

# MEMORANDUM

Date: February 11, 2019  
To: Negotiated Rulemaking Subcommittee on TEACH Grants  
From: Kyra Taylor  
Issue: Remedies for TEACH Grant recipients who had their grant involuntarily converted

This memo proposes remedies for recipients whose TEACH grants were converted in violation of the TEACH grant statute between 2008 and the present. The memo first provides an overview of the TEACH grant program and the problems that have caused TEACH grants to convert. The memo goes on to describe how the Department can use its statutorily permissible options of 1) loan reconversion, 2) service completion clock suspension, 3) refunding the money paid on a loan improperly converted (or portion thereof), and 4) discharge service obligations to provide relief for various types of TEACH grant recipients who had their grant convert. Relief should be provided to recipients who had grant conversions but A) did fulfill their service obligations, B) did demonstrate that they attempted to fulfill the service obligations, C) still intend to fulfill their service obligation, or D) despite the conversion, continued working in low-income schools.

## **I. Introduction: What is the TEACH Grant Program?**

The TEACH grant was passed to ensure that more highly-qualified teachers would work in America's neediest schools in the highest need teaching positions. In exchange for the promise that teachers will work for four years in high-need positions in low-income schools within 8 years of leaving a TEACH-eligible postsecondary program, taxpayers give teachers education grants—\$4,000 per year for each year of study with an undergraduate cap set at \$16,000 and a graduate cap of \$8,000—to help them earn the degrees that would qualify them to teach in high-need positions. The intent motivating the program is noble; as one TEACH grant recipient explained when told about this rulemaking, “We absolutely need highly qualified teachers in high-need fields in urban education, and investing in our teachers through higher education is the way to do it.”

Yet, before teachers had the opportunity to fulfill their promise of service, the Department of Education imposed confusing forms and timing requirements that caused the conversion of thousands of teachers' grants into Direct Unsubsidized Loans with retroactive interest. Worse, when it adopted the required forms, the Department failed to comply with the Paperwork Reduction Act,<sup>1</sup> enacted in part to ensure comprehensibility and simplicity in government forms that, if completed incorrectly, could lead to a penalty against an individual. One Teach-For-America alumnus who is also a TEACH grant recipient explained the challenges she has had with the TEACH paperwork, stating:

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<sup>1</sup> 44 USC §3506(c)(1)(requiring a specific process for agencies to follow when using paperwork that would be used to impose a penalty on recipients and allowing recipients to use the failure of process as a defense against the corresponding agency penalty); *see also* 5 C.F.R. § 1320.5 (OMB regulation requiring that an agency seeking OMB approval of an information collection must show that it has taken “every reasonable step to ensure” the collection is “the least burdensome necessary for the proper performance of the agency’s functions” and “has practical utility”).

I am a type-A, organized person and read all of the paperwork I was given, but every time I needed to figure out what I was required to do for the TEACH grant [...] I had no one to talk to about the details of how to fulfill my grant obligations or how to make sense of the confusing language around the requirements. [...] Even though I was cautious to read every line of documentation, even I had paperwork rejected because I didn't know what counted as the last day of school for a qualifying service year—I wrote that the last day of school was the last day teachers were required to be in the school instead of the last day students were present. It took weeks to fix the form rejection and lots of time on the phone with my servicer. Had I not submitted the form two months early with enough time to fix the issue before the deadline, I wouldn't have received credit for that service year [*and gotten my loan converted*]*—*even though I did everything right. If that service year hadn't been accepted, I would have wanted to fight that decision, but I still don't know who I would need to contact to make it right.

