TEACH Grants: A Primer

Rita R. Zota
Analyst in Education Policy

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TEACH Grants: A Primer

The Teacher Education Assistance for College and Higher Education (TEACH) Grant program is intended to encourage individuals to enter the teaching profession by providing recipients with grants of up to $4,000 annually to pursue coursework that leads to a certification in teaching. Congress authorized the TEACH Grant program in the College Cost Reduction and Access Act of 2007 (P.L. 110-84) to address concerns about growing demand for high-quality teachers, especially in low-income schools.

To be eligible for a TEACH Grant, among other requirements, a postsecondary student has to meet certain academic achievement requirements and be enrolled in a TEACH-Grant eligible program of study. The TEACH Grant program is the only HEA Title IV program with an academic merit requirement.

As a condition of receiving a TEACH Grant, a recipient must complete four years of teaching in a high-need field and in a school that serves low-income students, within eight years of completing his or her program of study. If a recipient fails to complete the required teaching service, his or her TEACH Grant is converted into a Federal Unsubsidized Direct Loan, which must be repaid in full including interest that accrued since grant disbursement.

To be eligible to disburse TEACH Grants, among other requirements, an institution of higher education (IHE) must provide a high-quality teacher preparation program that is either accredited by a Department of Education (ED)-recognized accrediting agency of teacher education programs; or is approved by a state, includes a minimum of 10 weeks of full-time pre-service clinical experience, and provides or assists in providing pedagogical coursework. Additionally, such teacher preparation programs must provide or assist in providing supervision and support services to program completers when they are working as teachers.

Program administration tasks are divided among IHEs, ED, and the loan servicer with which ED contracts. IHEs award and disburse TEACH Grants to recipients, while the loan servicer performs day-to-day administrative tasks after a grant has been disbursed. ED oversees both the IHE’s and the loan servicer’s functions.

Since the inception of the program, over 300,000 TEACH Grants, totaling nearly $938 million, have been disbursed. Based on a Government Accountability Office (GAO) analysis, the estimated take-up rate of TEACH Grants by the potentially eligible population in the 2013-2014 academic year was 19%. According to an American Institutes for Research (AIR) study, among TEACH Grant recipients who began their eight-year service period prior to July 2014, 63% saw their grants converted to loans as of July 2016.

Several issues related to TEACH Grants may garner congressional attention. The bulk of these issues pertain to program design, including the extent to which the program successfully identifies individuals who commit to teaching, the size of the TEACH Grant benefit, challenges associated with finding and sustaining a qualifying teaching placement, teacher preparation program quality at IHEs that disburse TEACH Grants, and the continued application of the “highly qualified teacher” definition to the TEACH Grant program. Other issues are related to program implementation, such as challenges associated with certification of teaching service and the absence of an appeals process. Lawmakers may also wish to consider other changes that have been proposed since the TEACH Grant program was authorized. Some of these include permitting partial payback of TEACH Grants converted into loans that is prorated based on the length of service fulfilled for recipients who do not complete the service requirement, allowing teachers whose roles or duties change to continue to fulfill their required teaching service with such new roles or duties, or replacing or sunsetting the program altogether.
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Introduction

The Teacher Education Assistance for College and Higher Education (TEACH) Grant program provides grants to students who are completing or plan to complete the coursework required to begin a career in teaching. As a condition for receiving a TEACH Grant, a recipient must teach for at least four years in a high-need field at an elementary or secondary school or in an educational service agency that serves students from low-income families within eight years of completing his or her program of study. If a recipient does not fulfill the service obligation, his or her TEACH Grants are converted to Direct Unsubsidized Loans. A recipient must repay these loans in full, including interest charged from the date of each TEACH Grant disbursement. Since the inception of the program in 2008, over 300,000 TEACH Grants have been disbursed, totaling nearly $938 million.

In recent years, the TEACH Grant program has received significant attention due to challenges associated with administering it. One of the more prominently cited challenges pertains to loan conversions of TEACH Grants when recipients fail to submit annual certification paperwork on time even though they have been teaching in a qualifying position. The absence of an appeals or reconsideration process may increase the amount of such grant-to-loan conversions.

While the Department of Education (ED) is working to address some of these administrative challenges, a broader issue still persists with the program: two-thirds of recipients are expected to see their grants converted to loans. This high expected failure rate raises several questions regarding the efficacy of the program.

Several issues related to TEACH Grants may garner congressional attention. The bulk of these issues are related to program design, including the extent to which the program successfully identifies individuals who commit to teaching, the size of the TEACH Grant benefit, challenges associated with finding and sustaining a qualifying teaching placement, teacher preparation program quality at institutions that disburse TEACH Grants, and the continued application of the “highly qualified teacher” definition to the TEACH Grant program. Other issues are related to program implementation, such as challenges associated with certification of teaching service and the absence of an appeals process. Lawmakers may also wish to consider other changes that have been proposed since the TEACH Grant program was authorized.

This report begins with a brief legislative history of the TEACH Grant program. This is followed by a brief description of how the program is structured and administered, as well as its budgeting approach and participation data. The report concludes with a discussion of issues related to the TEACH Grant program that might garner attention in the 116th Congress.

Legislative History

The TEACH Grant program was first authorized in 2007 under the College Cost Reduction and Access Act of 2007 (CCRAA; P.L. 110-84). However, as early as 2005, bills were introduced in both the House and the Senate that included an authorization for TEACH Grants, such as H.R. 2835 and its companion bill, S. 1218. H.R. 2835 presented findings suggesting that there was a shortage of qualified teachers in public schools, and in light of the significant number of teacher

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1 Teacher Excellence for All Children Act of 2005, 109th Congress.
2 Ibid.
retirements expected over the next few years, the country would need to field 2 million new teachers over the next decade.\(^3\)

Congress authorized the TEACH Grant program in response to concerns about growing demand for high-quality teachers in low-income schools.\(^4\) This demand was identified as being driven by several factors, including (1) the expected surge of retirements over the next five years and (2) a newly established set of minimum standards for teacher quality as enacted through the No Child Left Behind Act (NCLB; P.L. 107-110).\(^5\) Other concerns the TEACH Grant program aimed to address were related to low-income schools, where students were identified as being disproportionately taught by teachers who were inexperienced, unqualified, and out-of-field; and which were struggling to retain teachers for as long as three to five years.\(^6\)

The committee report accompanying H.R. 2669, the College Cost Reduction Act of 2007, stated that the TEACH Grant program was created to attract high-achieving individuals into the teaching profession to meet the demand in low-income schools.\(^7\) Given that, on average, teacher salaries tended to be lower than other entry-level jobs out of college, providing a financial incentive to help subsidize the cost of college was viewed as an important tool in offsetting the opportunity cost of entering into teaching.\(^8\) There was also a distinction made in providing financial assistance on the front-end in the form of a grant when an individual started undergraduate or graduate studies versus providing assistance once the individual had been teaching for some time, as with already existing teacher loan forgiveness programs. The idea was that earlier intervention might influence a student’s career path and, thus, major, which could potentially incentivize many more individuals to pursue teaching as a career who would have not chosen it otherwise.\(^9\)

The program was also focused on incentivizing high-quality individuals to teach in both schools and subject areas for which it is typically harder to attract and retain staff. This was intended to help address some of the recurring issues faced by low-income schools, in particular.\(^10\)

Opponents of the program believed that this new entitlement was poorly targeted, unproven, and would place a significant financial burden on taxpayers.\(^11\) Further, it was argued that the program was not focused on the goals of increasing access to and persistence in higher education for

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\(^3\) Ibid.


\(^5\) Ibid.

\(^6\) Ibid.


\(^8\) See, for example, Senator Edward Kennedy, “Introducing the Teacher Excellence for All Children Act of 2005,” remarks in the Senate, Congressional Record, daily edition, vol. 151 (June 9, 2005).


students with the greatest need. Given that the program was authorized with mandatory funds, it was also contended that there was no mechanism for congressional accountability.

Changes Since Enactment

Since its enactment, there have been some changes to the statutory provisions of the TEACH Grant program. The most substantive changes were made under the Higher Education Opportunity Act (HEOA; P.L. 110-315), which added a provision that required ED to develop a “plain-language” disclosure form to accompany each recipient’s Agreement to Serve that clearly described the nature of TEACH Grants, the service requirement, and the consequences of not fulfilling this requirement (see “Service-Related Requirements” for a description of the Agreement to Serve). The HEOA also included a provision that permitted grant recipients who obtained degrees in fields that were designated as “high need” at the time they applied for the grant but were no longer designated as such to still be able to complete their service requirement by teaching in that field. It also required ED to establish regulations describing the extenuating circumstances in which all or part of the service requirement could be waived. Finally, it required ED to prepare and submit to Congress a report every two years on TEACH Grant recipients and the schools and students served by those recipients.

