

What you need to know before you get a TEACH Grant

2008–2009

Teacher Education Assistance for College and Higher Education (TEACH) Grant Program

OVERVIEW OF THE TEACH GRANT PROGRAM

The U.S. Department of Education's (the Department's) TEACH Grant Program provides grant funds to postsecondary students who are completing or plan to complete coursework that is needed to begin a career in teaching, and who agree to serve for at least four years as a full-time, highly qualified teacher in a high-need field, in a school serving low-income students. Eligible full-time students may receive \$4,000 per year in TEACH Grant funds, up to a maximum of \$16,000 for undergraduate and postbaccalaureate study, and \$8,000 for graduate study.

If you receive a TEACH Grant but do not complete the required four years of teaching service within eight years after completing the coursework for which you received the grant, or if you otherwise do not meet the requirements of the TEACH Grant Program, all TEACH Grant funds that you received will be converted to a Federal Direct Unsubsidized Stafford/Ford Loan (Direct Unsubsidized Loan) that you must repay in full, with interest, to the Department. Once a TEACH Grant is converted to a loan, it cannot be converted back to a grant.

TOPICS

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■ WHAT YOU NEED TO KNOW BEFORE RECEIVING TEACH GRANT FUNDS

Signing the TEACH Grant Agreement to Serve (Agreement)

You must sign an Agreement each year before receiving a TEACH Grant. The Agreement is a legally binding document that defines the teaching service obligations you must meet and specifies your repayment obligation if a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan.

By signing the Agreement you promise to meet the teaching service requirements of the TEACH Grant Program and to repay with interest the full amount of any TEACH Grant that is converted to a Direct Unsubsidized Loan if you do not meet those requirements.

By signing the Agreement, you agree:

- to serve as a full-time, highly qualified teacher for at least four elementary or secondary school years within 8 years of completing, or otherwise ceasing to be enrolled in, the program for which you received a TEACH Grant,
- to teach in a low-income school, and
- to teach in a high-need field, in the majority of classes that you teach during each school year.

Highly Qualified Teacher Status

As stated above, one of the conditions for fulfilling your TEACH Grant service obligation is that you must meet the requirements for a highly qualified teacher as defined in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or if you are a special education teacher, as defined in section 602(10) of the Individuals with Disabilities Education Act. You can find out more about the highly qualified teacher requirements online (see sidebar note for the Web address).

Requirements for highly qualified teacher status online:
www.ed.gov/teachers/nclbguide/improve-quality.html

Schools Serving Low-income Students

For purposes of the TEACH Grant Program, a low-income school is a public or private elementary or secondary school that is listed in the Department's *Annual Directory of Designated Low-income Schools for Teacher Cancellation Benefits* (see sidebar note for the Web address and additional information about low-income schools).

Identifying TEACH Grant High-need Fields

More than half of your time teaching during each school year must be in a high-need field. For purposes of the TEACH Grant Program, high-need fields are:

- Mathematics,
- Science,
- Foreign language,
- Bilingual education,
- English language acquisition,
- Special education,
- Reading specialist, or
- Another field listed in the Teacher Shortage Area Nationwide Listing (Nationwide List) that is issued annually by the Department (see sidebar note for the Web address). In order to satisfy your service obligation by teaching in another high-need field listed in the nationwide list, that field must be listed in the Nationwide List for the state in which you begin teaching at the time you begin teaching in that field. If you begin qualifying teaching service in a high-need field that is listed in the Nationwide List, but in subsequent school years of teaching that high-need field is no longer included in the Nationwide List, your subsequent years of teaching will continue to qualify for purposes of satisfying your TEACH Grant service obligation.

The Department's Annual Directory of Designated Low-income Schools for Teacher Cancellation Benefits online:
www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp

Schools designated as low-income for part of a school year
 If the school where you teach meets the requirements of a low-income school during all or a part of a school year of your required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school will still qualify for purposes of satisfying your TEACH Grant service obligation.

Schools operated by Bureau of Indian Education (BIE)

All elementary and secondary schools operated by the U.S. Department of the Interior's Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE qualify as low-income schools.

Teacher shortage area Nationwide List online:

www.ed.gov/about/offices/list/ope/pol/tsa.pdf

Completing the 4-year Service Obligation

It is important to understand that you must complete the 4-year teaching service obligation for each academic program for which you received TEACH Grant funds.

Each service obligation begins after you complete, or otherwise cease to be enrolled in, the academic program for which you received TEACH Grant funds. If you receive a TEACH Grant for one academic program and later receive a TEACH Grant for a subsequent program, any qualifying teaching service that you perform before you complete the second program may only be applied toward fulfillment of your service obligation for the first program. However, if you receive TEACH Grant funds for enrollment in a subsequent program before completing your service obligation for an earlier program, qualifying teaching service that you perform following the completion of the subsequent program may be applied toward your service obligation for both programs.

