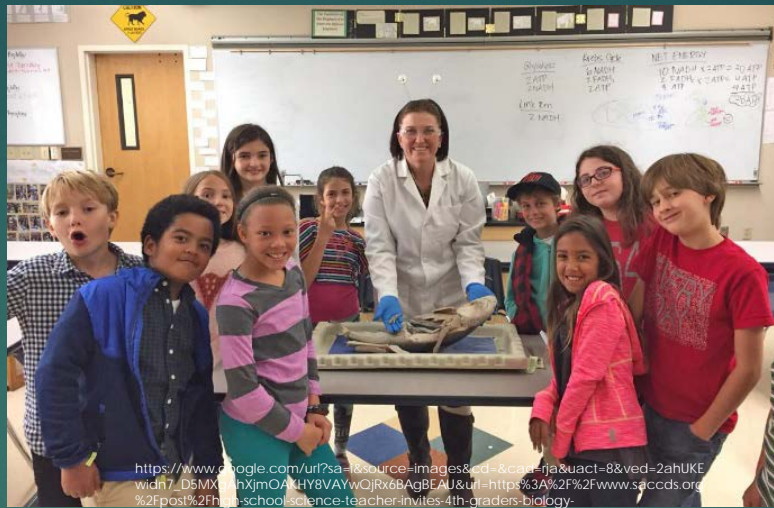


TEACH Grant 2019 Negotiated Rulemaking Subcommittee Report

KYRA TAYLOR, PROJECT ON PREDATORY STUDENT LENDING
AT HARVARD LAW SCHOOL LEGAL SERVICES CENTER

STEPHEN PAYNE, NATIONAL ASSOCIATION OF STUDENT
FINANCIAL AID ADMINISTRATORS



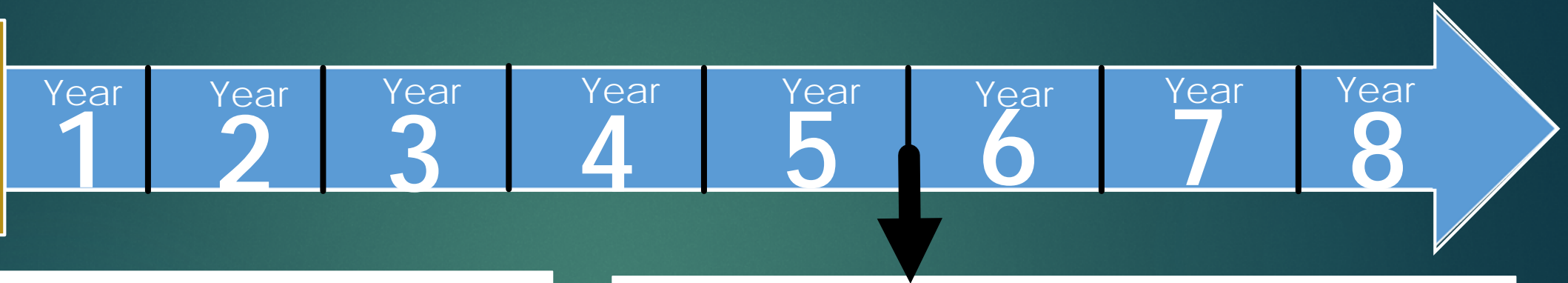
TEACH Grants'
Purpose:
Get Highly-Qualified
Teachers in High-
Need Fields in Low-
Income Schools.



TEACH Grant Eligibility Under the HEA

20 U.S.C. § 1070g

Completed or
Ceased
Enrollment in
TEACH Grant-
Eligible
Program



Rules teacher must follow to stay in grant status:

- 1) Retain “highly-qualified” teacher status;
- 2) Use grant for TEACH grant eligible higher education program;
- 3) Teach for 4** years:
 - a) In high-need field
 - b) In low-income school
 - c) Within 8 years of completing program recipient received TEACH grant for.

= 4 years **does not need to be sequential

Conversion Authorized by Statute Only If recipient failed to complete service AND has not requested a service clock suspension or demonstrated need for a service year discharge AND has not requested voluntary conversion.

