

Key Legislative Priorities: Federal Policy and Authorizing Legislation

Legislative Proposal	Modifications to the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program
House/Senate committee or Agency of Jurisdiction	U.S. House Education and Labor Committee; U.S. Senate Health, Education, Labor and Pensions Committee; U.S. Department of Education
Description	<p>The TEACH Grant program was created by the College Cost Reduction and Access Act of 2007. The TEACH Grant provides grants of up to \$4,000 per year to students who intend to teach in a public or private elementary or secondary school that serves students from low-income families. Undergraduate students selected for the program may receive up to \$4,000/year, with a maximum total of \$16,000. Graduate students may receive up to \$4,000/year with \$8,000 maximum total for graduate education. Eligibility for the grant is not based upon financial need. Students selected for the TEACH Grant program sign a service agreement that requires them, , to teach full-time in a high need field at a low income elementary or secondary school for 4 years, within 8 years of their program completion. Students who do not meet the service agreement will have their grants converted to Federal Direct Unsubsidized Loans, which carry a 6.8% annual interest assessed from the point of the initial award.</p>
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FY 2010 Goal	Amend sections 420L through 420N of the Higher Education Act of 1965 to convert the TEACH Grant into a forgivable loan program.
Benefit to Wisconsin, UW System Institutions and Students	<p>The intent of the TEACH Grant is to encourage college graduates to become teachers and teach full-time in a high need field at a low-income elementary or secondary school. Because of the requirements attached to the TEACH Grant, many students – up to 80 percent in some estimates - will not complete the terms of the service agreement and see their TEACH Grants converted to loans. The concept of grants converting into loans is difficult for students to understand and for institutions to explain. In addition, many of the requirements attached to the service agreement, such as finding a job in a high-need field at a qualifying school, are not completely within the student's control.</p> <p>Because of the strict service agreement and high estimated rate of conversion, the current program structure is essentially a forgivable loan, but without the proportional reduction in the loan amount (either qualify for full grant or must repay the entire amount). This penalizes students who make legitimate attempts to comply with the program requirements, but may only teach for a portion of the required four years of service. In addition, advertising and administering the program as a grant, when most of the grants will convert to loans, does not appear to be in the best interests of students.</p> <p>Therefore changing the TEACH Grant program into a forgivable loan program, with a possible percentage reduction for a defined period of service, such as a 25% reduction in the loan amount for each year of required service, would be a less complicated program structure to explain and would produce less confusion among students. Students would understand that (as with the TEACH Grant) that they are taking on additional debt to finance their college</p>

education, rather than under the current structure, in which students could believe that they are receiving a grant, only to be saddled with additional loan debt (with interest charged from the time that the grant was issued) if they cannot complete the service agreement.

Finally, and depending on the structure of the forgivable loan program, the requested change would have little fiscal impact, as students would still be required to comply with the service agreement in order to receive any reduction in their loan amounts.