The following examples illustrate the service obligation requirements described above:

- Example 1

You complete an academic program for which you received a TEACH Grant and immediately enroll in another academic program for which you will receive a TEACH Grant before you begin teaching. You request and receive a suspension of the eight-year period for completing your service obligation for the first program (see “Temporary Suspension of the Service Obligation”) while you are enrolled in the second program. After completing the second program, you must complete four years of qualifying teaching service that will fulfill your service obligation for each program.

- Example 2

You complete an academic program for which you received a TEACH Grant and begin qualifying teaching service to satisfy your service obligation. After completing one year of qualifying teaching service, you stop teaching and enroll in a second academic program for which you receive a TEACH Grant. You request and receive a suspension of the eight-year period for completing your service obligation for the first program while you are enrolled in the second program. After completing the second program, you must complete four years of qualifying teaching service that will fulfill your service obligation for the second program as well as the remaining three years of your service obligation for the first program.

- Example 3

You complete an academic program for which you received a TEACH Grant and begin qualifying teaching service to satisfy your service obligation. After teaching for one year, you enroll in a second academic program for which you receive a TEACH Grant. You enroll in the second program for two years, and during that period you continue to teach full time. After completing the second program, you must complete four years of qualifying teaching service that will fulfill your service obligation for the second program and the remaining year of your service obligation for the first program. The qualifying teaching service that you perform while enrolled in the second program may only be applied to your service obligation for the first program.

- Example 4

You complete an academic program for which you received a TEACH Grant and then fully satisfy your four-year service obligation for that program. You later enroll in another program for which you receive a TEACH Grant. After completing the second program, you must complete four years of qualifying service to fulfill your service obligation for the second program. No portion of the qualifying service that you completed for the first program may be applied to your service obligation for the second program.

Keeping Your TEACH GRANT From Becoming a Federal Direct Unsubsidized Loan

To prevent your TEACH Grant from becoming a Direct Unsubsidized Loan, it is very important that you complete your teaching service obligation and promptly respond to periodic requests for information from the Department's Direct Loan Servicing Center (DLSC).

You must provide documentation to the DLSC at the end of each year of teaching. Staying in touch with the DLSC can keep your grant from being converted to a loan before you are able to complete your teaching obligation.

If you do not complete your teaching service obligation or do not meet other requirements of the TEACH Grant Program, this can result in a significant loan burden.

Documenting Your Teaching Service Obligation

Unless you receive a suspension of the eight-year period for completing the service obligation or your service obligation is discharged (see "Temporary Suspension of the Service Obligation," and "Discharge of a TEACH Grant Service Obligation"), you must confirm to the Department in writing within 120 days after you have completed or are otherwise no longer enrolled in the program for which you received a TEACH Grant that:

- You are employed as a full-time teacher in accordance with the terms and conditions described above under "Signing the TEACH Grant Agreement to Serve"; or
- You are not yet employed as a full-time teacher, but you intend to meet the terms and conditions of your service obligation.

See page 6 for instructions on how to document your service obligation with the Department.

TEACH GRANT

The Direct Loan Servicing Center (DLSC)

The DLSC monitors your compliance with the requirements of the TEACH Grant Program. If a TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, the DLSC will service your loan.

Contact the DLSC

Toll free: 1-800-848-0979

Overseas/International:

011-315-738-6634

DLSC Web site: www.dl.ed.gov

Documenting the completion of the four years of required teaching service

After completing each of the four required school years of teaching service, you must provide the Department with documentation of that teaching service on a form that will be available from the Department. This form must be certified by the chief administrative officer of the school where you are teaching, and must confirm that for the specified year:

- You were a highly-qualified teacher;
- You taught in a low-income school; and
- You taught a majority of classes in a high-need field.

Completing less than a full year of qualifying teaching service

If you do not complete a full school year of qualifying teaching service, but complete at least one-half of a school year, the half-year of teaching will be counted as one of your four required years of teaching service only if your school employer considers you to have fulfilled your contract requirements for the school year for purposes of salary increases, tenure, and retirement because you were unable to complete a full school year of teaching due to:

- A condition covered under the Family and Medical Leave Act of 1993 (FMLA); or
- A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d) (5), under a call to active service in connection with a war, military operation, or national emergency.

► Family Medical Leave Act (FMLA)

You can view the conditions of the FMLA from the U.S. Department of Labor's Web site at: www.dol.gov/esa/whd/fmla/

► The reserve components of the Armed Forces named in 10 U.S.C. 10101 include:

The Army National Guard of the United States, the Army Reserve, the Navy Reserve, the Marine Corps Reserve, the Air National Guard of the United States, the Air Force Reserve, and the Coast Guard Reserve.