In fact, of all of the TEACH recipients who began their service clock in 2014 or before, 63% have had their grants converted into loans.<sup>2</sup> **No comprehensive data has been released regarding how many teachers were able to keep their grant in grant status and complete four years of teaching in high-need positions in low-income schools. Nor is there comprehensive data breaking down the reasons that all these grants were converted into loans.**

Teachers have lost faith in the integrity of the TEACH grant program. Recent TEACH grant recipients—teachers still completing their TEACH grant-eligible program—express concern that their grant will convert to a loan despite their efforts to fulfill the service requirements. TEACH recipients have reported dissuading other teachers considering a TEACH-eligible degree from using the grant because of its abysmally high conversion rate. Moreover, they are anxious that, should their grant convert, they would need to leave their qualifying position to look for another, higher-paying job to cover unexpected loan payments.

Although the Department has notified 16,000 TEACH recipients that their loan is now eligible for reconversion if they can demonstrate that they completed four years of teaching service (after their grant had already converted and they were forced to make unexpected loan payments), that action is insufficient to rebuild public trust—including future teachers' trust—in the legitimacy of the program.

## **II. The Problem: Teachers Have Been Wrongly Penalized by the Department's Administration of TEACH Grants**

In considering what remedies are appropriate for TEACH grant recipients who have had their grants convert, it is useful to consider the gap between what the TEACH grant statute envisioned and how TEACH grants have converted.

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<sup>2</sup> *Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program*, at pg. 57, Appendix A, Ex. 4, Department of Education (March 2018), available at <https://www2.ed.gov/rschstat/eval/highered/teach-grant/final-report.pdf> (2018 Department TEACH report).

## A. Grant Conversion Under the TEACH Grant Statute

The TEACH grant section of the Higher Education Act, 20 U.S.C. § 1070g, defines the TEACH grant program in 5 sections. Section 1070g-2(b) of the law states that TEACH grant recipients agree to

- (A) serve as a full-time teacher for a total of not less than 4 academic years within 8 years after completing the course of study for which the applicant received a TEACH Grant under this subpart;
- (B) teach in a school described in section 1087ee(a)(2)(A) of this title;
- (C) teach in any of the following fields--
  - (i) mathematics;
  - (ii) science;
  - (iii) a foreign language;
  - (iv) bilingual education;
  - (v) special education;
  - (vi) as a reading specialist; or
  - (vii) another field documented as high-need by the Federal Government, State government, or local educational agency, and approved by the Secretary;<sup>3</sup>
- (D) submit evidence of such employment in the form of a certification by the chief administrative officer of the school upon completion of each year of such service; and
- (E) comply with the requirements for being a highly qualified teacher as defined in section 91011 of the Elementary and Secondary Education Act of 1965.<sup>4</sup>

With regards to grant conversion, the same section of the law states,

In the event that any recipient of a grant under this subpart **fails or refuses to comply** with the service obligation in the agreement under subsection (b), the sum of the amounts of any TEACH Grants received by such recipient shall, upon a determination of such a failure or refusal in such service obligation, be treated as a Federal Direct Unsubsidized Stafford Loan.<sup>5</sup>

**Put simply, the statute requires that TEACH grants convert only if the Department has determined that a TEACH recipient has failed or refused to fulfill their four years of service. All conversions made prior to that point were made in**

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<sup>3</sup> Which positions qualify as “high-need” is another area that the subcommittee addressed as a pitfall for TEACH recipients. Proposals for solutions are addressed in another memo.

<sup>4</sup> The term “Highly-Qualified” was removed in the most recent reauthorization of the Elementary and Secondary Education Act. As a result, states now have discretion to define what is an “effective teacher” within their boundaries.

<sup>5</sup> 20 U.S.C. § 1070g-2 (emphasis added).