“Service Payback” Programs

At the time of the TEACH Grant program’s authorization, the idea of awarding grants or scholarships to subsidize the cost of undergraduate or graduate education in exchange for service (i.e., “service payback” programs) was not a new one. Prior to TEACH Grants, the Paul Douglas Teacher Scholarships program was first authorized under the Higher Education Amendments of 1986 (P.L. 99-498) as a discretionary program to provide financial assistance to college students preparing to be elementary and secondary school teachers. Eligible students, who must have graduated in the top 10% of their high school class, could receive a scholarship in the amount of $5,000 per year for a maximum amount of up to $20,000. In exchange, scholarship recipients were required to teach one to two years for every year of scholarship receipt in a preschool or elementary or secondary school, depending on where and what subjects they taught. The program was administered as a formula grant to states, which were responsible for selecting scholarship recipients, verifying that each recipient was meeting service requirements, and submitting performance reports to ED. The program was repealed by the Higher Education Amendments of 1998 (P.L. 105-244), though it was defunded in FY1996 appropriations (P.L. 104-134). In eliminating funding for the program, the committee report that accompanied H.R. 2127 stated that the program was duplicative of other teacher training and student aid programs. It was also characterized as costly to administer and difficult to implement, monitor, and enforce.

Another example of a teaching service payback program, authorized prior to the TEACH Grant program’s inception, is the National Science Foundation’s (NSF’s) Robert Noyce Teacher Scholarship program, which was enacted under the National Science Foundation Authorization

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Act of 2002 (P.L. 107-368). It makes awards to institutions of higher education (IHEs) to provide scholarships of $10,000 per year to undergraduate science, technology, engineering, and math (STEM) majors, starting in their junior year, and graduate STEM students. In exchange for this assistance, recipients are expected to obtain teaching certification in a STEM subject and serve as a teacher in a high-need local educational agency (LEA) for at least two years for each year of scholarship receipt. Similar to TEACH Grants, if recipients do not complete their required service, then they must pay all or a portion of their scholarships back in the form of a loan, including interest accrued since disbursement.

Other examples of existing service payback programs include scholarships at each of the U.S. Service Academies and Reserve Officers’ Training Corps (ROTC) Scholarships, which provide tuition assistance in exchange for military service. Boren Scholarships and Fellowships provide financial assistance to undergraduate and graduate students to study less commonly taught languages in international regions critical to U.S. interests in exchange for working in the federal government for at least one year upon graduation. The National Institutes of Health Ruth L. Kirschstein National Research Service Awards provide financial support for training to pre- and postdoctoral students in biomedical, behavioral, and clinical research in exchange for engaging in health-related biomedical, behavioral, and/or clinical research, research training, or health-related teaching for one year upon completion of their program.

### Program Structure

This section describes how the program is structured, including TEACH Grant recipient eligibility, award amounts, service-related requirements, conditions under which TEACH Grants convert to loans, institutional eligibility to disburse TEACH Grants, and program administration.

### TEACH Grant Recipient Eligibility

To be eligible to receive a TEACH Grant, a student must meet the basic eligibility criteria for the HEA Title IV federal student aid programs. Among the requirements generally applicable to the HEA Title IV student aid programs for award year (AY) 2018-2019 are the following:

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16 In general, a local educational agency is a public board of education or other public authority legally constituted within a state for either administrative control of or direction of, or to perform service functions for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a state, or a combination of school districts or counties a state recognizes as an administrative agency for its public elementary or secondary schools (20 U.S.C. §7801(30)(A)).


20 CRS In Focus IF11235, *Defense Primer: Senior Reserve Officer Training Corps*, by Kristy N. Kamarck.


23 See Higher Education Act, as amended (hereinafter referred to as HEA), §484 (34 C.F.R. part 668, subpart C) for
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- A student must be accepted for enrollment or enrolled in an eligible program at an eligible institution for the purpose of earning a certificate or degree.\(^{24}\)
- A student must not be enrolled in an elementary or secondary school and must have a high school diploma (or equivalent).\(^{25}\)
- A student must meet citizenship requirements.\(^{26}\)
- A male student must have registered with the selective service system when 18-25 years of age.
- A student must maintain satisfactory academic progress while enrolled. Satisfactory academic progress requires a minimum grade point average (GPA) or its equivalent and passing a minimum percentage of attempted credits or hours.
- A student must not be in default on a Title IV student loan, or have failed to repay or make an arrangement to repay an overpayment on a Title IV grant or loan, or be subject to a judgment lien for a debt owed to the United States. A student must have repaid any Title IV funds obtained fraudulently.
- A student may be disqualified for an unusual enrollment history—receiving HEA Title IV aid at multiple schools in the same semester, or receiving aid and withdrawing before earning any credit.
- A student may be disqualified for a period of time for a federal or state conviction for possession or sale of drugs while receiving HEA Title IV student aid.\(^{27}\)

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\(^{24}\) An eligible program requires at least 16 semester hours (or the equivalent) offered during a minimum of 15 weeks. Alternatively, an eligible program may be at least 8 semester hours (or the equivalent) offered during a minimum of 10 weeks, if an associate’s degree is required for admissions. One semester hour requires one hour of classroom or direct faculty instruction and at least two hours of out-of-class work each week for approximately 15 weeks. For information on HEA Title IV eligible programs and eligible institutions, see CRS Report R43159, Institutional Eligibility for Participation in Title IV Student Financial Aid Programs, by Alexandra Hegji.

\(^{25}\) The equivalent of a high school diploma may include a general educational development (GED) certificate, the completion of an eligible homeschool program, or the completion of one of the ability-to-benefit alternatives and either being enrolled in an eligible career pathway program or being first enrolled in an eligible postsecondary program prior to July 1, 2012. The ability to benefit may be demonstrated by passing an examination approved by ED to be eligible for federal student aid, or by successfully completing six credits or 225 clock hours of college work applicable to a certificate or degree offered by a postsecondary institution. A career pathway program combines occupational skills training, counseling, workforce preparation, high school completion, and postsecondary credential attainment.

\(^{26}\) In general, students must be U.S. citizens or permanent U.S. residents. Individuals with several other entrance statuses can qualify for aid. Individuals in the United States on a temporary basis, such as those with a student visa or an exchange visitor visa, are not eligible for federal student aid. Students with Deferred Action for Childhood Arrivals (DACA) status, conferred by the U.S. Citizenship and Immigration Services (USCIS) office in the Department of Homeland Security, are not eligible for HEA Title IV aid.

\(^{27}\) Periods of ineligibility for federal student aid funds are based on whether the conviction was for the sale or possession of drugs and whether the student had previous offenses. The period of ineligibility does not apply if the conviction was reversed, set aside, removed from the student’s record, or received while a juvenile (unless tried as an adult), or once the student completes a qualified drug rehabilitation program. A conviction for the sale of drugs includes convictions for conspiring to sell drugs.
Specific eligibility requirements for the TEACH Grant program include the following:

- A student must also be enrolled as an undergraduate, post-baccalaureate, or graduate student at an IHE that participates in the TEACH Grant program, and in a TEACH Grant-eligible program of study within the IHE. A post-baccalaureate program is a program of instruction for individuals who have completed a bachelor’s degree that (1) does not lead to a graduate degree and (2) consists of courses required by a state in order for a student to receive a professional certification or licensing credential that is required for employment as a teacher in an elementary or secondary school in that state.

- A student must meet certain academic achievement requirements, generally, scoring above the 75th percentile on one or more portions of an undergraduate, post-baccalaureate, or graduate school admissions test or having a cumulative GPA of at least 3.25 on a 4.0 scale or the numeric equivalent. The TEACH Grant program is currently the only HEA Title IV program with an academic merit requirement.

- If a student is a current or prospective teacher applying for the TEACH Grant program to obtain a graduate degree, then the student must be a teacher or retiree from another occupation with expertise in a field in which there is a shortage of teachers or a teacher who is using a high-quality alternative certification route.

**Award Amounts**

A student enrolled full-time in a qualifying program may receive four annual TEACH Grant awards of up to $4,000 each for his or her first bachelor’s degree and first post-baccalaureate program of study combined. The aggregate award amount, or the total cumulative award amount, that a student may receive for a bachelor’s degree and a post-baccalaureate program of study combined is $16,000.

A graduate student enrolled full-time in a qualifying program may also receive two annual TEACH Grant awards of up to $4,000 each for a Master’s degree. The aggregate award amount that a student may receive for a graduate degree is $8,000.

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28 Only HEA Title IV-eligible IHEs may be considered for TEACH Grant participation. For more information, see CRS Report R43159, *Institutional Eligibility for Participation in Title IV Student Financial Aid Programs*, by Alexandra Hegji

29 A TEACH Grant-eligible program is a program of study that is designed to prepare an individual to teach as a highly qualified teacher in a high-need field and leads to a bachelor’s or Master’s degree, or is a post-baccalaureate program of study. A two-year program of study that is acceptable for full credit toward a bachelor’s degree is considered to be a program of study that leads to a bachelor’s degree (34 C.F.R. §686.2). An IHE has some discretion to select the programs of study within the IHE to designate as TEACH Grant-eligible (Office of Federal Student Aid, “TEACH Grants,” https://studentaid.ed.gov/sa/types/grants-scholarships/teach).

30 34 C.F.R. §686.2.