Teaching at more than one qualifying school

If you teach at more than one qualifying school during a school year, that year of teaching will count as one of the required four school years of teaching service if you provide the Department certification from one or more of the chief administrative officers of the schools involved that the combined teaching is the equivalent of one school year of full-time employment, and if all of your teaching was in one or more of the high-need fields as defined on page 3.

Temporary Suspension of the Service Obligation

In certain cases, you may be able to temporarily suspend the eight-year time period for completing your teaching service obligation.

If you completed the academic program for which you received a TEACH Grant, or you are otherwise no longer enrolled in the program, you may request a suspension of the eight-year period for completing your service obligation based on:

- Your enrollment in a program of study for which you would be eligible to receive a TEACH Grant, or your enrollment in a program (including an alternative teacher certification program) that has been determined by a state to satisfy the requirements for certification to teach in the state's elementary or secondary school;
- A condition covered under the FMLA; or
- Being called or ordered to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in 10 U.S.C. 10101 (listed on page 6), or service as a member of the National Guard on full-time National Guard duty, as defined in 10 U.S.C. 101(d)(5), under a call to active service in connection with a war, military operation, or a national emergency.

The conditions listed above are the *only* conditions under which you may receive a suspension of the eight-year period for completing your service obligation.

Timeframe for submitting suspension requests

A request for a temporary suspension of the period for completing your service obligation must be received before any of the conditions that would cause your TEACH Grant to be converted to a Direct Unsubsidized Loan (see page 9).

You must submit a request for a suspension on a form that the Department will provide, and you must include documentation supporting your request.

Time limit for suspension of the eight-year period to complete the service obligation

Suspensions are granted in one-year increments and may not exceed a combined total of 3 years, except for suspensions based on qualifying military service.

REMEMBER: A TEACH Grant that has been converted to a Direct Unsubsidized Loan cannot be reconverted to a TEACH Grant

Discharge of a TEACH Grant Service Obligation

The Department will discharge your TEACH Grant service obligation only under the following conditions:

- The Department receives acceptable documentation of your death; or
- The Department determines that you are totally and permanently disabled, and you meet certain additional conditions during a 3-year conditional discharge period.

If the Department discharges your service obligation under one of these two conditions, your TEACH Grant(s) will not be converted to a Direct Unsubsidized Loan, and neither you nor your family will be required to repay any TEACH Grant funds that you received.

Cancelling a TEACH Grant

You may cancel all or part of a TEACH Grant by notifying the institution that awarded you the TEACH Grant within 14 days after the date the institution notifies you of your right to cancel all or part of the TEACH Grant, or by the first day of the institution's payment period, whichever is later (the institution can tell you the first day of the payment period). If you notify the institution that you want to cancel a TEACH Grant within this timeframe, the institution must return the TEACH Grant funds to the Department and they will not be converted to Direct Unsubsidized Loan.

If you ask your institution to cancel a TEACH Grant outside the timeframe described above, but within 120 days of the TEACH Grant disbursement date, the institution may return the TEACH Grant funds to the Department, but is not required to do so. However, you may at any time request that the Department convert a TEACH Grant to a Direct Unsubsidized Loan that you can then repay.

Conditions for Converting Your TEACH Grant to a Federal Direct Unsubsidized Loan

Any TEACH Grant that you received will be converted to a Direct Unsubsidized Loan that you must repay in full to the Department, with interest, under any of the following conditions:

- You request that a TEACH Grant you received be converted to a Direct Unsubsidized Loan for any reason (for example, if you have decided that you do not want to teach).
- You are no longer enrolled in a program for which you received a TEACH Grant and did not notify the Department within 120 days of ceasing enrollment that:
 - You are employed as a full-time teacher in accordance with the terms and conditions described in your Agreement; or
 - You are not yet employed as a full-time teacher as described in your Agreement, but you intend to meet the terms and conditions of your service obligation.
- You do not complete the program for which you received a TEACH Grant, and within one year after you cease enrollment —
 - You have not been determined to be eligible for a suspension of the eight-year period for completing your service obligation under one of the conditions previously described.
 - You have not reenrolled in a program for which you would be eligible to receive a TEACH Grant; or
 - You have not begun qualifying teaching service as described above.
- You completed the academic program for which you received a TEACH Grant, but do not actively confirm to the Department at least once each year that you intend to satisfy the service obligation.
- You completed the academic program for which you received a TEACH Grant, but did not begin or have not maintained qualifying employment within a timeframe that would allow you to complete your service obligation within the eight-year period previously described (for example, if you have not begun qualifying teaching 4 ½ years after completing a program for which you received a TEACH Grant, you would not be able to complete the required four years of teaching within eight years after completing the program).

