

Department of Education

TEACH Grants

Fiscal Year 2022 Budget

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

(dollars in thousands)

FY 2022 Authorization: To be determined

Mandatory Budget Authority:¹

	<u>2021</u>	<u>2022</u>	<u>Change from 2021 to 2022</u>
TEACH new loan subsidies ¹	\$27,285	\$82,090	\$54,805
TEACH net re-estimate	75,056	0	-75,056
TEACH net modification ²	<u>42,127</u>	<u>0</u>	<u>-42,127</u>
TEACH Total net subsidy	144,467	82,090	-62,378

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.

² The upward net modification for fiscal year 2021 reflects costs related to the extension of COVID-19 emergency relief measures on federal student loans through Sept. 30, 2021 and the cost of updated program regulations to improve the certification process and reduce grant to loan conversions.

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, reading, or other in-demand fields at a high-need school, for not less than 4 years within 8 years of graduation. To be eligible for a TEACH Grant award, students must meet certain academic achievement requirements, scoring above the 75th percentile on one or more portions of a college admissions test or maintaining a cumulative grade point average of at least 3.25. 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. For all grant recipients, loan conversion will occur only if the recipient asks the Secretary to convert his or her TEACH Grants to loans, or if the recipient fails to begin or maintain qualifying teaching service

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within a timeframe that would allow the recipient to satisfy the service obligation within the eight-year service obligation period.

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)
2017	\$153,342
2018.....	74,946
2019.....	33,039
2020.....	19,399
2021.....	144,467

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

FY 2022 BUDGET

The Administration proposes to expand the TEACH Grant program to cover the average cost of a comprehensive teacher preparation program and strengthen the program to reduce the likelihood and harm of grant-to-loan conversions. The Budget proposes to double the grant amount from \$4,000 to \$8,000 per year for juniors, seniors, and graduate students. The Budget proposes to double the grant amount from \$4,000 to \$8,000 per year for juniors, seniors, and graduate students. In addition, the Budget proposes to increase access to the program by removing the GPA requirement and expanding it to early childhood educators that go on to serve in programs that disproportionately serve low-income students. These changes are expected to increase the number of recipients by over 50 percent. The Administration also seeks to reduce the repayment burden on recipients who fail to complete their service requirement through reforms including 1) not capitalizing interest upon conversion to a loan, 2) reducing the amount that converts to a loan for each year of service completed, and 3) allowing promotions into schoolwide roles (e.g., principal) in a high-needs school to count toward the service obligation. Finally, the Administration would ensure better outcomes for recipients and the students they teach by phasing in quality guardrails on program eligibility based on grant recipient outcomes. These TEACH Grant proposals were introduced in the Administration’s American Families Plan proposal as part of a larger effort to address teacher shortages and

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increase the access that students from low-income backgrounds have to comprehensive teacher preparation.

The estimated loan subsidy for fiscal year 2022 is \$82.1 million, an increase of \$54.8 million from the fiscal year 2021 appropriation. Aid available to students in fiscal year 2022 is anticipated to reach approximately \$172.2 million.

Students at 741 institutions received awards under the TEACH Grant program in the academic year 2019–2020. The fiscal year 2021 upward reestimate of \$75.1 million is due primarily to the updated grant to loan conversion assumption, indicating more teachers are successfully fulfilling, or will fulfill, the program's requirements than previously assumed. One reason for this change is the regulatory changes the Department enacted in 2020, described below. Based on administrative program data, the Department projects that 55 percent of students receiving TEACH Grants in fiscal year 2022 will fail to complete their required service commitment and will have their grants converted to loans, a decrease from 64 percent for the grants issued in 2021.

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 implemented corrective actions to restore grants that were improperly converted to loans and to restore time to those recipients to complete the service obligation following correction of the error. Recipients were eligible to request reconsideration if they met or are meeting the service requirements within 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 about the reconsideration process is available online.¹

As of January 2021, the Department had processed over 6,900 recipients through this effort, resulting in \$46.1 million in loans being converted back to grants.

In 2020, the Department published updated program regulations to codify many of the operational changes that allowed for a reconsideration process if a TEACH grant was erroneously converted to a loan. The regulations expand the fields in which grant recipients can work to fulfill their service obligation, simplify the employment certification requirements, require more information to be provided to recipients as part of entrance and exit counseling, create conversion counseling to education borrowers when their grants convert to loans, and provide processes to correct improper conversions of TEACH grants 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.

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

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PROGRAM OUTPUT MEASURES

<u>Output Measures</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Recipients	25,164	25,441	39,163
Aid available to students (dollars in thousands)	\$78,370	\$79,400	\$172,216
Maximum award (in whole dollars)	\$4,000	\$4,000	\$8,000

PROGRAM PERFORMANCE INFORMATION

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data. Achievement of program results is based on the cumulative effect of the resources provided in previous years, and those requested in fiscal year 2022 and future years, as well as the resources and efforts invested by those served by this program. The Department will be reviewing GPRA program performance goals, objectives, and measures for the TEACH Grant Program for possible revision in future years to ensure alignment with Administration policy. 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
2013	31.0%	39.0%
2014	33.0	37.6
2015	35.0	38.7
2016	37.0	
2017	39.0	
2018	41.0	

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 from under 30 percent before 2011 but has remained just below 40 percent in recent years. The rates observed for 2013 to 2015 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.

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Distribution of TEACH Grant Awards by Type of Institution

The table below shows the award year 2019–2020 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 2019–2020				
Institution Type	Awards	Recipients	Average Award	Percent of TEACH Grant Aid
Public 4-Year	\$35,402,958	12,145	\$2,915	44.26%
Public 2-Year	7,035	2	3,518	0.01%
Private 4-Year	32,047,921	11,003	2,913	40.07%
Proprietary 4-Year	12,526,589	3,748	3,342	15.66%
TOTAL	79,984,502	26,898	2,974	100.00%

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