CONVERSION TO LOAN

Year 5 is the first year conversion is permitted by statute—but only for recipients who have not completed *any* service years and have no basis for service suspension or discharge.

TEACH Grant Eligibility Under the HEA

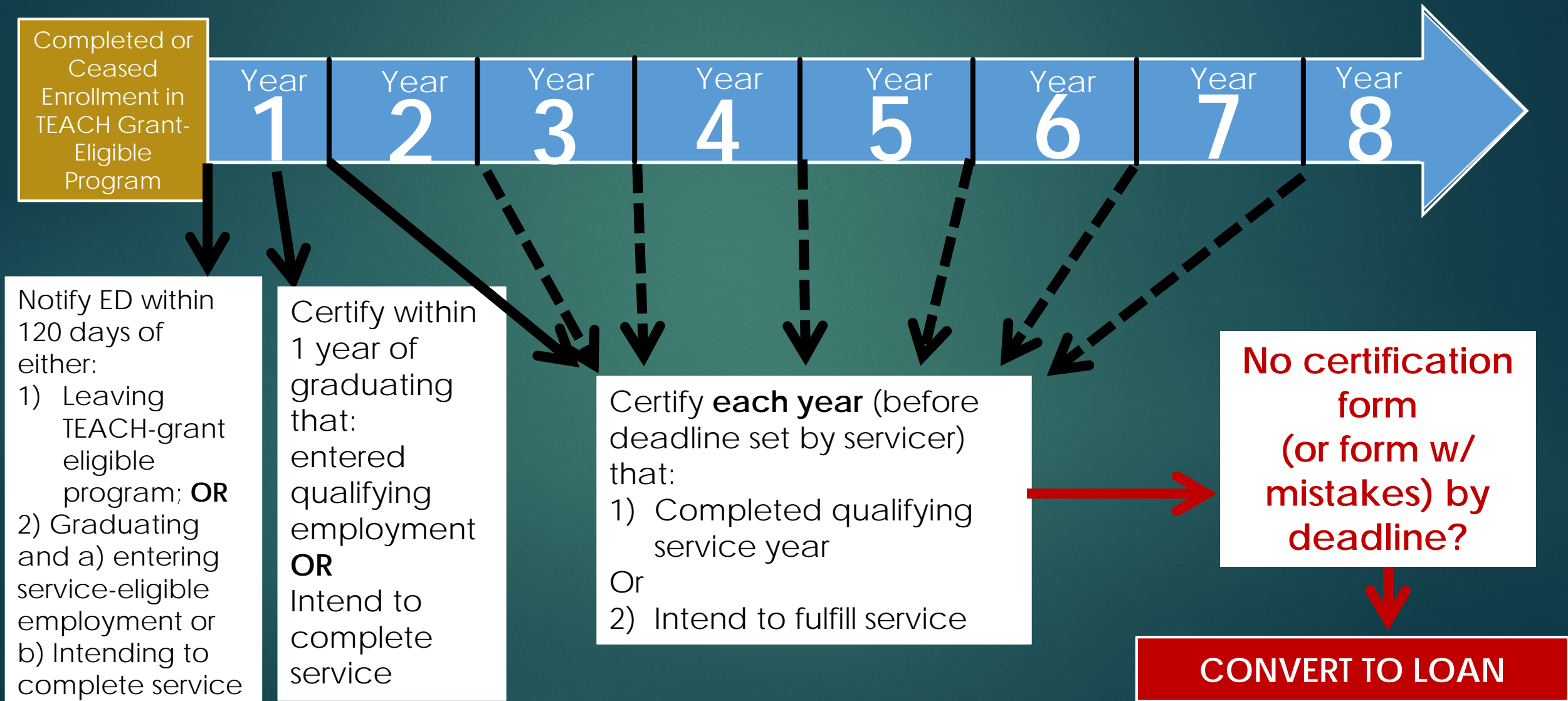
20 U.S.C. § 1070g



Department has discretion to suspend 8 year
service fulfillment period
or
discharge years of required service
where there are "exceptional circumstances."

