repayment program has recruited physicians to rural areas, and these physicians have slightly higher retention rates than non-program physicians. However, opportunities exist for increased effectiveness.</b></p> <p>We recommended that GBPW improve marketing to ensure that graduating and new medical professionals are aware of available loan forgiveness programs. In addition, we recommended that GBPW consider design changes such as larger annual award amounts, multi-year awards, and a modification of the requirement that applicants already be employed in the rural area. We also recommended that GBPW consider providing joint awards with organizations that hire medical professionals.</p> <p>Lastly, we recommended that GBPW adopt performance measures to evaluate the extent to which the program meets its intended purpose of increasing the number of medical professionals in rural areas.</p>	<p><b>Partially Addressed</b> – GBPW has improved marketing of its loan forgiveness program, including a new promotional video, increased social media presence, and attending medical school fairs. GBPW considered increasing the annual award amount from \$25,000 to \$30,000 but did not do so. It received no additional funding from the General Assembly and did not want to decrease the total number of awards. No other design changes have been implemented or considered.</p> <p>GBPW met with the Georgia Hospital Association to determine the feasibility of providing joint awards with matching funds but decided that rural hospitals lack the funds to do so. There was no consideration of partnering with other community organizations.</p> <p>GBPW has not adopted any performance measures since the original audit, but it has recently hired a data analyst who will assist with their creation.</p>

<b>Loan Forgiveness Programs Follow-Up Review, June 2019</b>	
<b>Original Findings/Recommendations</b>	<b>Current Status</b>
<b>Veterinarian Loan Repayment Program</b>	
<p><b>While there is a shortage of large animal veterinarians in certain parts of the state, the Veterinarian Loan Repayment Program’s criteria does not ensure that the identified shortage areas are eligible for funding.</b></p> <p>We recommended that the General Assembly require the Department of Agriculture to periodically determine whether a large animal veterinarian shortage continues to exist. We also recommended that the General Assembly consider revising state law to allow the State Veterinary Education Board to consider relevant statistical data, including the numbers of cattle, swine and large animal veterinarians, when determining rural, underserved areas eligible for loan repayment.</p>	<p><b>Not Addressed</b> – The General Assembly has taken no action to address the recommendations. State law has not been changed to require GDA to assess the need for the program or to permit the Board to utilize relevant statistical data to determine eligible areas for the program.</p> <p>GDA officials indicated that the Veterinary Education Board and the agency both agreed that a shortage of food animal veterinarians does exist. The Board also agreed that “collection of additional statistical data can and should be explored to ensure that successful award recipients best meet the needs of those rural communities in most need of food animal veterinarians.”</p>
<p><b>The State Veterinary Education Board has not established performance measures to assess the effectiveness of the Veterinarian Loan Repayment Program.</b></p> <p>We recommended that the State Veterinary Education Board adopt performance measures aligned with the program’s intended purpose of increasing the number of large animal veterinarians in rural areas. In addition, we recommended that the Board determine if design or operational changes should be considered to maximize the effectiveness of the Veterinarian Loan Repayment Program.</p>	<p><b>Partially Addressed</b> – The State Veterinary Education Board has not adopted performance measures to evaluate the program’s success in meeting its purpose. GDA pointed to limited usefulness of performance measures given the low number of participants in the program (i.e., five per year).</p> <p>GDA stated it sees no benefit at this time to change award design. However, it has increased free marketing efforts in appropriate publications and is in the process of using data to determine which rural counties have increased need for large animal veterinarians.</p>
<p><b>Georgia National Guard Programs</b>                      University of North Georgia Military Scholarship (GMS)                      Georgia Military College State Service Scholarship (SSS)                      Georgia National Guard Service Cancelable Loan</p>	
<p><b>The Georgia National Guard loan forgiveness programs were not created specifically to address a shortage.</b></p>	<p><b>No Recommendation</b></p>
<p><b>To varying degrees, recipients of Georgia’s loan forgiveness program awards are more likely to enlist and remain in the Georgia National Guard. While they may meet the required service obligation, many scholarship recipients do not graduate or commission as officers.</b></p>	<p><b>Fully Addressed</b> – While the Georgia National Guard (GNG), the University of North Georgia (UNG), and Georgia Military College (GMC) all agree to work together to establish performance measures, some progress has been made since the original report. GNG noted that it has placed a new officer at GMC to increase successful completion of scholarship recipients at the school and to redirect appropriate students to UNG. GNG recently set targets for the scholarships at UNG and GMC. For</p>

