

Department of Education

TEACH Grants

Fiscal Year 2023 Budget

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TEACH GRANTS

TEACH Grants

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

(dollars in thousands)

FY 2023 Authorization: To be determined

Mandatory Budget Authority:¹

| | 2022 Estimate | 2023 | Change |
|-------------------------------------|---------------|----------|---------|
| TEACH new loan subsidies | \$34,980 | \$39,114 | \$4,134 |
| TEACH net re-estimate | 65,754 | 0 | -65,754 |
| TEACH net modification ² | 1,879 | 0 | -1,879 |
| TEACH Total net subsidy | 102,613 | 39,114 | -63,499 |

PROGRAM DESCRIPTION

The TEACH Grant program is intended to create incentives for postsecondary education 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 and areas 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

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 Jan. 31, 2022 and the cost of updated program regulations to improve the certification process and reduce grant to loan conversions. The upward net modification for fiscal year 2022 reflects costs related to the extension of COVID-19 emergency relief measures on federal student loans through May 1, 2022 and the shift of default collection activities to Business Process Operations.

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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 their TEACH Grants to loans, or if the recipient fails to begin or maintain qualifying teaching service 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 were¹:

| Fiscal Year | (dollars in thousands) |
|---------------|------------------------|
| 2018 | \$74,946 |
| 2019 | 33,039 |
| 2020 | 19,399 |
| 2021 | 149,211 |
| 2022 Estimate | 102,613 |

FY 2023 BUDGET

The estimated loan subsidy amount for fiscal year 2023 is \$39.1 million. Aid available in fiscal year 2023 is anticipated to reach approximately \$81.1 million. By the end of academic year 2020–2021, the TEACH Grant program was making awards at approximately 733 institutions. The fiscal year 2022 net upward reestimate of \$65.8 million is due to technical assumption updates, including death, disability, and bankruptcy and collection rates.

In light of the impact of the pandemic on student learning in K-12 schools, institutions that participate in TEACH Grant program will be encouraged to develop coursework and experiential learning opportunities that prepares teachers that prepares teachers to respond to the crisis with the knowledge, skills, and dispositions to meet students' social, emotional, and academic needs with a focus on students most impacted by the pandemic.

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

¹ Subsidy costs include net reestimates (combined upward and downward) of prior cohorts and net modifications, which may produce significant annual fluctuations.

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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. The Consider Teachers Act of 2021 (P.L. 117-49), signed October 13, 2021, incorporated many of the changes made in the final regulations and allowed grant recipients to fulfill their service obligation by working in a high need geographic area.

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

| Output Measures | 2021 | 2022 | 2023 |
|--|----------|----------|----------|
| Recipients | 34,015 | 34,423 | 34,836 |
| Aid available to students (dollars in thousands) | \$74,962 | \$75,862 | \$81,148 |
| Maximum award (in whole dollars) | \$4,000 | \$4,000 | \$4,000 |

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 2023 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.

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| Year | Target: Total Percentage with Teaching Service | Actual: Total Percentage with Teaching Service |
|-------------|--|--|
| 2014 | 33.0% | 38.3% |
| 2015 | 35.0 | 39.9 |
| 2016 | 37.0 | 41.4 |
| 2017 | 39.0 | |
| 2018 | 41.0 | |
| 2019 | 43.0 | |

Additional Information: The percentage of TEACH Grant recipients with 1 or more years qualified teaching service after 6 or more years following their last TEACH award has increased from under 30 percent before 2011 and surpassed 40 percent in 2016. The rates observed for 2014 to 2016 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. Based on administrative program data, the Department projects that 51 percent of students receiving TEACH Grants in fiscal year 2023 will fail to complete their required service commitment and will have their grants converted to loans.

Distribution of TEACH Grant Awards by Type of Institution

The table below shows the award year 2020–2021 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 2020–2021 | | | | |
|--|-------------------|---------------|---------------|----------------------------|
| Institution Type | Awards | Recipients | Average Award | Percent of TEACH Grant Aid |
| Public 4-Year | \$33,542,670 | 11,462 | \$2,926 | 44.44% |
| Public 2-Year | 2,829 | 1 | 2,829 | 0.01% |
| Private 4-Year | 29,274,222 | 9,694 | 3,020 | 38.78% |
| Proprietary 4-Year | 12,666,778 | 3,653 | 3,468 | 16.78% |
| TOTAL | 75,486,499 | 24,810 | 3,043 | 100.00% |

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