Conversion Triggers

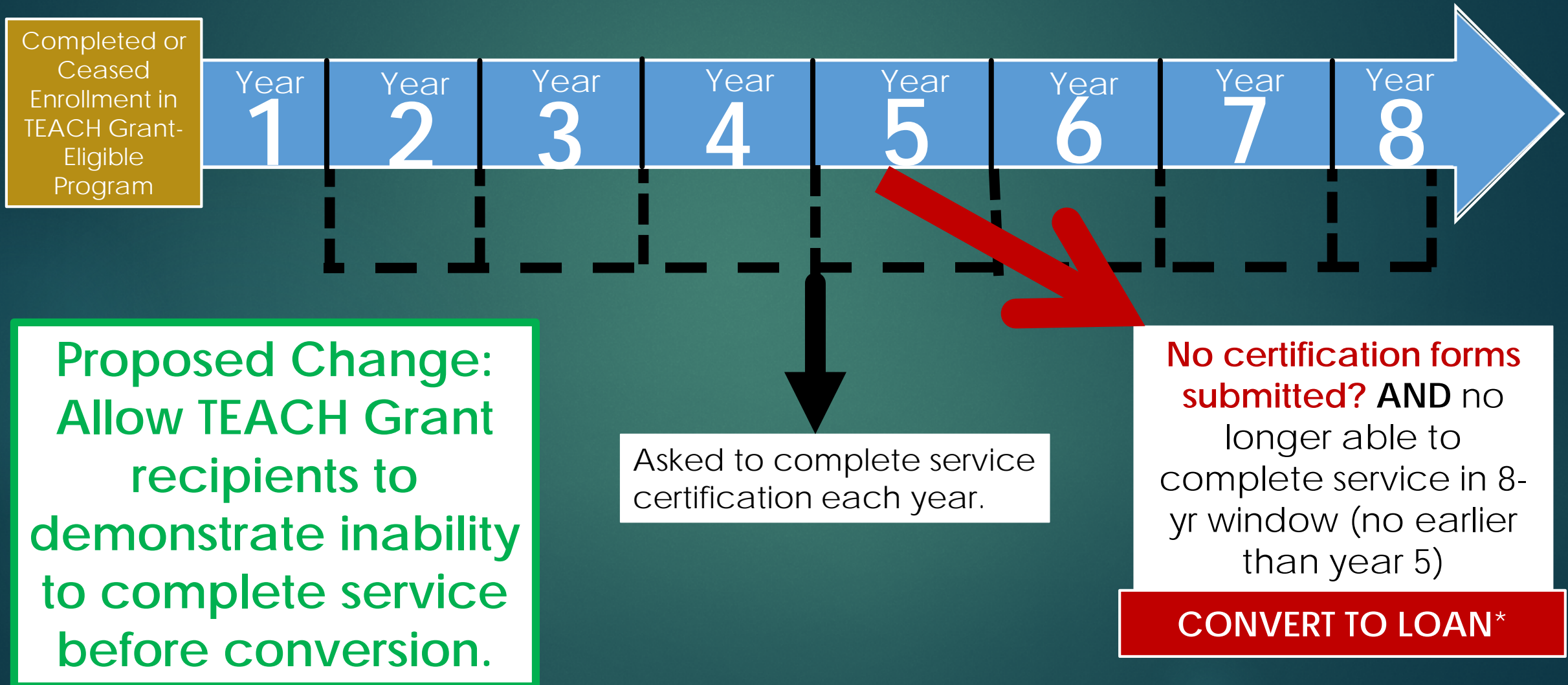
Under Current 24 CFR 686.43



Summary of Changes Proposed

1. Grant-to-loan conversion triggered only by the impossibility of completing service within 8 year period.
2. Increased opportunity to complete service.
3. Increased intentionality of counseling and notifications to recipients
4. Expanded eligibility for service-clock suspension and service year discharge.
5. Conversion reconsideration.*

1. Grant-to-loan conversion triggered by the impossibility of completing service (686.43)



**1 yr period to request reconsideration of conversion*

1. Grant-to-Loan Conversion Triggered By The Impossibility Of Completing Service Within 8 Years (changes to 686.43)

Proposed Change To Paperwork Process:

- 1) Recipients will be encouraged to submit service-year paperwork immediately after conclusion of each school year.
- 2) Service-year paperwork will be accepted up to grant to loan conversion.
- 3) Recipients will be permitted to submit evidence of service year completion when requesting reconsideration of their grant to loan conversion.



