

Department of Education
TEACH Grants
Fiscal Year 2017 Budget Request
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TEACH Grants

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

(dollars in thousands)

FY 2017 Authorization: Indefinite

Mandatory Budget Authority:

	<u>2016</u>	<u>2017</u>	<u>Change</u>
TEACH new loan subsidies ¹	\$12,412	\$12,306	-\$106
TEACH net re-estimate	<u>-1,815</u>	<u>0</u>	<u>+1,815</u>
TEACH Total net subsidy	+10,597	12,306	+1,709

¹ For budget and financial management purposes, this program is operated as a loan 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.

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

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Fiscal Year	(dollars in thousands)
2012.....	\$34,477
2013.....	14,760
2014.....	5,045
2015.....	-15,294
2016.....	10,597

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 2017 BUDGET PROPOSAL

The estimated loan subsidy amount for fiscal year 2017 is \$12.3 million. Aid available in fiscal year 2017 is anticipated to reach more than \$96.4 million.

The Administration is committed to ensuring that all students, especially those in high-needs schools, have access to effective teachers. To meet this commitment, we must attract more talented people into the teaching profession, and reward them for **the hard, daily work of improving student learning outcomes in our lowest-performing schools**.

The Budget proposes to expand and increase teacher loan forgiveness, starting in 2021. This proposal would simplify existing postsecondary assistance available to teachers, such as TEACH grants and the current teacher loan forgiveness program, by consolidating them into a single, more generous loan forgiveness program, incentivizing more individuals to teach in our neediest schools and encouraging them to stay on the job.

Current programs have either entirely back-loaded benefits (teachers are eligible for a lump sum forgiveness after five years of teaching) or entirely front-loaded (grants that may convert to loans if students fail to fulfill a four-year teaching requirement) and have proved insufficient to incentivize individuals to join and remain in the teaching profession.

The new program would reward teachers in high-need schools with forgiveness up to \$10,000, while those who graduated from effective teacher preparation programs, as determined by States, would be eligible to receive up to \$25,000. This new program would also reward job retention by forgiving increasing shares of student loan balances, awarded at 10% per year for teachers starting years 2-3, 20% for starting years 4-5, and 40% for starting year 6.

The Budget proposes to allow undergraduate students who received a TEACH Grant in the 2020–2021 academic year to continue to receive annual awards up to \$16,000 throughout their undergraduate enrollment.

At the start of academic year 2014–2015, 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.

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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>Measures:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Recipients	30,119	30,717	31,325
Aid available to students (dollars in thousands)	\$86,773	\$88,496	\$96,387
Maximum award (in whole dollars)	\$4,000	\$4,000	\$4,000
Average award (in whole dollars)	\$2,881	\$2,881	\$3,077

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 2017 and future years, as well as the resources and efforts invested by those served by this program.

The TEACH program relies 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.

TEACH Grant recipients are required to meet certain grant and reporting requirements in order to avoid having their TEACH Grant converted to a Direct Unsubsidized Stafford Loan. As a condition for receiving a TEACH Grant, a recipient must sign a TEACH Grant Agreement to Serve. This specifies that the recipient must teach in a high-need field for 4 years in a low-income elementary or secondary school for at least four complete academic years within 8 years after completing (or ceasing enrollment in) the course of study for which the grant was received. A recipient must certify within 120 days of completing or otherwise leaving their TEACH Grant program of study, and each year thereafter, that they are meeting or intend to meet the teaching requirements of the service obligation. If the recipient is not in a qualifying position (including periods of unemployment) the recipient must still report annually on their intent to fulfill their service obligation in order to avoid having the TEACH Grant converted to a loan.

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Distribution of TEACH Grant Awards by Type of Institution

The table below shows the award year 2014–2015 distribution of TEACH Grant assistance by type of institution (percentage and total funding); and the number of recipients and average award by institution type.

Distribution of TEACH Grants by Type of Institution 2014–2015				
Institution Type	Awards	Recipients	Average Award	Percent of TEACH Grant Aid
Public 4-Year	\$44,107,606	14,933	\$2,954	46.76%
Public 2-Year	85,240	31	2,750	0.09%
Private 4-Year	41,285,162	13,992	2,951	43.77%
Proprietary 4-Year	8,840,989	3,069	2,881	9.38%
TOTAL	94,318,996	32,025	2,945	100.00%

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

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.