31 HEA, §420M.

32 Ibid.
Table 1. Maximum Annual and Aggregate TEACH Grant Award Amounts by Program Type

<table>
<thead>
<tr>
<th>Program Type</th>
<th>Annual Award Amount</th>
<th>Aggregate Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor’s Degree</td>
<td>$4,000</td>
<td>$16,000</td>
</tr>
<tr>
<td>Post-baccalaureate Program</td>
<td>$4,000</td>
<td></td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>$4,000</td>
<td>$8,000</td>
</tr>
</tbody>
</table>

Source: HEA, §420M.

Notes: Maximum annual award amounts reflected here are for a full-time student.

- The aggregate award amount applies to the first bachelor’s and first post-baccalaureate programs combined.

Students enrolled in a qualifying program less-than-full-time are eligible to receive a prorated TEACH Grant award based on their attendance intensity (i.e., half-time, three-quarter-time, or less-than-half-time). For example, a student enrolled in a Master’s degree program on a half-time basis may receive an annual award of up to $2,000.\(^{33}\)

A TEACH Grant in combination with other student financial assistance cannot exceed the cost of attendance; thus, in some instances, an annual TEACH Grant award may be reduced.\(^ {34}\)

Service-Related Requirements

When receiving a TEACH Grant, recipients must participate in TEACH Grant counseling that explains the terms and conditions of the TEACH Grant service obligation. They must receive entrance counseling with each TEACH Grant disbursement and exit counseling once they cease or complete their program of study.\(^ {35}\) They must also sign a TEACH Grant Agreement to Serve, which specifies the terms and conditions for receiving a TEACH Grant, including the consequences for not fulfilling the service obligation.\(^ {36}\)

Upon completion or cessation of their respective program of study, recipients must serve as full-time teachers for at least four academic years within an eight-year period. They must also meet the requirements of a “highly qualified teacher” (HQT) as defined in the Elementary and Secondary Education Act (ESEA).\(^ {37}\)

Recipients must teach at a public or nonprofit private elementary or secondary school that serves low-income students, which is defined as a school: (1) that is in a school district of an LEA that is eligible for assistance under Title I-A of the ESEA and (2) in which more than 30% of the children enrolled in the school meet a measure of poverty identified in statute.\(^ {38}\)

\(^{33}\) Ibid; 34 C.F.R. §686.21(b).

\(^{34}\) HEA, §420M. Since 2013, annual TEACH Grant awards have also been reduced due to the sequestration required under the Budget Control Act of 2011 (BCA; P.L. 112-25). For more information, see the “Budgeting Approach” section of this report.

\(^{35}\) 34 C.F.R §686.32.

\(^{36}\) 34 C.F.R §686.2 and §686.12.

\(^{37}\) HEA, §420N(b). To be deemed a HQT, ESEA requires that teachers possess a bachelor’s degree and a state teaching certificate, and that they also demonstrate subject-matter knowledge for their teaching level. For more on the definition of HQT, see CRS Report R42127, Teacher Quality Issues in the Elementary and Secondary Education Act, by Jeffrey J. Kuenzi (available to congressional clients upon request).

\(^{38}\) Ibid and §465(a)(2)(A); ESEA, §1113(a)(5).
also teach in an educational service agency (ESA) in which more than 30% of the children meet a measure of poverty identified in statute. Additionally, ED includes in the definition of a school that serves low-income students, schools operated by the Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with BIE. ED identifies all qualifying schools in the annual Teacher Cancellation Low-Income Directory (TCLD). Once a recipient locates a vacancy in a high-need field in a qualifying school, he or she must apply for the job and be offered (and accept) a qualifying position at the school. If the school in which a recipient teaches in a qualifying position is designated as a school serving low-income students in his or her first year, and subsequently is no longer designated as such, a grant recipient may still fulfill his or her service obligation by continuing to teach in that school.

As mentioned above, a recipient must also teach in high-need fields, which are defined as bilingual education and English language acquisition, foreign language, mathematics, reading specialist, science, and special education. High-need fields also include any other field that has been identified as high-need by the federal government, a state government, or an LEA, and approved by ED. ED documents fields that are identified as high-need by the federal government, a state government, or an LEA in the annual Teacher Shortage Area Nationwide Listing (“Nationwide List”), following ED approval.

Qualifying fields on the Nationwide List must be designated as high-need at the time a TEACH Grant was received or when the individual begins teaching. Depending on their program of study, recipients may be required to declare a major and take coursework in a high-need field in order to be eligible for teacher certification in their state. If recipients choose a field that is on the

39 An educational service agency is a regional public multiservice agency authorized by state statute to develop, manage, and provide services or programs to LEAs (ESEA, §8101(18)).
40 HEA, §465(a)(2)(A); ESEA, §1113(a)(5).
41 34 C.F.R. §682.210(q)(6)(iv).
43 34 C.F.R. §686.40(b).
44 HEA, §420N(b)(1)(C).
45 Bilingual education is an educational program in which two languages are used to provide content matter instruction. English language acquisition is the process of acquiring English as a second language (34 C.F.R. §686.2).
47 The Nationwide List is available at https://www2.ed.gov/about/offices/list/ope/pol/tsa.html.
48 In 34 C.F.R. §682.210(q)(8)(vii), ED defines “teacher shortage area” to be an area of specific grade, subject matter, or discipline classification; or a geographic area in which ED determines that there is an inadequate supply of elementary or secondary school teachers. ED encourages each Chief State School Officer (CSSO) to determine its state’s proposed teacher shortage areas based on the prescribed methodology and other requirements in 34 C.F.R. §682.210(q)(6)(iii). For ED to consider the state specified areas as teacher shortage areas, the percentage of the state’s proposed teacher shortage areas may not exceed the automatic designated limit of 5% of all unduplicated full-time equivalent (FTE) elementary and secondary teaching positions in the state. However, under 34 C.F.R. §682.210(q)(6)(iv), if the total number of proposed designated FTE elementary and secondary teaching positions in the state exceeds 5% of the total number of elementary and secondary FTE teaching positions, the CSSO may submit, with the list of proposed areas, supporting documentation showing the methods used for identifying the specific shortage areas, and an explanation of the reasons why ED should designate all of the proposed areas as teacher shortage areas (U.S. Department of Education, Office of Postsecondary Education, Teacher Shortage Areas Nationwide Listing: 1990-1991 through 2016-2017, June 2017, https://www2.ed.gov/about/offices/list/ope/poll/teachershortageareasreport201718.pdf).
Nationwide List when they first received the grant but is no longer designated as high-need by the time they start teaching, they may still perform qualifying service by teaching in that field.\(^{50}\) Further, if recipients are teaching in a field on the Nationwide List that in subsequent years is no longer designated as high-need, they may still teach in that field to fulfill their service obligation.\(^{31}\)

Following completion of or ceasing enrollment in their program of study, recipients must provide two types of certification to the ED-contracted TEACH Grant loan servicer. The first is an initial certification within 120 days of completing or ceasing enrollment in their program. The recipient must verify either (1) employment as a full-time teacher in a qualifying position or (2) intention to be employed in a qualifying position. The loan servicer notifies recipients of when this initial certification is due.\(^{52}\) The second is annual certification to the loan servicer following each year of teaching service completion. The loan servicer notifies recipients of their annual certification requirement, including how to submit documentation of progress towards completing their service obligation and when that documentation is due. Specifically, by the annual certification date, recipients must provide documentation demonstrating that either (1) they have completed a full year of qualifying teaching service, verified by the chief administrative officer of their school or ESA, or (2) they intend to satisfy the terms and conditions of their TEACH Grant service obligation. Previously, the annual certification date was based on the date the recipient had completed or ceased enrollment in the TEACH Grant-eligible program of study; therefore, annual certification dates varied among recipients. However, on November 1, 2018, ED adopted a standardized annual certification date of October 31 for all recipients.\(^{53}\)

**Grant-to-Loan Conversion**

In general, TEACH Grants convert to an Unsubsidized Direct Loan, with interest accrued as of the date of disbursement of each grant, under the following conditions:

- Grant recipients voluntarily request that their TEACH Grants be converted to a loan because they decide not to teach or not to teach in a qualifying school or field.
- Grant recipients do not submit appropriate documentation by the initial or annual certification date or respond to reminder notices from the ED-contracted loan servicer.
- Grant recipients fail to complete the required four years of service within the eight-year period. This applies regardless of whether the recipient completed any portion of the service obligation.
- If grant recipients cease enrollment in their eligible program of study prior to completing it, their grant converts to a loan within one year unless they are eligible for a suspension (see below), they re-enroll in an eligible program, or they have begun qualifying teaching.\(^{54}\)

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\(^{50}\) HEA, §420N(d)(1).

\(^{51}\) 34 C.F.R. §686.40(c)(2).


\(^{54}\) 34 C.F.R. §686.43.
The eight-year period in which a recipient must complete his or her four-year teaching service obligation begins once the recipient’s enrollment in the eligible program of study ends. However, a recipient may be eligible to request a suspension of the eight-year period under various circumstances, including the following:

- enrollment in another TEACH Grant-eligible program (such as a Master’s degree program if the recipient received TEACH Grants for a bachelor’s degree program),
- enrollment in a program of study that is required by a state to receive certification or licensure to teach within the state,
- a condition qualifying for leave under the Family and Medical Leave Act,\(^{55}\) or
- a call or order to active duty status for more than 30 days as a member of the Armed Forces reserves or service as a member of the National Guard.

