

Department of Education
TEACH GRANTS OVERVIEW
Fiscal Year 2015 Budget Proposal

CONTENTS

	<u>Page</u>
Summary of Proposal.....	R-1

TEACH GRANTS OVERVIEW

TEACH Grants (loans)

(Higher Education Act of 1965, Title IV, Part A, Subpart 9)

(dollars in thousands)

FY 2015 Authorization: Indefinite

Mandatory Budget Authority:

	<u>2014</u>	<u>2015</u>	<u>Change</u>
TEACH new loan subsidies ¹	\$14,576	\$17,914	+\$3,338
TEACH net re-estimate	<u>-9,531</u>	<u>0</u>	<u>+9,531</u>
TEACH Total net subsidy	5,045	17,914	+12,869

¹ For budget and financial management purposes, this program is operated as a credit program under the Federal Credit Reform Act of 1990; budget authority reflects the estimated net present value of future Federal non-administrative costs for awards made in a given fiscal year. Negative numbers indicate estimated future Federal revenues exceed estimated future Federal costs.

PROGRAM DESCRIPTION

The TEACH Grant program—created by the College Cost Reduction and Access Act of 2007—awards annual grants of up to \$4,000, to eligible undergraduate and graduate students who agree to serve as a full-time teacher in mathematics, science, foreign language, bilingual education, special education, or reading at a high-need school for not less than 4 years within 8 years of graduation. For students who fail to fulfill this service requirement, grants are converted to Direct Unsubsidized Stafford Loans with interest accrued from the date the grants were awarded.

To be eligible for a TEACH Grant award, enrolled students must have a grade point average of at least 3.25 on a zero to 4.0 scale and be completing academic coursework and other requirements necessary to begin a career in teaching, or plan to complete such coursework and requirements prior to graduation. (For first-year students, grade point average is determined using cumulative secondary school grades.) In addition, teachers, retirees from another occupation with expertise in a field in which there is a shortage of teachers, or current or former teachers using a high-quality alternative route to certification are eligible to receive TEACH awards to obtain a graduate degree. All applicants must sign an agreement acknowledging that grants will be converted to loans if the required service is not completed.

Participating institutions of higher education must provide high quality teacher preparation and professional development services, including extensive clinical experience as part of pre-service preparation; be financially sound; provide pedagogical coursework, or assistance in the provision of such coursework, including the monitoring of student performance, and formal instruction related to the theory and practice of teaching; and provide supervision and support services to teachers, or assistance in the provision of such services, including mentoring focused on effective teaching skills and strategies.

TEACH GRANTS OVERVIEW

Total net subsidy costs for the past 5 fiscal years were:

	(dollars in thousands)
2010	\$26,685
2011	15,576
2012	34,477
2013	14,760
2014	5,045

Note: Subsidy costs include net reestimates (combined upward and downward) of prior cohorts and net modifications, which may produce significant annual fluctuations.

FY 2015 BUDGET PROPOSAL

The estimated loan subsidy amount for fiscal year 2015 is \$17.9 million. Aid available in fiscal year 2015 is anticipated to reach nearly \$98.5 million.

The TEACH program began making awards on July 1, 2008. At the start of academic year 2011-2012, the TEACH program was making awards at approximately 800 institutions. No new policies are proposed for this program.

Based on data from national surveys and existing teacher loan forgiveness programs, the Administration estimates that as many as 75 percent of students receiving TEACH grants will fail to complete their required service commitment and will have their grants converted to loans; in the interim, they will have missed the opportunity to obtain other institutional grant aid that would not otherwise be converted into a loan.

Consistent with the requirements of the Credit Reform Act of 1990, budget authority for this program reflects the estimated net present value of all future non-administrative Federal costs associated with awards made in a given fiscal year.

PROGRAM OUTPUT MEASURES

<u>TEACH Grants:</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Recipients	32,377	33,671	34,116
Aid available to students (dollars in thousands)	\$93,022	\$96,323	\$98,475
Maximum award (in whole dollars)	\$4,000	\$4,000	\$4,000
Average award (in whole dollars)	\$2,873	\$2,861	\$2,886

PROGRAM PERFORMANCE INFORMATION

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data, and an assessment of the progress made toward achieving program results. Achievement of results is based on the cumulative effect of the resources provided in previous years and those requested in fiscal year 2015 and future years, as well as the resources and efforts invested by those served by this program.

TEACH GRANTS OVERVIEW

Because the programs in the TEACH account rely on the same performance data as the Federal student aid programs, the performance measures, strategies, and program improvement activities that apply to all of the programs are discussed in the **Student Aid Overview** and are not repeated here.

Distribution of TEACH Grant Awards by Type of Institution:

The table below shows the award year 2011-2012 distribution of TEACH Grant assistance by type of institution (percentage and total funding); and the number of recipients and average award by institution type.

<u>Distribution of TEACH Grants by Type of Institution in Academic Year</u> <u>2011-2012</u>				
Institution Type	Percent of TEACH Grant Aid	Awards	Recipients	Average Award
Public 4-Year	48.6%	\$58,268,121	18,659	\$3,123
Public 2-Year	0.2%	223,146	76	2,936
Private 4-Year	42.9%	51,368,705	16,483	3,212
Proprietary 4-Year	8.3%	9,957,878	3,100	3,116
TOTAL	100.0%	119,817,850	38,318	3,127