Other conditions that could convert a TEACH Grant to a loan

There are other conditions that could prevent you from completing your teaching service obligation. For example, a prior or future felony conviction could prevent you from being employed as a teacher, and you would then be unable to complete your service obligation. If you are unable to complete your service obligation, any TEACH Grants you received will be converted to a Direct Unsubsidized Loan.

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will be subject to the terms and conditions that apply to a Direct Unsubsidized Loan under applicable laws and regulations, including the terms and conditions described in your Agreement, and will be reported to one or more national credit bureaus.

■ REPAYMENT OF A TEACH GRANT THAT HAS BEEN CONVERTED TO A DIRECT UNSUBSIDIZED LOAN

Interest Rate and Payment of Interest

If the TEACH Grant that you receive is converted to a Direct Unsubsidized Loan, you are responsible for repaying the full amount of the TEACH Grant, with interest. Interest will be charged from the date of each TEACH Grant disbursement. If a TEACH Grant is converted to a Direct Unsubsidized Loan, you will receive a six-month grace period on repayment that begins on the day after the grant is converted to a loan. The repayment period on the loan begins on the date the grant is converted into a loan. You do not have to make loan payments during the grace period, but interest will continue to accrue. The repayment period on the loan begins on the day after the end of the six-month grace period.

At the time a TEACH Grant is converted to a loan, you will be given the opportunity to pay the interest that has accrued. If you do not pay the accrued interest, it will be added to the loan principal balance when the loan enters repayment after the six-month grace period. This is called “capitalization.” Capitalization increases the unpaid principal balance of your loan, and we will charge interest on the increased principal balance.

The interest rate on a Direct Unsubsidized Loan is a fixed rate of 6.8%. We charge interest on a TEACH Grant that is converted to a Direct Unsubsidized Loan during all periods, including deferment and forbearance periods.

Your Agreement will provide more detailed information about the terms and conditions of Direct Unsubsidized Loans.

Annual and aggregate loan limits

Any TEACH Grant that is converted to a Direct Unsubsidized Loan will not count toward the annual or aggregate loan limits that apply to other federal student loans you have received or may receive in the future to help pay for your education.

FSA Ombudsman

The Ombudsman’s office is a resource for borrowers to use when other approaches to resolving student loan problems have failed. If you feel that your TEACH Grant has been incorrectly converted to a Direct Unsubsidized Loan, you may contact the Federal Student Aid Ombudsman’s Office at: www.ombudsman.ed.gov/

EXAMPLES OF DIRECT UNSUBSIDIZED LOAN REPAYMENTS UNDER THE STANDARD REPAYMENT PLAN

Initial Debt When Loan Enters Repayment	Standard Repayment Plan	
	Per Month	Total
\$4,000	\$50	\$5,344
8,000	92	11,048
16,000	184	22,095

These payment amounts were calculated using a fixed interest rate of 6.8%.

Your monthly payment will depend on the size of your debt and the length of your repayment period. This chart is an example of monthly payments for different loan amounts under the standard repayment plan. With the standard plan you will pay a fixed amount for up to 10 years. The standard repayment plan is just one of several repayment plans you can select. For more information about the repayment plans that are available for Direct Unsubsidized Loans, see your Agreement.

Stay in Contact with The Department

If your address, telephone number, or name changes at any time after you receive a TEACH Grant, you must notify the Department.

Avoiding Delinquency & Default

If your TEACH Grant has been converted to a Direct Unsubsidized Loan, and you think you might have a problem making the scheduled payments on your loans, contact the Direct Loan Servicing Center immediately to discuss other repayment options and whether you might be eligible for a deferment or forbearance.

If you become delinquent in making payments on a Direct Unsubsidized Loan, this could lead to default. You will be considered to be in default if (1) you do not make payments on the loan for at least 270 days; or (2) you do not comply with other terms of the loan and we reasonably conclude that you no longer intend to honor your repayment obligation.

If you default, the default will be reported to national credit bureaus and will significantly and adversely affect your credit history. A default will have additional adverse consequences as described below.

If you default:

- We will require you to immediately repay the entire unpaid amount of your loan.
- We may sue you, take all or part of your federal income tax refund and other federal or state payments, and/or garnish your wages so that your employer is required to send us part of your salary to pay off your loan.
- We will require you to pay reasonable collection fees and costs, plus court costs and attorney fees.
- You will lose eligibility for other federal student aid and assistance under most federal benefit programs.
- You will lose eligibility for loan deferments.