Suspensions are granted in one-year increments, not to exceed a combined total of three years for the first three reasons or a total of three years for the last reason.\(^{56}\)

TEACH Grant service obligations can be canceled if the recipient dies or becomes totally and permanently disabled. Additionally, a recipient may be discharged for all or some of their service obligation if they are called or ordered to active military duty for more than three years.\(^{57}\)

An individual could receive TEACH Grants for more than one program of study. For example, a student could be awarded TEACH Grants for a bachelor’s degree and then later awarded TEACH Grants for a Master’s degree. In such cases, recipients must complete four years of teaching service for each program of study for which they received TEACH Grants.\(^{58}\) However, creditable teaching service, approved suspensions, and a service discharge resulting from a call to active military duty may apply to more than one service obligation.\(^{59}\)

### Institutional Eligibility

To be eligible to disburse TEACH Grants, an IHE must meet general Title IV institutional eligibility requirements specified in statute and regulation.\(^{60}\) Additionally, IHEs must meet

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\(^{55}\) Conditions that generally qualify for leave under the Family and Medical Leave Act include (1) birth of a child; (2) adoption or fostering of a child; (2) care for an immediate family member (spouse, child, or parent) with a serious health condition; (4) a serious health condition that would prevent the individual from performing the functions of his or her job; or (5) any qualifying exigency due to the fact that an immediate family member is on covered active duty in the Armed Forces (29 U.S.C. §2612(a)(1)).

\(^{56}\) 34 C.F.R. §686.41.

\(^{57}\) 34 C.F.R. §686.42.

\(^{58}\) There is no regulation or guidance on how a student who transfers from a TEACH Grant-eligible program at one school to a TEACH Grant-eligible program in another school is treated. However, based on the recently concluded negotiated rulemaking session earlier this year, it seems that a transfer student would not have to complete more than one four-year service obligation (Kyra Taylor and Stephen Payne, TEACH Grant 2019 Negotiated Rulemaking Subcommittee Report, U.S. Department of Education, https://www2.ed.gov/policy/highered/reg/hearulemaking/2018/teachgrantssession2.pdf).

\(^{59}\) 34 C.F.R. §686.12.

\(^{60}\) HEA, §102; 34 C.F.R part 600. In general, an institution must meet basic criteria, including offering at least one eligible program of education (e.g. programs leading to a degree or preparing a student for gainful employment in a recognized occupation). In addition, an IHE must satisfy the program integrity triad, under which it must be: (1) legally authorized to provide a postsecondary education in the state in which it is located; (2) accredited or preaccredited by an agency recognized by ED for such purposes; and (3) certified by ED as eligible to participate in Title IV programs. For additional information, see CRS Report R43159, Institutional Eligibility for Participation in Title IV Student Financial Aid Programs.
program-specific eligibility requirements. The HEA requires that an IHE (by determination of the Secretary of Education)\textsuperscript{61}

\begin{itemize}
  \item provide high-quality teacher preparation and professional development services, including extensive clinical experience as a part of pre-service preparation;
  \item be financially responsible;
  \item provide pedagogical coursework, or assistance in the provision of such coursework, and formal instruction related to the theory and practices of teaching; and
  \item provide supervision and support services to teachers, or assistance in the provision of such services.
\end{itemize}

ED further clarifies in regulation that to be a \textit{TEACH Grant-eligible institution},\textsuperscript{62} an IHE must

\begin{itemize}
  \item meet financial responsibility standards or qualify under an alternative standard established in regulation;
  \item provide a high-quality teacher preparation program\textsuperscript{63} at the bachelor’s or Master’s degree level that
  \begin{itemize}
    \item is either accredited by an ED-recognized accrediting agency of teacher education programs;\textsuperscript{64} or is approved by a state, includes a minimum of 10 weeks of full-time pre-service clinical experience, or its equivalent, and provides either pedagogical coursework or assistance in the provision of such coursework; and
    \item provides supervision and support services to teachers, or assists in the provision of services to teachers, such as
      \begin{itemize}
        \item identifying and making available information on effective teaching skills or strategies,
        \item identifying and making available information on effective practices in the supervision and coaching of novice teachers, and
        \item mentoring focused on developing effective teaching skills and strategies;
      \end{itemize}
    \item provide a two-year program of study that is acceptable for full credit for either a bachelor’s teacher preparation degree or a bachelor’s degree program in a high-need field at another TEACH Grant-eligible IHE with which it has an agreement\textsuperscript{65};
  \end{itemize}
\end{itemize}

\textit{Aid Programs}, by Alexandra Hegji.

\textsuperscript{61} HEA, §420L(1).

\textsuperscript{62} 34 C.F.R. §686.2; 34 C.F.R. part 668, subpart L.

\textsuperscript{63} ED defines teacher preparation program as a state-approved course of study, the completion of which signifies that an enrollee has met all the state’s educational or training requirements for initial certification of licensure to teach in the state’s elementary or secondary schools. A teacher preparation program may be a regular program or an alternative route to certification, as defined by the state. For purposes of a TEACH Grant, the program must be provided by an IHE (34 C.F.R. §686.2).

\textsuperscript{64} Currently, there are no agencies for the accreditation of high-quality teacher preparation programs that are recognized by ED (Office of Federal Student Aid, Federal Student Aid Handbook 2018-2019, p. 2-13, at https://ifap.ed.gov/fsahandbook/attachments/1819FSAHbkActiveIndex.pdf).

\textsuperscript{65} An IHE may demonstrate that it has appropriate agreements in place with another IHE through a formal articulation or consortium agreement or any other written agreement between the IHEs (Office of Federal Student Aid, Dear...
• offer a bachelor’s degree that, in combination with other training or experience, will prepare a student to teach in a high-need field, and have an agreement with another IHE that offers a teacher preparation program or a post-baccalaureate program that prepares students to teach; or
• offer a post-baccalaureate program of study that is designed to prepare an individual to teach in a high-need field. A post-baccalaureate program is not TEACH Grant-eligible if it is offered by an IHE that also offers a bachelor’s degree in education.

ED defines a TEACH Grant-eligible program as an eligible program of study, as defined in regulation, that is designed to prepare an individual to teach as a HQT in a high-need field and leads to a bachelor’s or Master’s degree, or is a post-baccalaureate program of study. A two-year program of study that is acceptable for full credit toward a bachelor’s degree is considered to be a program of study that leads to a bachelor’s degree.

A student who first received a TEACH Grant for enrolling in an eligible program of study is entitled to receive subsequent TEACH Grants to complete that program, even if it is no longer TEACH Grant-eligible.

Administration

TEACH Grant program administration responsibilities are divided among IHEs, the ED-contracted loan servicer, and ED. IHEs are generally responsible for determining program eligibility and awarding and disbursing grants to recipients. The ED-contracted loan servicer manages the day-to-day program administration tasks such as tracking whether recipients are fulfilling their required service obligation, sending recipients reminders of when annual certification is due, and managing loan repayment if a recipient’s grant were to convert to a loan. ED assumes the broader role of setting program policy, providing guidance to the loan servicer and IHEs on how to administer the program, providing oversight of program recipients and the loan servicer, and monitoring for program compliance.

Institutions of Higher Education (IHE)

The IHE is responsible for determining whether to participate in the TEACH Grant program. It also selects the specific programs of study within the IHE to designate as TEACH Grant-eligible and, thus, decides whether to make TEACH Grants available to students enrolled in those programs. TEACH Grant administration is primarily overseen by the IHE’s student financial aid...
office, sometimes in partnership with teacher preparation program departments. The financial aid office’s responsibilities generally consist of evaluating initial and ongoing student eligibility, providing required TEACH Grant counseling to students who elect to participate in the program, disseminating information and materials about TEACH Grants to students and teacher preparation program staff, and packaging and disbursing TEACH Grants to recipients. Teacher preparation program staff’s responsibilities could include supporting the financial aid office in evaluating student eligibility, creating awareness about TEACH Grants amongst students, and aiding students in identifying and securing qualifying job placements upon program completion. Additionally, IHEs have some latitude in determining how TEACH Grants are administered. For example, IHEs can choose to make TEACH Grants available only to upperclassmen at the undergraduate level, only to students who have been admitted into a teacher preparation program, or only to students who have declared a major or minor in a high-need field.

**Loan Servicer**

ED contracts with a private entity to support TEACH Grant administration at the federal level. Unlike other HEA Title IV grant programs, which are primarily administered by ED following disbursement, many aspects of the TEACH Grant program are administered by the ED-contracted loan servicer post-disbursement. This is due to the program’s service payback structure, which is unique among HEA Title IV aid programs.