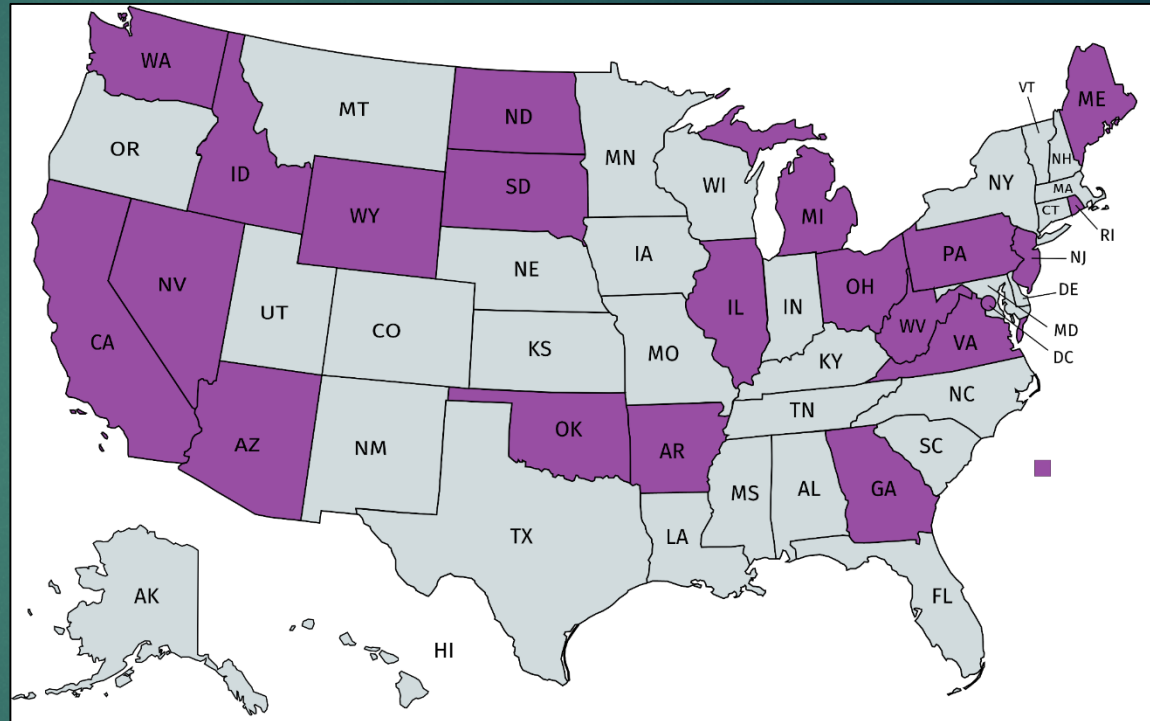
2. Increased opportunity to complete service (changes to 686.12 and 686.40)

Proposed Changes:

- A) Include **all teacher shortage areas** listed as teacher-shortage areas for each state.
- B) Allow TEACH recipient to fulfill service requirement by teaching in a field that **was high-need** when the recipient signed their Agreement to Serve or Repay but subsequently lost that distinction.
- C) Make it **easier for transfer students or students who withdraw** to complete service.

2. Increased opportunity to complete service (changes to 686.12 and 686.40)

Proposed Change A:
Using authority in statute, include all teacher shortage areas listed on the Nationwide Teacher Shortage Area list for each state, including general education fields.



20 states and DC (highlighted in purple) list general education fields in elementary, middle, or high schools as "Teacher Shortage Areas" in 2017-18 or 2018-19.

2. Increased opportunity to complete service (changes to 686.12)

Proposed Change B:
Allow recipient to fulfill service requirement by teaching in a field that was high-need when the recipient signed their Agreement to Serve or Repay or began teaching but subsequently lost that distinction.