**violation of the statute.** In addition, the four years of service can be accomplished in any order over the course of the eight-year period. For the purposes of later comparison, a visualization of the statutory obligation:

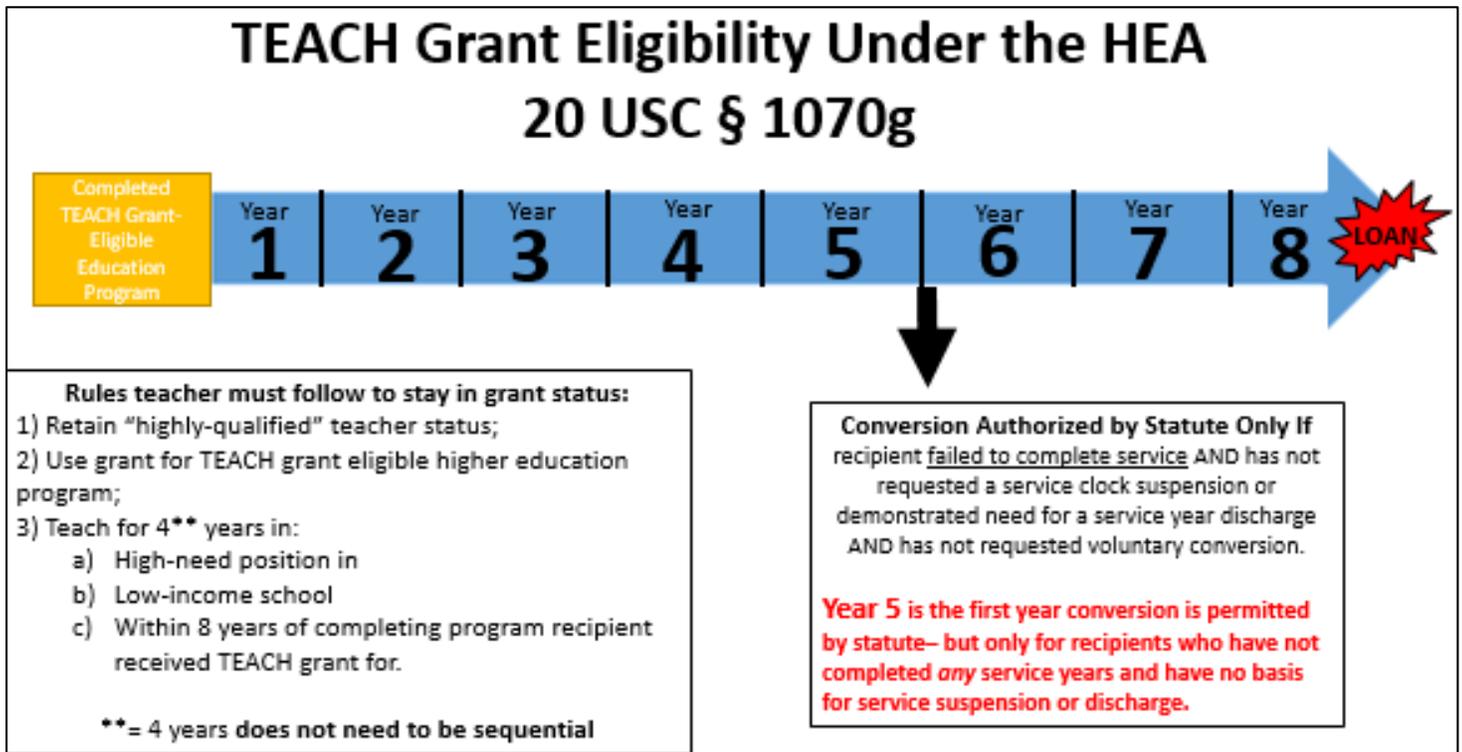


Figure 1

## B. The Education Department’s Administration of TEACH Grants

The original TEACH grant regulations imposed numerous non-statutory, grant-to-loan conversion triggers on teachers in the form of mandatory paperwork, **but failed to emphasize that mandatory paperwork in the Agreement to Serve or the initial or exit counseling.** The conversion triggers were:

- Notifying the Department within 120 days after transferring from one qualifying program at one college or university to another qualifying program at another college or university;
- Notifying the Department within 120 days of graduation that the recipient had begun qualifying employment or intended to complete the service requirement;
- Submitting a certification within a year of completing the TEACH grant-eligible higher education program that either
  - 1) the recipient *intended* to complete the service requirement or
  - 2) the recipient had completed a year teaching in a low-income school in a high-need position (“qualifying service year”).