Following disbursement, the ED-contracted loan servicer is tasked with tracking whether recipients are fulfilling their required service obligation, rather than undertaking administrative tasks typically associated with federal student loans such as collecting and applying loan payments to borrower accounts. The loan servicer does this by accepting and processing recipients’ annual certification paperwork. Its responsibilities also include reminding grant recipients of when their employment certification paperwork is due and sending quarterly notices informing recipients of the amount they would owe including interest if their grants were to convert to a loan. If a recipient’s grants are converted to a loan, the loan servicer also carries out the more traditional loan servicer responsibilities of tracking loan repayment, providing billing and repayment services, and informing borrowers about their repayment options. The loan servicer also initially responds to customer service inquiries.

**Department of Education (ED)**

While the ED-contracted loan servicer manages the day-to-day administration of TEACH Grants, ED plays a broader role of setting program policy, providing guidance to the loan servicer and IHEs on how to administer the program, providing oversight of program recipients and the loan servicer, and monitoring for program compliance. This includes monitoring the loan servicer to considered a TEACH Grant-eligible program (34 C.F.R. §686.2). IHEs are given some discretion in selecting which programs of study within the IHE to designate as TEACH Grant-eligible. Even if a program of study meets the eligibility requirements established in regulation, it may not be designated as TEACH Grant-eligible by the IHE (Office of Federal Student Aid, “TEACH Grants,” https://studentaid.ed.gov/sa/types/grants-scholarships/teach).


73 Ibid, p. 33.

74 For additional information on federal student loan servicing in general, see CRS Report R44845, *Administration of the William D. Ford Federal Direct Loan Program*, by Alexandra Hegji.

ensure that it delivers on its responsibilities such as regularly communicating with recipients, adequately tracking recipients’ progress toward satisfying grant requirements, and accurately converting TEACH Grants to loans if recipients do not meet grant requirements. It also broadly monitors compliance by participants, including IHEs and students, through monthly reports from the loan servicer and program reviews of IHEs that participate in Title IV programs, among other methods. Additionally, ED seeks to address recipient complaints and settles disputes that include incorrect grant-to-loan conversions. ED is also responsible for broad outreach on how to apply for and receive student aid such as TEACH Grants and developing student borrower guidance, which it maintains centrally on a federal student aid website (https://studentaid.ed.gov).76

Budgeting Approach

Given that a TEACH Grant may be converted to a Direct Loan in certain circumstances, the TEACH Grant program is treated as a federal credit program. Thus, as with all other federal credit programs, the costs to the government, or subsidies, for the TEACH Grant program are estimated in accordance with the requirements of the Federal Credit Reform Act of 1990 (FCRA; Title V of P.L. 101-508). These subsidies are reestimated on an annual basis.

According to FCRA, the budgetary cost of direct loans and loan guarantees must be measured on the basis of their estimated long-term cost to the government on a present-value basis. For each cohort year of TEACH Grants, the loan subsidy cost is the estimated long-term cost of those TEACH Grants to the government, given underlying assumptions about grant-to-direct loan conversion, loan repayment, and interest rates, and excludes administrative costs. It represents the estimated present value of the cash flows from the government (e.g., grant disbursement), less the estimated present value of the cash flows to the government (e.g., payments made by recipients whose grants convert to loans), discounted77 to the time when the grants are disbursed. Loan terms and conditions such as interest subsidies, deferments, loan forgiveness, defaults, and discharges are accounted for in these estimates.

A positive loan subsidy cost for a cohort of TEACH Grants means that those grants are estimated to result collectively in a cost to the government, whereas a negative loan subsidy cost means that the cohort of grants will collectively achieve budgetary savings for the government (through repayment, with interest, of TEACH Grants that have been converted to loans).78 Subsidy costs are large and positive for TEACH Grants that have been made since the inception of the program.79 Subsidy costs are funded through permanent, indefinite budget authority.80 Administrative costs are funded separately through annual discretionary appropriations.81

Since FY2013, nonexempt mandatory spending programs have been subject each year to sequestration, a process of automatic “across-the-board” reductions in federal spending to reduce the federal budget deficit. This process was triggered by provisions in the Budget Control Act of 2011 (BCA; P.L. 112-25).82 The TEACH Grant program account is not exempt from

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76 Ibid., pp. 11, 16-17, 26-30.
77 To account for the time-value of money, future cash flows are “discounted” to a value in present dollars.
80 HEA, §4200.
81 HEA, §493.
82 For more information, see CRS Report R44874, The Budget Control Act: Frequently Asked Questions, by Grant A.
sequestration. In May 2013, ED implemented the first BCA-required sequester by reducing each recipient’s TEACH Grant award by a specified percentage, starting with awards disbursed after March 1, 2013. A sequester has since been applied annually to the TEACH Grant program, resulting in a reduction in the annual award amount in each subsequent fiscal year. Under current law, the annual sequestration of nonexempt mandatory spending programs is scheduled to continue through FY2029.

**Participation**

Since the inception of the TEACH Grant program, ED has disbursed over 300,000 grants totaling nearly $938 million. Table 2 presents, by award year since program inception, the number of TEACH Grant awards disbursed, the number of IHEs that disbursed awards, the total amount disbursed, and the average award disbursed. The program saw a significant uptick in awards disbursed in AY2010-2011 and AY2011-2012.

In recent years, analyses of the program have shed some light on benefit take-up rates and on the extent to which grants are being converted to loans. The Government Accountability Office (GAO), for instance, estimated that in the 2013-2014 academic year, 19% of individuals potentially eligible for TEACH Grants received grants under the program.

With regard to loan conversions, an American Institutes for Research (AIR) study found that among TEACH Grant recipients who began their eight-year service period prior to July 2014, 63% had their grants converted to a Direct Unsubsidized Loan as of July 2016. Separately, in its FY2020 Congressional Budget Justification, ED estimates, based on administrative program data, that 66% of students who receive a TEACH Grant will fail to complete their service obligation and will see their grants converted to loans.

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Driessen and Megan S. Lynch.


84 For more information, see CRS Report R45941, *The Annual Sequester of Mandatory Spending through FY2029* by Charles S. Konigsberg.

85 CRS analysis of Office of Student Aid, Title IV Grant Volume Reports, FY2008-2009 through FY2018.

86 U.S. Government Accountability Office (GAO), *Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes*, GAO-15-314, February 24, 2015, p. 15. GAO analyzed ED data on IHEs offering TEACH Grants to their students during the 2013-2014 academic year. Using IPEDS data, GAO obtained the number of students who graduated from these IHEs in the 2012-2013 academic year with qualifying bachelor’s or Master’s degrees or those who completed qualifying post-baccalaureate teacher training programs. In total, it identified 96 potentially eligible academic program types including general education and secondary education teaching programs as well as education programs with a concentration in math, science, and special education based on fields specifically listed in federal law. However, because participating IHEs have discretion to choose which programs are eligible, GAO may not have included all eligible graduates or may have included some that are not eligible.


Table 2. Selected TEACH Grant Program Data  
AY2008-2009 through AY2017-2018

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Source: CRS Analysis of Office of Student Aid, Title IV Grant Volume Reports, AY2008-2009 through AY2017-2018.
Selected Issues

Many issues that span aspects of the TEACH Grant program have arisen and garnered congressional interest. In general, these issues fall into two categories: (1) facets of program design and (2) program implementation. In recent years, legislative proposals have been introduced that would address some of the issues.89

Program Design

Issues that have arisen related to facets of program design focus on whether the way in which the TEACH Grant program is structured contributes to its intended goal of recruiting and retaining high-quality teachers in low-income classrooms. They include whether the program identifies individuals with a commitment to teaching, the size of the benefit, challenges with finding and sustaining a qualifying teaching position, program quality at institutions that are eligible to disburse TEACH Grants, and the continued application of the “highly qualified teacher” definition.

Commitment to Teaching

One issue of interest pertains to whether the TEACH Grant program is effective at identifying individuals committed to teaching and teaching in high-need classrooms. Some data suggest that this may be a programmatic challenge. GAO reported that from August 2013 through September 2014, 14% of TEACH Grant recipients had voluntarily requested that their grants be converted to loans, and of those, 38% reported that the reason for the voluntary conversion was because they no longer intended to teach.

One explanation may be that TEACH Grants can be made available to students as early as freshman year in their undergraduate education. Earlier intervention may have the effect of recruiting more individuals to enter into teaching who might not have considered it otherwise. However, those individuals who may not have chosen teaching otherwise might also lack a strong commitment to the endeavor of teaching or teaching in a high-need school. Further, underclassmen are making the choice to accept a potentially high-stakes grant at a point when they may be less likely to have a full understanding of where their career interests lie. These factors may impact the likelihood of a TEACH Grant recipient’s successful completion of his or her required service obligation and whether his or her grant converts to a loan.

Evidence of the effects of restricting TEACH Grants to students who might be more committed to teaching is inconclusive. Data from a 2018 AIR study90 suggest that institutions that restrict TEACH Grant availability to juniors and seniors, points at which a student may be more fully committed to a career in teaching, are more likely to have lower grant-to-loan conversion rates.

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89 Policy issues and options discussed in this section of the report are based on existing and prior congressional legislative proposals, proposals forwarded by presidential administrations, topics addressed at congressional hearings, and issues and options identified by external researchers, think tanks, and practitioner groups. An effort is made to describe policy issues and options and what they are aiming to address so as to provide some context for their consideration. No attempt is made to evaluate the policy issues and options discussed.

