

Faculty Loan Repayment Programs

HCAI Health Workforce Education and Training Council Discussion Brief

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Why this is important

- A significant obstacle to expanding California's professional health workforce -- including all levels of nurses, physicians, and physician assistants -- is a lack of qualified faculty. The American Association of Colleges of Nursing (2022a) reported that, in 2021, U.S. nursing schools turned away 91,938 qualified applications from baccalaureate and graduate nursing programs, with faculty shortages listed as the primary reason. Lack of qualified faculty is also frequently reported as a barrier to expanding graduate medical education for physicians in California. (Ament et al. 2021, 2022a, 2022b; Lechner et al. 2021).
- A variety of factors contribute to the health professional faculty shortage, but a major factor is financial. Often, faculty salaries are significantly lower than salaries outside of academia. This is particularly true in nursing: according to the American Association of Colleges of Nursing (2022b), advance practice registered nurses earn on average 37 percent more than master's-prepared professors in schools of nursing. Published research on this topic focuses on physicians and suggests that this salary differential impacts career choice, especially for those with substantial educational debt. (Phillips et al. 2019; Nguyen et al. 2017; Richards et al. 2018; Andriole and Jeffe 2012; Andriole and Jeffe 2016; Baugh et al. 2020).
- The federal government and several states have implemented financial incentives to minimize the barrier to entry into academia for students with high levels of educational debt. One such incentive is faculty loan repayment, which provides loan repayment assistance to qualified professionals who serve as faculty at an academic institution.

What we know

- The U.S. Health Resources and Services Administration offers the following faculty loan repayment programs:
 - The [Faculty Loan Repayment Program](#), which provides financial assistance to health professional faculty members from economically and environmentally disadvantaged backgrounds
 - The [Nurse Corps Loan Repayment Program](#) which seeks in part to increase the number of qualified nursing faculty nationwide

- The [Dental Faculty Loan Repayment Program](#), which aims to increase the number of dental and dental hygiene faculty
- The National Institutes of Health offers a [loan repayment program](#) to recruit and retain highly qualified health professionals into biomedical or biobehavioral research careers, which could include faculty at academic medical centers.
- All of these federal faculty loan repayment programs are very small in terms of budget and number of people served compared to the much larger [National Health Service Corps Loan Repayment Program](#), which recruits medical, nursing, dental, and behavioral/mental health clinicians to eligible communities of need designated as Health Professional Shortage Areas.
- Several states have implemented state-funded loan repayment programs. For example, Maryland's Health Services Cost Review Commission implemented the Nurse Support Program which offers scholarships to nursing students interested in pursuing academic medicine, as well as financial assistance for professional expenses such as professional development, loan repayment, and other relevant costs for new nursing faculty (Daw et al. 2021). Other states (including Georgia, Minnesota, North Dakota, Tennessee, Vermont, and Virginia) have offered similar programs to nurses specifically (Morgan et al. 2014).
- There is minimal published literature on the effectiveness of faculty loan repayment programs. A 2014 mixed-methods study of state-funded support-for-service (ie. loan repayment, direct incentive, and scholarship) programs to address nursing faculty shortages in eight states concluded that such programs appeared to play a major role in retaining nurse faculty and allowing faculty to upgrade their educational credentials (through tuition assistance) but played a somewhat smaller role in expanding the pool of nurse educators through recruitment into the field. (Morgan et al. 2014).
- Loan repayment programs are most often used to encourage clinicians to practice in underserved areas, and most of the literature on the impact of loan repayment programs examines the physician workforce, particularly the performance of the National Health Service Corps. Review of available evidence suggests that loan repayment in this context is effective, at least in the short term. Longer term studies are scarce. (Rittenhouse et al. 2021)

For discussion

- Should HCAI implement a faculty loan repayment program for nursing and GME at this time?
- Should HCAI consider implementation of a faculty loan repayment program in the future?
- What other policies could HCAI consider that – taken together -- would create an effective and cohesive strategy for recruitment and retention of health professions faculty in California?
- What additional policies or strategies could be adopted by HCAI's employer or educational partners that would help to address the health professional faculty recruitment and retention?
- What additional data/research/information is needed on this topic?

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APPENDIX TABLE A

Program	Source	Population	Qualifications	Financial compensation and obligation	Length of award
Faculty Loan Repayment Program (FLRP)	HRSA	Faculty for: Allopathic or osteopathic medicine Podiatric medicine Veterinary medicine Dentistry Pharmacy Optometry Nursing (Registered Nurse or Advanced Practice Registered Nurse) Public health (graduate level) Physician assistant Behavioral and mental health (graduate level) Allied health professions	<ul style="list-style-type: none"> • Be a U.S. citizen, U.S. National, or Lawful Permanent Resident • Come from an environmentally or economically disadvantaged background • Have a student loan from earning an eligible health professions degree/certificate • Have an employment commitment from an eligible health professions school for a full-time or part-time (as defined by the school) faculty position for a minimum of two years • Provide an official agreement from the employing eligible health professions school that has agreed to pay principal and interest for the applicant's educational loans in an amount equivalent to the loan repayments made by HRSA 	<ul style="list-style-type: none"> • Up to a maximum of \$40,000, for a full-time or part-time two-year service obligation. • The corresponding federal tax liability paid directly to the Internal Revenue Service, an amount equal to 39 percent of the total loan repayment award, on the participant's behalf 	2 years, renewable

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Nurse Corps Loan Repayment Program (NCLRP)	HRSA	Registered Nurse (RN) and Advance Practice Registered Nurse (APRN) Faculty	<ul style="list-style-type: none"> Be a U.S. citizen, U.S. National, or Lawful Permanent Resident Have a current, full, permanent, unencumbered, unrestricted license Have earned a diploma, associate, baccalaureate, graduate or doctorate degree in nursing and have outstanding nursing educational loans Be employed as a full-time RN or APRN working at least 32 hours per week at an eligible school of nursing Preference given to those from an environmentally or economically disadvantaged background 	<ul style="list-style-type: none"> Sixty percent of their outstanding qualifying educational loan balance incurred while pursuing an education in nursing in exchange for a two-year service commitment. Qualifying participants may receive an additional 25 percent of their original loan balance for an optional third year of service. 	2 years, with an option for an additional third year
Dental Faculty Loan Repayment Program (DFLRP)	HRSA	Dental and Dental Hygiene Faculty	<ul style="list-style-type: none"> Programs of general, pediatric, or public health dentistry in public or private nonprofit dental or dental hygiene schools, or approved residency or advanced education programs in the practice of general, pediatric, or public health dentistry 	<ul style="list-style-type: none"> The recipient is accountable for the performance of the project, program, or activity; the appropriate expenditure of funds under the award by all parties; and all other obligations of the recipient. Specific reporting includes: <ul style="list-style-type: none"> Progress reports Performance reports Final Program Report Final Financial Report 	Up to \$100,000 – Year 1 Up to \$150,000 – Year 2 Up to \$200,000 – Year 3 Up to \$250,000 – Year 4 Up to \$300,000 – Year 5 Subject to the availability of appropriated funds
Extramural Loan Repayment Program	NIH	Health professionals in biomedical or biobehavioral research careers	<ul style="list-style-type: none"> Eligibility requirements differ depending on the specific subcategory application. See website for more information 	<ul style="list-style-type: none"> Up to \$50,000 per year toward outstanding, eligible educational debt. In return, LRP participants must sign a two-year contract agreeing to conduct qualifying research activities during the contract. 	All new awards are two years in length. Renewal awards may choose either a one- or two-year award.