Allow teachers to stay in their field/school despite changing status—
No “chasing the grant.”

Note: Regulations already allow TEACH recipient to fulfill service requirement by teaching in a school that was low-income when the teacher began teaching, but subsequently lost that distinction.

2. Increased opportunity to complete service (changes to 686.12).



Proposed Change C: The 8-year period for recipients to complete their service, if they withdrew and reenrolled, begins when they cease enrollment at new TEACH-eligible higher education program.

3. Increased Clarity of Information Related To the TEACH grant (Changes to 686.12, 686.32, and 686.43).

Proposed Changes:

- A) Improve **Agreement to Serve or Repay**, entrance counseling, and exit counseling.
- B) Implement **annual notifications** of remaining time to complete service and service years accepted by Department.
- C) Implement **pre-conversion notification** for TEACH grant recipients.
- D) Implement **conversion notification and conversion counseling** to assist recipients with their new loans.



3. Increased Information Transparency Regarding TEACH Grant Recipients' Service Completion Status (Changes to 686.12 and 686.32).

Proposed Change A: Improve Agreement to Serve or Repay, entrance counseling, and exit counseling.

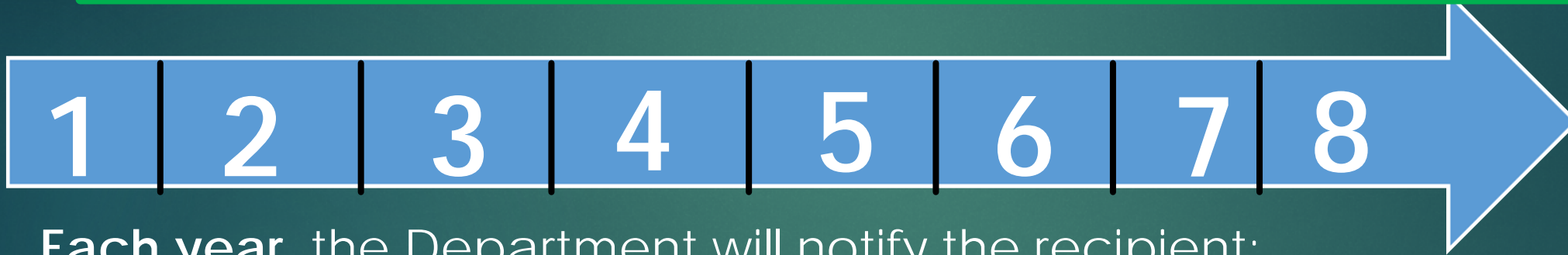
1. Changing
"Agreement to
Serve"
to "Agreement to
Serve or Repay"

2. Adding
information
about voluntary
conversion to
prevent interest
accrual

3. Making
recipient aware
that a
reconsideration
process exists
should their grant
be converted to
a loan.

3. Increased Information Transparency Regarding TEACH Grant Recipients' Service Completion Status (Changes to 686.43)

Proposed Change B: Implement annual notification of remaining time and service years accepted by Department.



Each year, the Department will notify the recipient:

- 1) How many service years have been accepted by the Department;
- 2) How many years remain to complete the service req.;
- 3) How to request a service-clock suspension; and
- 4) Potential interest accrual should the grant convert.



3. Increased Information Transparency Regarding TEACH Grant Recipients' Service Completion Status (Changes to 686.43)

Proposed Change C: Implement pre-conversion notification for TEACH grant recipients.

At or about 90 days **prior** to loan conversion, the Department will notify recipient that they must submit documentation or their grant will convert to a loan on the specified date.