90 Elizabeth Barkowski et al., Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program, U.S. Department of Education, March 2018, pp. 33-34. This study, conducted for ED by AIR, is hereinafter referred to as the “AIR study” in the report text.
Anecdotal data from the AIR and GAO studies suggest that some institutions restrict TEACH Grants to upperclassmen and graduate students because underclassmen “tend to change majors more frequently” and encounter challenges with maintaining the 3.25 GPA required for TEACH Grant eligibility. At the same time, the AIR study also suggests that there is no difference in grant-to-loan conversion rates by undergraduate class and graduate school year, with the only exceptions occurring for juniors and first-year graduate students (who had lower conversion rates). Further, there is no difference in loan conversion rates between recipients who were accepted into a teacher preparation program prior to receiving their first TEACH Grant versus after receiving their first TEACH Grant.

Data from a study of the Robert Noyce Teacher Scholarship (“Noyce Scholarship”), which is only available to students during the last two years of their undergraduate program or during their graduate program, suggest that the scholarship self-selects candidates who are already committed to teaching given that it is available later in an individual’s education trajectory. However, this same study also suggests that the Noyce Scholarship is less useful as a recruitment tool into teaching because it is less likely to influence a recipient’s decision to enter into the profession; rather, studies suggest that the Noyce Scholarship is more likely to influence an individual’s decision to teach in a high-need school. Even with TEACH Grants potentially available to individuals at any class level, the AIR study findings seem to corroborate this idea that teaching service payback programs may have a greater influence on a recipient’s decision to teach in a high-need school versus his or her decision to enter into the teaching profession more generally. The AIR study findings show that 44% of recipients indicated that the grant was somewhat or very influential in their decision to teach, while 58% of recipients indicated that the grant was somewhat or very influential in their decision to teach in a high-need school.

To address some of these concerns, one legislative proposal would amend TEACH Grants to limit eligibility to upperclassmen and graduate students. Limiting eligibility to upperclassmen may help to ensure that grants are not being awarded to individuals who may not demonstrate a strong commitment to teaching and, thus, are more likely to remain in a high-need classroom and complete their service obligation. At the same time, restricting TEACH Grants may limit the program’s ability to recruit individuals who may not have otherwise considered teaching as a career.

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92 Year-in-school refers to the academic level of the recipient at the time he or she received his or her first TEACH Grant.
97 See S. 969, Educator Preparation Reform Act, 116th Congress.
Additionally, there is some evidence from the AIR study that suggest that IHEs market TEACH Grants to students as a means to fund their education, more so than as a means to enter into teaching.\textsuperscript{98} Anecdotal evidence from IHEs also suggests that some students accept a TEACH Grant to access additional education funding, with no intention of fulfilling the required teaching service.\textsuperscript{99} Additionally, the AIR study found that in academic year 2013-2014, 42% of grant recipients would have been borrowing over their federal annual loan limit\textsuperscript{100} if their grants were considered loans from the outset.\textsuperscript{101} While these data do not shed light on the share of recipients who took a TEACH Grant only to fund their education and with no intention of teaching, they illustrate the prospect that this source of aid may be playing a role not encompassed in original program aims.

**Size of the Benefit**

Under the TEACH Grant program, a qualifying student is eligible for up to $4,000 per year to cover the cost of attendance at an eligible IHE for an eligible program of study. At the undergraduate and post-baccalaureate levels, the maximum cumulative amount a student could receive is $16,000, and at the graduate level, the maximum cumulative amount a student could receive is $8,000. At the time the program was authorized, it was thought that the award amount would help to offset the opportunity cost of entering into teaching, given the below-average compensation teachers receive.

The estimated low take-up rate of TEACH Grants may be an indicator of several things. It may suggest that some students consider the program but cannot meet the academic requirement, or decide not to take the risk of accepting a grant that could convert to a loan if they are unable to meet program requirements. The low take-up rate could also indicate that the financial benefit may not be large enough to incentivize students to accept a TEACH Grant when they would have otherwise not considered teaching. Some research suggests that teacher scholarship programs can be effective at both recruiting and retaining teachers in high-need schools when the financial incentive “meaningfully offsets the cost of a teacher’s professional preparation.”\textsuperscript{102} One such study cited TEACH Grants as an example of a teacher scholarship program that did not provide a large enough financial benefit.\textsuperscript{103} In contrast, the Noyce Scholarship provides $10,000 per year to undergraduate students in their junior or senior year or the same amount per year for graduate studies. In 2013, an independent evaluator found that among Noyce Scholarship recipients who had at least two years to find a teaching position after obtaining certification, 90% were teaching in high-need school districts.\textsuperscript{104}


\textsuperscript{99} Ibid, p.19.

\textsuperscript{100} Direct Subsidized and Unsubsidized Loans have annual loan limits, which are the maximum amounts that a student may borrow for an academic year. Annual loan limits are based on the student’s dependency status and grade level (Office of Federal Student Aid, *Federal Student Aid Handbook 2018-2019*, p. 3-95, https://ifap.ed.gov/fsahandbook/attachments/1819FSAHbkActiveIndex.pdf; 34 C.F.R. § 685.203).


\textsuperscript{102} Anne Podolsky and Tara Kini, *How Effective Are Loan Forgiveness and Service Scholarships for Recruiting Teachers?*" Learning Policy Institute, policy brief, April 2016, p. 1;

\textsuperscript{103} Ibid; Pey-Yan Lou and Frances Lawrenz, “Optimizing Teacher Preparation Loan Forgiveness Programs: Variables Related to Perceived Influence,” *Science Education*, vol. 95, no. 1 (January 2011), pp. 121-144.

\textsuperscript{104} Ellen Bobronnikov and Cris Price, “Preliminary Highlights from the Noyce National Program Evaluation,”
One legislative proposal would triple the annual TEACH Grant award, increasing it from $4,000 to $12,000; however, the proposal would also double the length of service requirement from four years to eight years and require it to be completed within 10 years of program completion. Any increase in the TEACH Grant award amount may have the effect of attracting more individuals to participate in the program. However, if a recipient fails to complete his or her service obligation, it could mean that recipients are left with a larger amount to pay back in loans. The impact on the cost to the government is unclear given that the change may increase the number of individuals who participate in the program and, thus, the cost, but if the rate at which grants convert to loans does not change, then it can be expected that a significant number of individuals’ grants would continue to convert to loans, and they will be repaying the government in larger amounts.

Finding and Sustaining a Qualifying Teaching Position

For a TEACH Grant recipient to fulfill his or her service obligation, he or she is required to teach at a school or in an ESA that serves low-income students and in a high-need field. This is intended to focus federal dollars on helping to produce teachers in schools and fields that historically face teacher shortages.

Data from the 2017-2018 school year suggest that over 70% of all operational public schools may have met the TEACH Grant definition of a school that serves low-income students. However, despite the seeming prevalence of schools where recipients could fulfill their service obligation, they may still face challenges in locating and maintaining qualifying employment, especially since those schools still may not have vacancies in fields that qualify as high-need. For example, elementary school teachers may not be considered as teaching in a high-need field—where the...
majority of their time must be spent teaching math or science—because many of them may teach all subjects an equal amount of time.

The AIR study found that 39% of TEACH Grant recipients whose grants were converted to loans reported that they did not fulfill their service requirement because they were teaching in positions that did not qualify for TEACH Grant service. Of those recipients, 15% reported that they could not find a job in a high-need field and school, 15% decided they did not want to teach in a high-need field and school, 14% applied to one or more qualifying positions but were not offered the job, and 13% found a higher-paying teaching position at a non-qualifying school. Additionally, 43% of those recipients reported other reasons for not teaching in a qualifying position, such as their school losing its Title I designation, a previously qualifying position being eliminated, confusion about whether the position qualified, teaching students from low-income families in a non-qualifying school, or not being certified in a high-need field. Similarly, the GAO study found that finding and keeping an eligible teaching position can be a challenge for recipients in satisfying grant requirements. Some of the reported reasons include limited hiring by school districts and the length of time it can take to find a qualifying position. Another factor is that promotions to non-teaching administrative positions in eligible schools do not qualify as positions fulfilling TEACH Grant service requirements.

Some legislative proposals would expand the fields that would qualify as high-need, adding areas such as early childhood education, technology, engineering, career and technical education, and writing specialist. This change could help to attract individuals to teach in fields that may be considered as high-priority and, thus, provide more options for securing a position in a qualifying school. However, some of these additional fields may not face true shortages in low-income schools. Further, while low-income communities may face a shortage of early childhood educators, it could be challenging for states to identify all qualifying early childhood programs. The HEA defines an early childhood education program as a Head Start or Early Head Start program; a state licensed or regulated child care program; or a program that addresses the cognitive, social, emotional, and physical development of children from birth through age six, and is a state prekindergarten program, a preschool or infant/toddler program authorized under the Individuals with Disabilities Education Act (IDEA), or a program operated by an LEA.