These certifications needed to be received before the deadline set by the servicer.

Once those triggers were set off, the loan servicer for the TEACH grant program rapidly converted a grant, sometimes in as little as a month after a missed deadline, without informing the TEACH grant recipient that the conversion had occurred.

**Worse, both the Department and the servicer repeatedly told TEACH recipients that once a loan had been converted, it could never be converted back into a grant.<sup>6</sup> In fact, current TEACH grant regulations currently state that reconversion is impossible.<sup>7</sup>** As a result, the grant recipients who were converted due to the servicer’s error or who could demonstrate that they were fulfilling their promise under the TEACH grant law have had no formal process to reconvert, leaving recipients to believe that even if they complied with the TEACH grant criteria, the Department would not reverse the conversion.

This section describes the various types of and erroneous reasons for grant conversions to date: 1) conversions that occurred before the service year began, 2) conversions that occurred during the first year of teaching or during qualifying service year submission, and 3) servicer error. Each type of conversion is illustrated by a diagram illustrating how the conversion at issue contravened the TEACH Grant Law.

## **1. Conversions That Occurred Before the Service Year Began**

Countless teachers had their TEACH grant convert due to 34 C.F.R. section 686.43(a). That regulation requires that TEACH recipients notify the Secretary “within 120 days of ceasing enrollment in the institution prior to completing the TEACH grant-eligible program” either that:

- (1) They have obtained qualifying employment in a low-income school within a high-need teaching position or
- (2) They intended to complete their service requirement despite not being employed in qualifying employment.

The regulation does not require the grant to convert should the recipient transfer—in fact, in section 686.41 it permits a recipient to suspend their service clock while enrolled in another TEACH-eligible program—it requires the grant to transfer if the recipient does not complete the required notification of qualifying or non-qualifying employment within 120 days of leaving the prior institution. However, section 686.41(a)(3) required recipients that did not complete their program to certify to the Department within 1 year of ceasing enrollment that they had either a) re-enrolled in a qualifying higher education program, b) obtained qualifying employment, or c) qualified for a service suspension. The section specifies that a failure to submit certification

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<sup>6</sup> Chris Arnold and Cory Turner, *Education Department Launches ‘Top To Bottom Review Of Teachers’ Grant Program*, NPR (May 22, 2018), available at <https://www.npr.org/sections/ed/2018/05/22/605248637/education-department-launches-top-to-bottom-review-of-teachers-grant-program>; Julie Murray, *Rewriting the TEACH Grant Rules: Lessons From A History of Mismanagement*, Public Citizen at 15-17 (Dec. 2018), available at [https://www.citizen.org/system/files/case\\_documents/teach\\_report.pdf](https://www.citizen.org/system/files/case_documents/teach_report.pdf) (Public Citizen TEACH Report); 34 CFR §§ 686.32(a)(3)(viii), (b)(3)(iv), (c)(4)(vii) (regulations requiring counseling stating that loans will not be reconverted back to grants); *Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed To Improve Participant Outcomes*, at 33-34, GAO (Feb. 2015), available at <https://www.gao.gov/products/GAO-15-314>.

<sup>7</sup> 34 C.F.R. §§ 686.32(a)(3)(viii), (b)(3)(iv), (c)(4)(vii).

either 120 days after ceasing enrollment or 1 year from leaving a TEACH-eligible program without completing it will convert a grant.

Further complicating what TEACH recipients needed to do to stay in grant-status, the Department created a form (“the enrollment completion form”), but did not post it on a website or make it publicly available. Instead, the Department requires TEACH recipients to contact the TEACH grant servicer to request the enrollment completion form. Many teachers did not even know about this requirement or this form, but only discovered this requirement AFTER they received a billing statement and noticed that their grants were converted.

By making the form difficult to obtain and failing to provide sufficient information about the form deadline to recipients, the Department converted TEACH grants for many recipients simply because they failed to timely submit a form when they (1) transferred to teaching programs offered by other institutions; or (2) graduated.

