

# TEACH GRANT

FOR COLLEGE OF EDUCATION MA & MAT STUDENTS IN MATH, SCIENCE, FOREIGN LANGUAGE AND ESL, DEVELOPMENTAL READING AND SPECIAL EDUCATION



Office of Student Financial Aid

College of Education

## Information

Before you receive a TEACH Grant, regulations require that you complete a counseling session. The counseling session provides information about the terms and conditions of a TEACH Grant service agreement, as well as the rights and responsibilities that apply if your TEACH Grant is converted to a loan.



## Understanding the Grant

The TEACH (Teacher Education Assistance for College and Higher Education) Grant is designed for students who intend to teach full time in a high-need field at a public or private elementary or secondary school that serves students from low-income families.

Students who receive the TEACH Grant must fulfill a service obligation. **Failure to complete the entire service obligation or to meet other TEACH Grant requirements will result in the grant being converted into a Federal Direct Unsubsidized Stafford Loan with interest accruing from the date of disbursement.** If a TEACH Grant is converted into a loan it may **not** be reconverted back into a grant.



## High Need Fields

For the purpose of this grant, high-need fields include the following:

- ESL/ELL English as a Second Language
- Foreign Language
- Mathematics
- Developmental Reading
- Science
- Special Education

NOTE: The field you teach in must be a high-need field in the state where you teach in order to satisfy your service requirements. For example, if music is a high-need field in Texas but not in Montana and you teach music in Montana, it will not satisfy your service obligation.



## Award Amounts

You may receive a TEACH Grant, as follows:

- Up to \$4,000 per academic year for full-time students (amount will be less for less-than-full-time enrollment)
- A cumulative maximum amount of \$8,000
- Awards will be split into two disbursements, with each disbursement equaling no more than half of the annual award amount.



## Cancellation

You may request cancellation of all or part of your TEACH Grant award but must do so within 120 days of disbursement.



## Eligibility Requirements

To be eligible for a TEACH Grant, you must meet these requirements:

- ❑ Complete the FAFSA (Free Application for Federal Student Aid), though you do not have to demonstrate financial need
- ❑ Be a U.S. citizen or eligible non-citizen
- ❑ Be enrolled in coursework that is necessary to begin a career in teaching or plan to complete such coursework, or an endorsement in a high need field. Such coursework may include subject area courses (e.g., math courses for a student who intends to be a math teacher)
- ❑ Have a 3.25 cumulative grade point average OR meet GRE requirements
- ❑ Sign a TEACH Grant Agreement to Serve



## Applying for a TEACH Grant

To apply for the TEACH Grant, you must complete the FAFSA (Free Application for Federal Student Aid), though you do not have to demonstrate financial need. In addition, you must complete a TEACH Grant Agreement to Serve (ATS) each year that you receive the grant.

The Agreement to Serve specifies the conditions under which the grant will be awarded, the teaching service requirements, and includes an acknowledgment by you that you understand that if you do not meet the teaching service requirements you **must repay the grant as a Federal Direct Unsubsidized Stafford Loan.**



## Service Obligation

If you accept a TEACH Grant you must meet the following service obligation:

- Agree to teach **for at least four academic years** within eight calendar years of completing your program of study for which you received the TEACH Grant
- Teach full time in a high-need field for the majority of the classes you teach in a public or private elementary or secondary school that serves students from low-income families
- Be classified as a highly qualified teacher as defined in section 9101 (23) of the Elementary and Secondary Education Act of 1965, as amended (<http://www.ed.gov/policy/elsec/leg/esea02/pg107.html>). For special education teachers, highly qualified is defined in section 602 (10) of the Individuals with Disabilities Education Act
- UI graduates from a TEACH eligible program are highly qualified
- Provide necessary documentation to verify teaching status



## Service Obligation Continued...

For the purpose of meeting your service obligation, an "academic year" is defined as follows:

- One complete school year, or two complete and consecutive half years from different school years that generally fall within a 12-month period
- Summer sessions are excluded
- A minimum nine consecutive months is equal to an academic year for schools with a year-round program.



## Suspension of Service Obligation

You may request a temporary suspension of your service obligation if one of the following is true:

- You return to school in a program that may qualify you for another TEACH Grant
- You meet a condition covered under the Family and Medical Leave Act of 1993
- You are called to active duty status for more than 30 days as a member of a reserve component of the Armed Forces, or service as a member of the National Guard called to full-time duty in connection with a war, military operation, or a national emergency.
- To request a suspension of your service obligation, you must complete the suspension form provided by the Department of Education.



## Conversion of a TEACH Grant to a Loan

As mentioned earlier, it is possible for your TEACH Grant to become an interest-accruing loan that you will be required to repay. Interest will be calculated back to the date the grant funds were disbursed, and you will be responsible for repaying such interest as well.