Not all recipients receive support from their institutions to find and secure qualifying teaching placements. The AIR study found that 70% of IHEs in its sample provided students with some placement service for identifying qualifying TEACH Grant service positions: 58% provided guidance on how to identify TEACH Grant-qualifying positions, 48% provided an updated list of available positions, and 46% established relationships with schools that have eligible positions. However, none of these practices were correlated with lower grant-to-loan conversion rates. In addition, while the TCLI and Nationwide List help recipients identify TEACH Grant-qualifying

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110 See, for example, H.R. 6543, Aim Higher Act, 115th Congress; and H.R. 4914, Supporting the Teaching profession through Revitalizing Investments in Valuable Educators Act (STRIVE Act), 115th Congress.

111 HEA, §103(8).

schools and fields, respectively, there is no central job search tool that identifies existing TEACH Grant-qualifying vacancies or job announcements.

It is possible that expanding the types of schools that would qualify as eligible teaching placements could lead to longer retention rates in the classroom, and thus improve grant-to-loan conversion rates. Under the Paul Douglas Teacher Scholarships Program, which preceded TEACH Grants, there was no statutory requirement that the schools in which recipients taught be high-need; although, recipients could reduce the length of their required teaching service if they taught in a geographic area with teacher shortages.\footnote{P.L. 99-498, as amended.} The ED Biennial Evaluation Report of the Paul Douglas Teacher Scholarship program from FY1995 and FY1996 showed that through FY1992, 63% of scholarship recipients had completed their teacher certification course of study. Of those, 67% had taught in the past or were teaching as of the 1992-1993 school year. Additionally, 6% of scholarship recipients were repaying or had repaid some part or all of their scholarship as loans.\footnote{U.S. Department of Education, \textit{Biennial Evaluation Report, Fiscal Years 1995-1996}, pp. 532-3.} The North Carolina Teaching Fellows Program, which is similar in structure to TEACH Grants, requires that its fellows only teach in North Carolina public schools. One study found that the program is more likely to produce teachers who stay in public classrooms for five years or more. However, that same study also found that fellows tended more than other novice teachers to teach students who are more advantaged.\footnote{Gary T. Henry, Kevin C. Bastian, and Adrienne A. Smith, “Scholarships to Recruit the ‘Best and Brightest’ Into Teaching: Who Is Recruited, Where Do They Teach, How Effective Are They, and How Long Do They Stay?” \textit{Educational Researcher}, vol. 41, no. 3 (April 2012), pp. 83-92.} As such, expanding the types of schools in which recipients could complete their service obligation could run counter to the original intent of the program to support low-income schools with recruitment of high-quality teachers.

**Program Quality at Institutions Eligible to Disburse TEACH Grants**

To be eligible to disburse TEACH Grants, an IHE must provide a high-quality teacher preparation program. Such teacher preparation program must be accredited by an ED-recognized accrediting agency of teacher education programs; or is approved by a state, provides a minimum of 10 weeks of full-time pre-service clinical experience, or its equivalent, and provides or assists in the provision of pedagogical coursework. The program must also provide or assist in the provision of supervision and support services to teachers.\footnote{34 C.F.R. §686.2.}

The HEA and accompanying regulations do not define what it means for a teacher preparation program to be “high-quality.”\footnote{HEA, §420L; 34 C.F.R. §686.2.} Title II of the HEA requires states and IHEs to publish report cards on the quality of teacher preparation.\footnote{For more information, see CRS Report R45407, \textit{Teacher Preparation Policies and Issues in the Higher Education Act}, by Jeffrey J. Kuenzi.} States must also report to ED on the quality of teacher preparation programs. Title II of the HEA further requires states to develop criteria to assess program quality, identify programs that are low-performing or at risk of being low-performing based on those criteria, and report this information to ED.\footnote{HEA, §205(a)-(b), §207(a).}

In 2014, 12 states identified a total of 45 programs as low-performing or at risk of being low-performing—nearly evenly split between the two designations. Of those 45 programs, 28 were
based in IHEs that disburse TEACH Grants. Twenty-two states have never identified a program as low-performing or at risk of being low-performing.\textsuperscript{120}

In 2016, ED published regulations that would have linked the definition of “high-quality teacher preparation program” in §420L(1)(A) of the HEA to teacher preparation program ratings under the HEA Title II state reporting requirements;\textsuperscript{121} although, these regulations were subsequently overturned under P.L. 115-14, pursuant to the Congressional Review Act.\textsuperscript{122} Not only did the regulations require that states identify programs that are “effective,” but among other things they required states to develop and report on specific indicators for assessing teacher preparation program performance, including the learning outcomes of students taught by program graduates. Further, under these regulations, IHEs operating a program that a state identified as low-performing or at risk of being low-performing for two out of three years would have lost their eligibility to participate in the TEACH Grant program.\textsuperscript{123} One argument made for limiting TEACH Grant eligibility to those programs that states identified as “effective” was that TEACH Grant recipients might be more likely to fulfill their service obligation if prepared by strong teacher preparation programs.\textsuperscript{124} In contrast, some arguments against limiting TEACH Grant eligibility included concerns about the decrease in the number of IHEs that would be eligible to provide TEACH Grants, which may result in fewer students pursuing teaching in high-need fields and low-income schools. It was also stated that such a change could disproportionately impact the entry of low-income students into the teaching profession.\textsuperscript{125}

To address some of these issues, one legislative proposal would require that a qualifying teacher preparation program be one that is not identified by the state as low-performing or at risk of being low-performing.\textsuperscript{126} Given that under current law, states identify few teacher preparation programs as low-performing or at risk of being low-performing, this change could create a minimum standard that is tied to existing statute without implicating a significant number of programs. However, as with ED’s 2016 regulations, it may be possible that such a change could limit the number of IHEs that qualify for the TEACH Grant program and, thus, disproportionately impact the entry of low-income students into the profession.

Continued Application of the Highly Qualified Teacher (HQT) Definition

To meet program service requirements, among other criteria, a TEACH Grant recipient must comply with the requirements for being a HQT, as defined under the ESEA.\textsuperscript{127} Prior to December 2015, the ESEA specified minimum standards for teacher quality by defining a HQT, requiring that all teachers of core subjects within any state receiving funds under Title I-A of ESEA\textsuperscript{128} meet these standards.

\textsuperscript{121} For more information, see CRS In Focus IF10596, \textit{Teacher Preparation Regulations}, by Jeffrey J. Kuenzi.
\textsuperscript{122} For more information, see CRS Report R43992, \textit{The Congressional Review Act (CRA): Frequently Asked Questions}, by Maeve P. Carey and Christopher M. Davis.
\textsuperscript{126} See S. 969, \textit{Educator Preparation Reform Act}, 116th Congress.
\textsuperscript{127} HEA, §420N(b)(1)(E).
\textsuperscript{128} Title I-A of the ESEA authorizes aid to LEAs for the education of disadvantaged children. Title I-A grants provide...
In December 2015, the Every Student Succeeds Act (ESSA; P.L. 114-95) reauthorized the ESEA and repealed the HQT definition. Now, the ESEA, as amended by the ESSA, does not contain requirements pertaining to minimum standards for teacher quality like those formerly applicable to states receiving ESEA grant funds under NCLB-enacted HQT provisions. However, the ESSA amendments still made the pre-December 2015 HQT requirements applicable to the TEACH Grant program. Depending on whether states implement new minimum standards that veer from the previous HQT standards, TEACH Grant recipients may be required to meet both sets of requirements: meeting state requirements to teach within the state and federal requirements to fulfill TEACH Grant service requirements. It is unclear how the definition of HQT would apply to recipients who fulfill their service obligation in qualifying private schools.

A recently concluded negotiated rulemaking resulted in draft consensus language that included a definition of HQT. While the new definition is nearly identical to the HQT definition in the NCLB, it also contains new requirements for private school teachers such as passing competency tests that are recognized by five or more states.

**Implementation Issues**

Implementation issues relate to whether the way in which the TEACH Grant program is administered by ED may have impacted the program’s success. They include challenges associated with certification of teaching service and the absence of a formal appeals process.

**Challenges with Certification of Teaching Service**

Within 120 days of completing or ceasing enrollment in the relevant program of study, TEACH Grant recipients must provide an initial certification of their employment as a teacher in a qualifying teaching position or of their intention to obtain employment in a qualifying teaching position. Thereafter, a recipient must provide an annual certification of having completed or intending to complete (if the time in which it is possible to complete the required teaching service has not lapsed) qualifying teaching service. If certifying completed teaching service, the recipient must provide documentation that demonstrates that he or she (1) is teaching in a low-income school, (2) has taught a majority of classes during the year in a high-need field, and (3) meets HQT requirements.