Although the statute provided these recipients with **8 years to fulfill their service requirement, the Department arbitrarily cut-off these recipients’ statutory rights**, including in cases where the recipient was working in qualifying low-income schools. Those teachers were made to pay: the Department published on its website that loans would not be reconverted and the servicer informed grant recipients who inquired that the Department would not be reconvert loans back into grants. The Department did not provide any process by which recipients could correct errors or contest decisions, even though many of these recipients were still entitled to maintain grant status under the explicit terms of the statute.

One teacher’s struggle exemplifies the issue with converting grants for teachers who transferred to another institution’s teaching program, without allowing her the eight years of service to fulfill the requirements:

I am a general education teacher in a low-income elementary school in Prince Georges County, Maryland. I took out a TEACH grant in 2012 when I enrolled in a Masters of Education in Reading Specialist program. While completing my master’s degree, I continued teaching. However, mid-program, I switched to teach in a school district that offered tuition assistance for teachers pursuing master’s degrees in education, so I switched into the same master’s degree program at a higher-ranked university. However, when I switched to the better university, I was informed that my grant converted to a loan. I got no warning before the grant converted. When I called my servicer to explain that it should not have converted, they told me that because I wasn’t at the school where I received the TEACH grant, the grant had converted to a loan. I asked if it could switch back, especially because I was still enrolled in a qualifying program and I was still teaching in a low-income school. They said no. I didn’t think that I could fight the conversion anymore and I have been struggling to pay my loan payments since. It doesn’t feel fair, especially because I am still teaching in a low-income school and I had no idea that the grant could convert just because I switched universities.

