

Department of Education
TEACH GRANTS
Fiscal Year 2021 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 2021 Authorization: To be determined

Mandatory Budget Authority:

| | 2020 | 2021 | Change from 2020 to 2021 |
|---------------------------------------|----------------|----------|-----------------------------|
| TEACH new loan subsidies ¹ | \$28,637 | \$27,603 | -\$1,034 |
| TEACH net re-estimate | <u>-25,372</u> | <u>0</u> | <u>25,372</u> |
| TEACH Total net subsidy | 3,265 | 27,603 | 24,338 |

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.

PROGRAM DESCRIPTION

The TEACH Grant program is intended to create incentives for postsecondary students to teach in in-demand fields and high-need schools. The 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

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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 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) |
|-------------|------------------------|
| 2016..... | \$10,597 |
| 2017..... | 153,342 |
| 2018..... | 74,946 |
| 2019..... | 33,039 |
| 2020..... | 3,265 |

NOTE:

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

FY 2021 BUDGET PROPOSAL

The estimated loan subsidy amount for fiscal year 2021 is \$27.6 million. Aid available in fiscal year 2021 is anticipated to reach approximately \$93.5 million.

By the end of academic year 2018–2019, the TEACH Grant program was making awards at approximately 735 institutions. Based on administrative program data, the Administration projects that 64 percent of students receiving TEACH Grants will fail to complete their required service commitment and will have their grants converted to loans. The 2020 net downward reestimate of \$25.4 million is due primarily to lower than anticipated volumes. The Department disbursed \$17.7 million fewer TEACH Grants in the 2017-2019 cohorts than originally projected in the 2020 Budget.

In 2018, the Department completed a quality review of TEACH Grants that were converted to loans to determine if the conversions were consistent with the program requirements. Through this review, the Department learned that a number of TEACH Grants may have been converted to loans prematurely. In 2019, the Department launched a process that provides an opportunity for certain TEACH Grant recipients whose grants were converted to loans to request reconsideration of the conversions. As of December 2019, the Department had processed over 3,000 recipients, resulting in \$17.5 million in loans being converted back to grants. Recipients are eligible to request reconsideration if they met or are meeting the service requirements within

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the 8-year service obligation period, but had their grants converted to loans because they did not comply with the annual certification requirement. More information is available online¹. In addition, starting in 2019 the Department adopted a standardized annual certification date – October 31 – for all TEACH Grant recipients. The Department recently published a proposed regulation to make further improvements in the certification process.

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>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-------------|-------------|-------------|
| Recipients | 31,396 | 31,777 | 32,190 |
| Aid available to students (dollars in thousands) | \$85,545 | \$92,030 | \$93,524 |
| Maximum award (in whole dollars) | \$4,000 | \$4,000 | \$4,000 |
| Average award (in whole dollars) | \$2,727 | \$2,896 | \$2,905 |

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 2021 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.

¹ See: <https://studentaid.ed.gov/sa/types/grants-scholarships/teach/teach-reconsideration>.

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| Year | Target: Total Percentage with Teaching Service | Actual: Total Percentage with Teaching Service |
|-------------|--|--|
| 2012 | 29.0% | 33.3% |
| 2013 | 31.0 | 37.1 |
| 2014 | 33.0 | 35.1 |
| 2015 | 35.0 | |
| 2016 | 37.0 | |
| 2017 | 39.0 | |

Additional Information: The percentage of TEACH Grant recipients with one or more years qualified teaching service after 6 or more years following their last TEACH award has increased steadily. The rates observed for 2012 to 2014 are above targets established for this measure. The Department believes improvements in the certification process have made it easier for teachers to show participation and prevent unwarranted grant to loan conversions.

Distribution of TEACH Grant Awards by Type of Institution

The table below shows the award year 2018–2019 distribution of TEACH Grant assistance by type of institution for total funding, percentage, number of recipients, and average award.

| Distribution of TEACH Grants by Type of Institution 2018–2019 | | | | |
|--|-------------------|---------------|---------------|----------------------------|
| Institution Type | Awards | Recipients | Average Award | Percent of TEACH Grant Aid |
| Public 4-Year | \$36,820,937 | 12,800 | \$2,877 | 45.67% |
| Public 2-Year | 6,556 | 4 | 1,639 | 0.01% |
| Private 4-Year | 34,169,793 | 12,210 | 2,799 | 42.38% |
| Proprietary 4-Year | 9,632,131 | 2,943 | 3,273 | 11.95% |
| TOTAL | 80,629,417 | 27,957 | 2,884 | 100.00% |

NOTE:

Percentage may not total to 100 percent due to rounding.