There are a number of issues that have stemmed from the requirement for annual certification, the administrative process by which recipients maintain their grant status. In its review of complaint data from ED’s Federal Student Aid Ombudsman, GAO found that 64% of TEACH Grant recipients cited problems with submitting annual certification paperwork. The AIR study also

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**Footnotes:**


131 34 C.F.R. §686.40.

found that 41% of TEACH Grant recipients whose grants have been converted to loans did not fulfill their service requirements due to factors related to annual certification. In particular, 19% did not certify because they did not know about the annual certification process and 13% did not certify because of challenges related to this process.\(^\text{133}\)

The GAO study documented anecdotal evidence suggesting that students may not fully comprehend the paperwork requirements, despite the requirement that recipients undergo TEACH Grant counseling when each grant is disbursed and once recipients complete their program of study. Further, GAO found evidence suggesting that the ED-contracted loan servicer converted 2,252 grants in good standing to loans in error between August 2013 and September 2014. Of those erroneous conversions, 19% were converted because a recipient did not understand the terms of the grant and certification requirements, including paperwork needed to document teaching service, or the servicer provided “inaccurate, unclear, confusing, or misleading” information about program or certification requirements to the recipient.\(^\text{134}\)

This lack of understanding and information about certification requirements may have significant consequences—the AIR study found that recipients whose grants had been converted to loans were half as likely as recipients whose grants were still in good standing to report that they were well-informed about the annual certification requirements.\(^\text{135}\)

Recent news coverage has given attention to the TEACH Grant recipients whose grants were converted to loans due to a failure to certify on time, despite the fact that they had been performing qualified teaching. The failure to certify may occur for a number of reasons, from submitting the certification late to forgetting to submit the certification altogether. Certification documentation must be mailed or faxed, forms of communication for which it is difficult to verify whether the paperwork was received and on time. Additionally, the annual certification date often occurred over the summer when recipients or certifying school personnel are away on vacation.\(^\text{136}\)

If recipients fail to certify on time, then all of their grants are converted into an Unsubsidized Direct Loan (which includes interest accrued since disbursement of each grant) regardless of whether they are performing qualified teaching service. However, until recently there had not been a formal process for a recipient to appeal such a decision (see “Lack of a Formal Appeals Process” below).\(^\text{137}\)

To help address issues with certification, ED recently established a standardized annual certification date of October 31 of each year.\(^\text{138}\) Additionally, through negotiated rulemaking that concluded earlier this year, draft consensus language would require ED to provide additional notifications to recipients about when required certification documentation is due.\(^\text{139}\)

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\(^\text{137}\) Ibid.


Some legislative proposals would simplify the certification process by requiring that recipients only certify that they have completed qualified teaching for (1) at least one year by no later than five years after completion of their program of study; (2) at least two years by no later than six years after completion; (3) at least three years by no later than seven years after completion; and (4) at least four years by no later than eight years after completion. Otherwise, recipients would be considered in compliance with program rules unless they proactively request that their grants be converted to loans. Other bills require that ED work with states to simplify the certification process. One bill would establish the annual certification date as October 31 in law.

Lack of a Formal Appeals Process

The consequences of an erroneous or premature grant-to-loan conversion can be disruptive for recipients, including new and unexpected debt and a negative effect on their credit history. Some documentation also suggests that some recipients whose grants were converted into loans were unable to stay in their qualifying teaching positions, and instead had to change to a more lucrative position or other employment in order to make their new loan payments. Erroneous or premature grant-to-loan conversions have largely occurred in two types of circumstances. The first is when grants in good standing are converted to loans due to an administrative error. As mentioned above, GAO reported that from August 2013 through September 2014, ED discovered that 2,252 recipients had their grants converted to loans in error. Fifty-six percent of the errors occurred because the servicer did not give recipients the full 30 days from final notification to submit their certification. Another 15% of the erroneous conversions occurred because recipients were not given the full year from graduation to submit their certification. ED and the ED-contracted loan servicer have implemented changes to combat these erroneous grant-to-loan conversions resulting from administrative error. The loan servicer now conducts system checks and manually reviews all accounts flagged for conversion to determine if the recipient met certification requirements in accordance with regulation. ED also expanded the loan servicer’s authority to reconvert loans to grants in certain circumstances without having to elevate disputes to ED.

The second circumstance is when grants are converted to loans for recipients who are performing qualified teaching but fail to submit their certification paperwork on time, as discussed above. The extent of this problem is not known. Starting in January 2019, ED established a reconsideration process for anyone whose grant had been converted to a loan and who met or was on track to meet the TEACH Grant service requirements within the eight-year window. In February, ED emailed TEACH Grant recipients who were eligible for a TEACH Grant reconsideration. If a qualifying recipient did not receive an email from ED, he or she could still...

See, for example, H.R. 6543, Aim Higher Act, 115th Congress.

See, for example, S.Amdt. 3957 to S.Amdt. 3695 to H.R. 6157, Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 and Continuing Appropriations Act, 2019, 116th Congress.

See S. 1387, Consider Teachers Act, 116th Congress.


request a reconsideration by calling or emailing the ED-contracted loan servicer. The loan servicer makes a determination of whether a reconsideration request is accepted and to reconvert loans back to grants; however, it is unclear whether any other actions are taken such as helping to repair any damage to the recipient’s credit as a result of the grant-to-loan conversion. As of May 2019, of the nearly 6,000 recipients who applied for reconsideration, about 38% had been approved for a reconversion and less than 0.3% had been denied.

Other changes were proposed in negotiated rulemaking that concluded earlier this year. The resulting draft consensus language would not only establish a reconsideration process in regulation but would also require three other actions by ED as a result of an erroneous grant-to-loan conversion: (1) crediting any qualifying teaching service performed while the grant was wrongly in loan status toward the recipient’s service requirement; (2) granting a suspension of the eight-year service obligation period equal to the amount of time that the grant was wrongly in loan status; and (3) providing support to help recipients repair any damage to their credit that resulted from the grant-to-loan conversion.

Several bills propose to codify a formal appeals process in circumstances in which TEACH Grants were wrongfully converted to loans, and allow grants to be reinstated if an error was made. Additionally, one such bill proposes that, for grants that are found to have been erroneously converted into loans, ED would be required to extend the recipient’s eight-year service obligation period by the amount of time his or her grants were wrongly in loan status.

**Legislative Proposals to Reform TEACH Grants**

Apart from the legislative changes mentioned in the preceding sections, there have been a number of additional proposals concerning the TEACH Grant program. Most bills propose to keep but amend the program, while others would replace or repeal it.

Some legislative proposals that would retain but amend the TEACH Grant program seek to allow partial payback of the award on a prorated basis based on the length of service completed for recipients who do not complete their full service requirement. The Noyce Scholarship currently implements this practice, and the Paul Douglas Teacher Scholarship program used it as well. This might lessen the risk to recipients of accepting the grant and, therefore, encourage more students to participate in the program and enter into teaching. It may also reduce the financial burden on those who had fulfilled some part of their service in a high-need classroom and field. However, one concern may be that this concession could detract from the program’s overall goal to retain teachers in low-income classrooms and high-need fields, as there may be an incentive not to complete all four years of required service.

In the 115th Congress, one amendment proposed would have allowed teachers whose roles or duties change to continue to fulfill their required teaching service with such new roles or

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149 See, for example, S. 969, Educator Preparation Reform Act, 116th Congress; and S. 1387, Consider Teachers Act, 116th Congress.

150 See, for example, S. 969, Educator Preparation Reform Act, 116th Congress.
duties. This could include recipients who are promoted to leadership roles in which they might be spending more time supporting other teachers instead of in the classroom instructing. Under current regulations, a teacher must teach a majority of classes in a high-need field new roles or duties may not meet service requirements and a recipient may not be able to accept a new position or may have to find another qualifying position that meets service requirements. As research suggests, allowing opportunities for advancement may lead to greater retention rates amongst TEACH Grant recipients, potentially beyond the required four years. However, permitting other positions beyond teaching to qualify could detract from the overarching goal of recruiting and retaining high-quality individuals in the teaching profession.

Alternatively, there have also been proposals to replace TEACH Grants and other student financial assistance programs for teachers with a new program altogether. One such proposal would have provided to teachers in qualifying positions a larger maximum loan repayment amount than is available under currently authorized federal teacher loan forgiveness programs, and in graduated amounts beginning with their first year and increasing the longer they stay in a qualifying position. One argument for such a proposal is that the current combination of approaches to student financial assistance programs for teachers—either fully back-loading benefits (as with current teacher loan forgiveness) or fully front-loading benefits (as with TEACH Grants)—has not been sufficient in incentivizing high-quality candidates to join and remain in the teaching profession. However, one consideration is that such a new program would likely result in an increased cost to the federal government.

Several bills have proposed to eliminate the TEACH Grant program without creating a new program in its place. As justification for elimination, proponents have stated that because ED projects that the majority of TEACH Grant recipients will not be able to fulfill their service requirements, the program ultimately becomes a “risky gamble” for students, as they are more likely than not to incur a significant amount of debt as a result.157

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151 See H.R. 6543, Aim Higher Act, 115th Congress.
152 34 C.F.R. §686.40.
154 See S. 1247, Teacher Loan Repayment Act of 2017, 115th Congress.
156 See, for example, H.R. 4508, Promoting Real Opportunity, Success, and Prosperity Through Education Reform Act (PROSPER Act), 115th Congress.
Author Contact Information

Rita R. Zota
Analyst in Education Policy
/redacted/@crs.loc.gov.

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