## ERRONEOUS TEACH GRANT CONVERSIONS BEFORE TEACHING CAN EVEN BEGIN

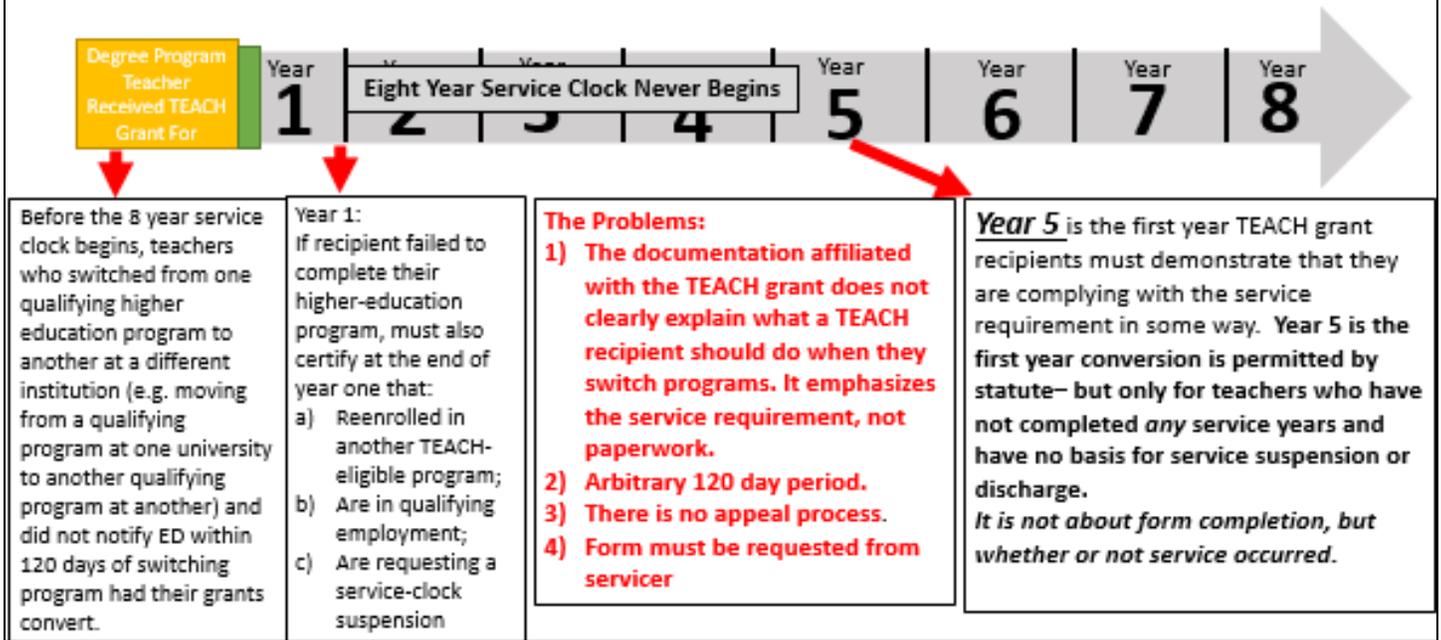


Figure 2

## ERRONEOUS TEACH GRANT CONVERSIONS SHORTLY AFTER HIGHER EDUCATION PROGRAM COMPLETION

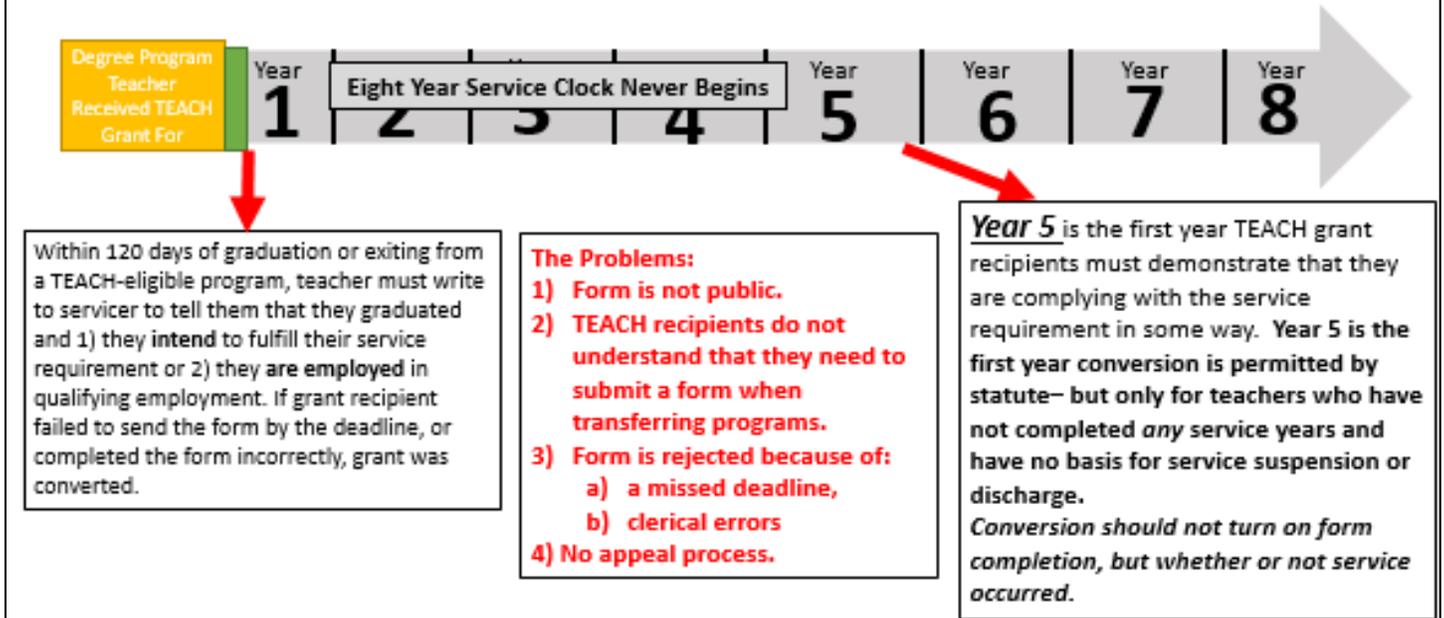


Figure 3

## 2. Conversions that Occurred During the First Year of Teaching or During Qualifying Service Year Submission

Once TEACH grant recipients reach the end of their first year of teaching, they are required to either submit (1) a certification of *their intent* to fulfill the service requirement, or (2) a qualifying service year certification affirming that they taught for one year in a qualifying teaching position.<sup>8</sup> They are required to submit a completed form by a deadline assigned by the servicer, typically one year from the date the recipient exited his/her program. Because teachers can complete programs at various times, this deadline could fall into the middle of a school's academic year. If teachers did not submit the form by the deadline, their grant was immediately converted. Akin to the enrollment certification form, recipients also needed to request the annual certification form from their servicer.

Incorrectly completed forms have also been a significant issue, as the forms are unnecessarily complicated, unclear, and do not always provide check-box answers that accurately reflect a teacher's situation. As noted above, these forms were finalized by the Department without complying with the Paperwork Reduction Act.<sup>9</sup>

For example, teachers

- must state whether they are teaching in a high-need position in a low-income school but were not given an option to select if they were teaching but were not teaching within a “high-need” position;
- must list what “high-need” position they were teaching, but were not given instruction on how to find or appropriately record a state-specific “high-need” teaching position;
- must provide the first and last day that they taught, but were rejected on the basis of an incorrect *day* listing related the first or last day they taught. Teachers did not understand what constituted the first or last day of teaching, and questioned whether it included professional development, beginning of school preparation,<sup>10</sup> or summer school.

Immediately after receiving an erroneously completed form, the servicer converted the grant to a loan. Teachers were not allowed an opportunity to correct a form if they submitted the initial form on time (meaning the correction would be submitted following the deadline). Again, TEACH grant recipients were told that the grants converted to loans could not reconvert.