## Conversion of a TEACH Grant to a Loan Continued...

The conditions under which the TEACH Grant can be converted to a Federal Direct Unsubsidized Stafford Loan include the following:

- Upon your request (for example, if you decide not to teach)
- Your failure to notify the Department of Education within 120 days of leaving school that you are:
  - employed as a full-time teacher in a position that meets the qualifications for your service obligation or
  - not yet employed in a position that meets the qualifications, but you do intend to meet your obligation.
- Leaving school without completing your program of studying and within a year you:
  - do not qualify for a service obligation suspension,
  - do not reenroll in a program that would make you eligible for a TEACH Grant, or
  - have not begun qualifying teaching service.
- You fail to notify the Department of Education every year that you intend to complete your service obligation.
- You reach a point in the eight-year time frame when it becomes impossible for you to complete your service obligation. For example, if by year five you have not completed any years of service, there would be no time for you to get the full four years of service in before the eight-year cutoff. Thus, your loan would enter repayment during the fifth year.



## Conversion of a TEACH Grant to a Loan Continued...

Once a TEACH Grant is converted to a loan, your 6-month grace period begins. During the grace period, interest accrues, though you will not need to make payments. You receive only one grace period per loan. Repayment begins after the grace period ends, with the first payment usually due 45-60 days later:

- The maximum repayment period is 10 years.
- Payments are expected each month.
- The minimum monthly payment is \$50, but may be higher depending on your balance.
- You may prepay your loan at any time without penalty. Prepayment may substantially reduce your interest costs.

Once a TEACH Grant is converted to a loan it **cannot** be reconverted to a grant.



## Federal Direct Unsubsidized Stafford Loan

If your TEACH GRANT is converted to a Federal Direct Unsubsidized Stafford Loan, it will have all of the rights and responsibilities associated with that loan. These rights and responsibilities include the following:

- Notifying the Department of Education any time you have a change in name, address, telephone number, or any other status that would affect your loan.
- A fixed interest rate of 6.8 percent.
- Interest being charged on the principal balance from the date of disbursement. Interest accrued during the period prior to repayment or during deferment or forbearance periods will be capitalized (added to the principal balance) at the end each respective period. You may pay some or all of the interest that accrues during these periods to minimize capitalization.
- Various payment plans from which to choose



## Federal Direct Unsubsidized Stafford Loan Continued...

- The ability to temporarily postpone your monthly payments with a deferment or forbearance if you are unable to make payments.
  - Deferments are entitlements, if you meet specific requirements. Common deferments include:
    - In-School (must be at least half-time)
    - Graduate Fellowship program
    - Rehabilitation Training program
    - Unemployment
    - Economic Hardship
    - Military Service
  - If you do not meet the requirements for a deferment, you may be able to reduce the amount of your payment or temporarily stop making payments by requesting forbearance.
- Public service loan forgiveness on the remaining balance of your loans after you have made 120 monthly payments (specific payment plan restrictions apply) if you were employed in certain public service jobs during the full 120 months.



## Defaulting on a Federal Loan

You will be considered to be in default if you become 270 days delinquent with your loan payments. The consequences of defaulting on your loan are very serious and may result in the following:

- ❑ Loan immediately becomes due in full
- ❑ Damage to your credit rating
- ❑ Collection costs
- ❑ Withholding of your state or federal Treasury payments (including tax refunds, Social Security benefits, etc.)
- ❑ Wage garnishment
- ❑ Civil lawsuit, including court costs and legal expenses
- ❑ Loss of deferment and forbearance options
- ❑ Loss of eligibility for further financial aid



## Failure to meet obligation

If you do not complete your program of study or if you, for any other reason, fail to meet the service obligation previously stated, **your TEACH Grant will be converted to a Federal Direct Unsubsidized Stafford Loan**. You will be required to repay this loan, in full, with interest. You will be charged interest from the date the grant was disbursed.

The following are examples of interest accruals and potential payment amounts. For the purposes of these examples, note these factors:

- ❑ Grants are disbursed in two installments. To simplify examples, they are listed as fully disbursed in one disbursement.
- ❑ 6.8 percent is the current fixed interest rate of a Federal Direct Unsubsidized Stafford Loan.



## Example

John Doe begins his graduate studies with plans of becoming a science teacher. He enters college in the fall of 2008 and receives a TEACH Grant for the two years he is in school. If, for whatever reason, John decides to not pursue a career in teaching, or doesn't wish to teach in a TEACH eligible school, he is required to repay the TEACH Grants he received as Federal Direct Unsubsidized Stafford Loans.

Disbursement Date (Interest Accrual Start Date)	Amount Awarded	Repayment Start Date (Date Converted to Loan)	Interest Rate	Estimated Yearly Accrual	Estimated Total Interest Accrued
9/01/08	\$4000	9/10/10	6.8%	\$272	\$544
9/01/09	\$4000	9/10/10	6.8%	\$272	\$272
<b>Total</b>	<b>\$8000</b>				<b>\$816</b>

## Example

When John's grants are converted to a loan, the interest that has accrued to that point will be capitalized (added to the principal balance). John will be required to repay the original \$8,000 in grant money, in addition to the \$816 in interest that accrued. His total loan balance will be \$8,816.

## Contact Information

For more information on TEACH Grants or Federal Direct Stafford Loans, contact the University of Iowa, Office of Student Financial Aid.

- Call (319) 335-1450
- Click <http://www.uiowa.edu/financial-aid/>
- Visit 208 Calvin Hall

