

Department of Education
TEACH Grants
Fiscal Year 2018 Budget Proposal
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(Higher Education Act of 1965, Title IV, Part A, Subpart 9)

(dollars in thousands)

FY 2018 Authorization: Indefinite

Mandatory Budget Authority:

	<u>2017</u>	<u>2018</u>	<u>Change</u>
TEACH new loan subsidies ¹	\$14,930	\$24,572	+\$9,642
TEACH net re-estimate	<u>138,412</u>	<u>0</u>	<u>-138,412</u>
TEACH Total net subsidy	<u>+153,342</u>	24,572	<u>-128,770</u>

¹For 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.

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 and English language acquisition, special education, or reading at a high-need school for not less than 4 years within 8 years of graduation. 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.

TEACH Grant recipients are required to meet the service obligation described above and certain reporting requirements. For students who fail to fulfill these requirements, grants are converted to Direct Unsubsidized Stafford Loans with interest accrued from the date the grants were awarded.

All applicants must sign a TEACH Grant Agreement to Serve acknowledging that grants will be converted to loans if the required service obligation is not completed. 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.

Participating institutions of higher education must provide high quality teacher preparation and professional development services, including extensive clinical experience as part of preservice

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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:

Fiscal Year	(dollars in thousands)
2013.....	\$14,760
2014.....	5,045
2015.....	-15,294
2016.....	10,597
2017.....	153,342

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 2018 BUDGET PROPOSAL

The estimated loan subsidy amount for fiscal year 2018 is \$24.6 million. Aid available in fiscal year 2018 is anticipated to reach more than \$101.1 million.

By the end of academic year 2015–2016, the TEACH program was making awards at approximately 775 institutions. Based on administrative program data, the Administration projects that 65 percent of students receiving TEACH Grants will fail to complete their required service commitment and will have their grants converted to loans. Previously, the Administration relied on national surveys and teacher loan forgiveness program data to develop its estimate that 74 percent of grants would convert to loans. The 2017 net upward reestimate of \$138.4 million is due primarily to the updated grant to loan conversion assumption, indicating more teachers are successfully fulfilling the program’s requirements than previously assumed.

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>2016</u>	<u>2017</u>	<u>2018</u>
Recipients	31,538	32,164	32,801
Aid available to students (dollars in thousands)	\$91,000	\$92,804	\$101,173
Maximum award (in whole dollars)	\$4,000	\$4,000	\$4,000
Average award (in whole dollars)	\$2,885	\$2,885	\$3,084

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 2018 and future years, as well as the resources and efforts invested by those served by this program. Data on these measures is collected through the National Student Loan Data System (NSLDS).

Goal: To ensure the TEACH Grant program helps recruit teachers.

Objective: Ensure that more TEACH Grant recipients are fulfilling their service obligation through qualified teaching service.

Measure: TEACH Grant recipients with one or more years of qualified teaching service after 6 or more years following their last TEACH award.

Year	Target: Total Percentage with Teaching Service	Actual: Total Percentage with Teaching Service
2009	23.0%	22.9%
2010	25.0	24.1
2011	27.0	28.1
2012	29.0	
2013	31.0	
2014	33.0	

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Distribution of TEACH Grant Awards by Type of Institution

The table below shows the award year 2015–2016 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 2015–2016				
Institution Type	Awards	Recipients	Average Award	Percent of TEACH Grant Aid
Public 4-Year	\$40,259,501	14,216	\$2,832	45.02%
Public 2-Year	52,683	20	2,634	0.09%
Private 4-Year	38,267,608	13,289	2,880	42.79%
Proprietary 4-Year	10,848,130	3,291	3,296	12.13%
TOTAL	89,427,922	30,816	2,902	100.00%

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