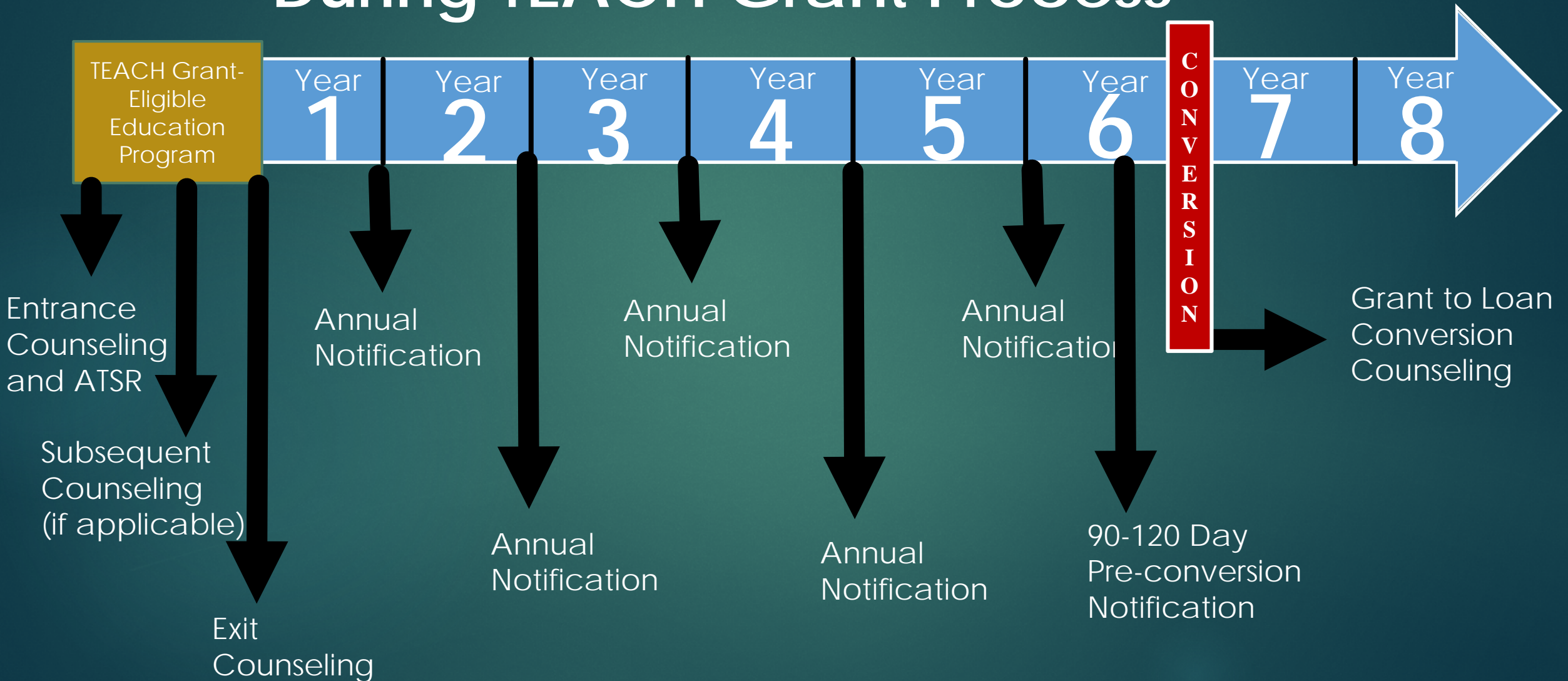
3. Increased Information Transparency Regarding TEACH Grant Recipients' Service Completion Status (Changes to 686.32).

Proposed Change D: Implement conversion notification and conversion counseling to assist recipients with their new loans.

After a grant converts to a loan, the Department will notify the recipient that conversion has occurred and provide the recipient with counseling (similar to loan exit counseling) to increase awareness of repayment options.



