

Department of Education
TEACH GRANTS
Fiscal Year 2016 Budget Proposal

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TEACH GRANTS

TEACH Grants

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

(dollars in thousands)

FY 2016 Authorization: Indefinite

Mandatory Budget Authority:

	<u>2015</u>	<u>2016</u>	<u>Change</u>
TEACH new loan subsidies ¹	\$14,232	\$11,725	-\$2,507
TEACH net re-estimate	<u>-31,178</u>	<u>0</u>	<u>+31,178</u>
TEACH Total net subsidy	-16,946	11,725	+28,671

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 awards annual grants of up to \$4,000 to eligible undergraduate and graduate students who agree to serve as full-time teachers 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 0 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 preservice 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.

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In November 2014, the Department announced proposed regulations under Title II of the Higher Education Act to support greater transparency, accountability, and program improvement in teacher preparation. Building on work being done by leading-edge States, the draft regulations require States to report on more meaningful outcome measures (including student learning outcomes, employment outcomes, and teacher and employer feedback), increase transparency when reporting on the performance of all teacher preparation programs in the State (including alternative certification programs), and hold programs accountable for how well they prepare teachers for success in today's classrooms. This information will help prospective teachers make informed choices about the programs they select and employers of prospective teachers to make more informed hiring decisions; help the field recognize excellence and identify best practices; and create a feedback loop to help programs identify and address areas of improvement. As part of these regulations, eligibility for TEACH Grants would be limited only to those programs that States determine to be effective or better, in order to ensure that these limited Federal dollars support only high-quality teacher education and preparation.

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

	(dollars in thousands)
2011	\$15,576
2012	34,477
2013	14,760
2014	5,045
2015	-16,946

NOTE: Subsidy costs include net reestimates (combined upward and downward) of prior cohorts and net modifications, which may produce significant annual fluctuations. Negative numbers indicate estimated future Federal revenues exceed estimated future Federal costs.

FY 2016 BUDGET PROPOSAL

The estimated loan subsidy amount for fiscal year 2016 is \$11.7 million. Aid available in fiscal year 2016 is anticipated to reach more than \$94.3 million.

At the start of academic year 2011-2012, the TEACH program was making awards at approximately 800 institutions. Based on data from national surveys and existing teacher loan forgiveness programs, the Administration estimates that as many as 74 percent of students receiving TEACH grants will fail to complete their required service commitment and will have their grants converted to loans.

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.

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PROGRAM OUTPUT MEASURES

<u>Measures:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Recipients	32,526	30,550	33,390
Aid available to students (dollars in thousands)	\$91,554	\$80,423	\$94,318
Maximum award (in whole dollars)	\$4,000	\$4,000	\$4,000
Average award (in whole dollars)	\$2,815	\$2,633	\$2,825

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 2016 and future years, as well as the resources and efforts invested by those served by this program.

The programs in the TEACH account rely on the same performance data as the Federal student aid programs, therefore, 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 2012-2013 distribution of TEACH Grant assistance by type of institution (percentage and total funding); and the number of recipients and average award by institution type. Data for 2013-2014 will be available in 2015.

<u>Distribution of TEACH Grants by Type of Institution in Academic Year 2012-2013</u>				
Institution Type	Percent of TEACH Grant Aid	Awards	Recipients	Average Award
Public 4-Year	48.4%	\$53,116,936	17,352	\$3,061
Public 2-Year	0.2%	198,152	73	2,714
Private 4-Year	43.3%	47,509,582	15,398	3,085
Proprietary 4-Year	8.2%	8,978,627	2,960	3,033
TOTAL	100.0%	109,803,297	35,783	3,069

NOTE: Percentage may not total to 100 percent due to rounding.