<b>Loan Forgiveness Programs Follow-Up Review, June 2019</b>	
<b>Original Findings/Recommendations</b>	<b>Current Status</b>
<p>We recommended that the Georgia National Guard, University of North Georgia, and Georgia Military College work together to adopt performance measures that assess which GMS and SSS programs are achieving their intended purposes. Based on stated purposes, these measures would assess the percentage of recipients that were influenced by the program, as well as graduation and commission rates.</p> <p>We also recommended that the General Assembly determine whether the funding for the Georgia National Guard Service Cancelable Loan is intended to encourage individuals to join the National Guard or to serve as a new benefit for a portion of existing Guard members. If intended to recruit and retain members, additional funding would likely be needed to accommodate a larger number of applicants.</p> <p>Lastly, we recommended that GSFA and the Georgia National Guard improve the service verification process using Department of Defense data that indicates whether a Guard member qualifies for service cancellation.</p>	<p>UNG, the target is 70% of scholarship holders successfully completing the program and obtaining commissions in the Georgia Army National Guard. For GMC, the target is 50% of scholarship holders successfully completing the program and gaining commissions in the Georgia National Guard.</p> <p>Since the release of the original report in 2017, an editor's note was discovered in the O.C.G.A. that indicates that the service cancelable loan was established as a recruitment and retention program to adequately staff the Georgia National Guard. In addition, the General Assembly changed state law in 2018 to require two years of service in the GNG after the last semester or quarter of receiving the loan and expanded the program to graduate students.</p> <p>GSFA and GNG have improved the service verification process. Scholarship recipients are provided with the verification of status forms proactively and are told of the importance of completing and submitting when required. When a large number of verifications are due, GSFA works with GNG to notify recipients and then to track down those for which the verification of service form has not been received by GSFA.</p>
<b>Engineering Programs</b> Scholarship for Engineering Education (SEE) [Mercer University] Scholarship for Engineering Education for Minorities (SEEM)	
<p><b>It is uncertain whether Georgia has a statewide shortage of engineers requiring loan forgiveness programs.</b></p> <p>We recommended that the General Assembly require a state entity to periodically determine whether an engineering shortage that justifies the program continues to exist.</p>	<p><b>Not Addressed</b> – The General Assembly has not required any entity to periodically determine whether an engineering shortage that justifies the program continues to exist.</p> <p>Mercer University stated that there is an overall need for engineers in the state and that it is an important contributor to engineering personnel at Robins Air Force Base. GSFA agreed with Mercer's statements regarding program need.</p>
<p><b>SEE recipients may be more likely to work as engineers in Georgia; however, it appears that the majority of SEE recipients would likely have majored in engineering and stayed in Georgia even without the award.</b></p> <p>We recommended that GSFA adopt performance measures that measure the extent to which the engineering programs align with the program's intended purpose. The measures should account for the percentage of recipients that were influenced by the program to major in engineering and work in Georgia.</p>	<p><b>Not Addressed</b> – GSFA has not adopted performance measures to evaluate the extent to which the engineering programs align with their intended purposes. Four measures reported to the Governor's Office of Planning and Budget primarily show activity and cost, though one indicates the percentage of students repaying through services. From fiscal year 2010 to 2018, this percentage has declined from 60% to 26% of students.</p> <p>As it did in response to the original report, GSFA indicated measuring the program's influence on recipients through a survey instrument would be difficult, if possible at all. It would require a valid, accurate survey instrument and a sufficiently high response rate.</p>

<b>Loan Forgiveness Programs Follow-Up Review, June 2019</b>	
<b>Original Findings/Recommendations</b>	<b>Current Status</b>
	Mercer University stated it will contact all SEE graduates, beginning with the 2018-2019 academic year, to participate in an exit interview. This interview will collect information on graduates' employment plans and ask graduates the extent to which SEE influenced students choosing the engineering field and working in the state of Georgia.
<b>Student Access Loan Public Service Employee Loan Forgiveness</b>	
<b>The loan forgiveness option of Georgia's Student Access Loan program was not designed to address a specific workforce need.</b>	<b>No Recommendation</b>
<p><b>It is unlikely that SAL recruits or retains individuals to high-need occupations or geographic locations.</b></p> <p>We recommended that GSFA consider eliminating the public service cancellation option given that it is not designed to address specific occupations with a shortage and its limited use.</p>	<p><b>Partially Addressed</b> – GSFA stated that it considered but did not support eliminating the public service cancellation option. It noted that the option supports individuals who choose to go into fields that pay less, and the option makes up a small component of SAL. In addition, the limited use of the option was noted as a concern in the original audit, but the number of public service cancellation option recipients have increased from 12 in fiscal year 2016 to 39 in fiscal year 2018.</p> <p>In response to the 2017 audit, GSFA stated that it would look at options to target the public service cancellation option to specific public service employee fields. Agency officials have determined that they do not have the information necessary to target the program. Officials also indicated support for the benefit given that there is no "appreciable benefit by eliminating it."</p>
<b>12 Findings</b>	<p><b>1 Fully Addressed</b></p> <p><b>4 Partially Addressed</b></p> <p><b>3 Not Addressed</b></p> <p><b>2 Summary Findings (Status is reported within ten program findings)</b></p> <p><b>2 No Recommendation</b></p>

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The Performance Audit Division was established in 1971 to conduct in-depth reviews of state-funded programs. Our reviews determine if programs are meeting goals and objectives; measure program results and effectiveness; identify alternate methods to meet goals; evaluate efficiency of resource allocation; assess compliance with laws and regulations; and provide credible management information to decision makers. For more information, contact us at (404)656-2180 or visit our website at [www.audits.ga.gov](http://www.audits.ga.gov).