Proposed Touch-Points of Information During TEACH Grant Process



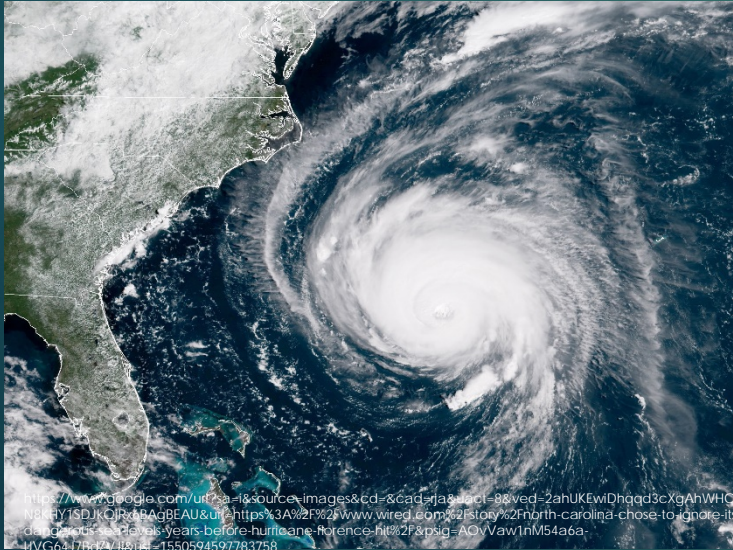
4. Expanded eligibility for Service-Clock Suspension and Service Year Discharge (Changes to 686.41 and 686.42)

Proposed Changes:

- A) Include residing in a **federally declared disaster zone** as a basis for both suspension and service-year discharge;
- B) Include **military spouse specific suspension** allowances;
- C) Include **state-certification process** as basis for suspension;
- D) Allow Secretary to make **case-by-case determinations for suspensions** due to "exceptional circumstances significantly affecting the operation of the school or educational service agency where a grant recipient was employed or the grant recipient's ability to teach."

4. Expanded eligibility for Service-Clock Suspension and Service Year Discharge (Changes to 686.41 and 686.42)

Proposed Change A: Include residing in a federally declared disaster zone as a basis for both suspension and service-year discharge.



4. Expanded eligibility for Service-Clock Suspension and Service Year Discharge (Changes to 686.41 and 686.42)

Proposed Change B:
Include military spouse
specific suspension
allowances, including:

1. Permanent change of
duty station and
2. Spouse's deployment.



4. Expanded eligibility for Service-Clock Suspension and Service Year Discharge (Changes to 686.41 and 686.42)

Proposed Change C: Include state-certification process as basis for suspension.

Initial provisional certification can take months.



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4. Expanded eligibility for Service-Clock Suspension and Service Year Discharge (Changes to 686.41 and 686.42)

Proposed Change D: Allow Secretary to make case-by-case determinations for suspensions due to “exceptional circumstances significantly affecting the operation of the school or educational service agency where a grant recipient was employed or the grant recipient’s ability to teach.”



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5. The Reconsideration Process for Grants Converted To Loans

2 Proposals for Reconsideration of Conversions from Grant to Loan:

Proposal 1: Allow formal grant-to-loan reconsideration process within 1 year of grant conversion.

Proposal 2: Allow a formal reconsideration process for:

- A) Grant-to-Loan conversion with heightened protections (within 1 year of grant conversion);
- B) Service Form Determinations;
- C) Suspension Requests;
- D) Service Year Discharge Requests.

5. The Reconsideration Process for Grants Converted To Loans

Proposal 1:

Allow recipients to request reconsideration of grant-to-loan conversion within 1 year.

If the Request is approved, the Department will:

1. Suspend the service-clock for time spent in loan status (or count service, if applicable);
2. Issue credit/refund for payments made on grant while in loan status; and
3. Notify the recipient of the decision.

5. The Reconsideration Process

Proposal 2 (pt. 1):

Allow recipients to request reconsideration of grant-to-loan conversion within 1 year.

During reconsideration process, loan will:

1. Be put in deferment status; and
2. Not accrue interest.

If the request is approved, the Department will:

1. Suspend the service-clock for time spent in loan status;
2. Issue credit/refund for payments while in loan status;
3. Fix credit reporting.

5. The Reconsideration Process for Grants Converted To Loans

Proposal 2 (pt. 2):

Allow recipients to appeal rejections of service year certification, suspension requests, and service year discharge requests through a written appeal process.

Why?

1. Difficulty of defining qualifying teaching positions as high-need fields.
2. History of Servicer error.
3. Proximity to decision allows for certainty for teacher. Plus allows for teacher to easily collect necessary documentation.



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Get Highly-Qualified
Teachers in High-
Need Fields in Low-
Income Schools.