For many teachers—the vast majority of whom were first year teachers in the midst of the chaos of orienting to teaching—their loan converted within the first or second year of their 8-year service clock. One TEACH recipient in loan status, who began her teaching career as an

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<sup>8</sup> 34 CFR 686.40(a).

<sup>9</sup> 44 USC §3506(c)(1).

<sup>10</sup> Some schools will require students to attend school before instruction begins to practice school routines, engage in team-building, and review school rules.

ESL English teacher in a Title 1 middle school in South Phoenix, explained the impact of a conversion during the first year of her service clock:

I worked hard to ensure the best education for my students. Like all teachers, my first year of teaching was stressful and overwhelming. On top of the stress of being a new teacher, I did not know when I had to certify that I had completed a service year. I only learned that that documentation was due a week before its deadline—right in the middle of the summer after my first year of teaching was finished. Even though the school was closed for the summer, I had to chase my principal down for her signature. Yet, I still submitted my paperwork on the last possible day.

August 4, 2014, I was struck with a hard blow. Not only was I an underpaid, overworked, new teacher, but I also now had a loan and interest accrued of over 20,000 dollars to pay back. I could not believe it. It must have been a mistake. How could the Department of Education do this to a new teacher that has consistently struggled to ensure the best education for her students? So, I called the Department of Education and FedLoan Servicing every day during my prep period.

It was explained to me that the reasoning for the conversion was a late submission of the Certification of Teaching. Even though I fulfilled the requirements to teach in a low-income school in a high-need area, my service year certification was denied. When I called FedLoan, they said that I had turned in the form one day late. I called one of the numbers on the certification forms and spoke with a Department of Education representative (although it was not the federal student aid ombudsman) and they explained that while the form was in-house on-time, it was processed the following day.

I wrote 3 dispute letters. I cried on the phone as I explained my situation and pleaded with the FedLoan Servicing and Department of Education employees. I contacted both Congresswoman Kyrsten Sinema's office and Senator McCain's office regarding the unjustified conversion of my TEACH Grant to a loan. Each dispute letter was consistently rejected. Just because they *processed* the form one day late.

Because that service year was not accepted, my whole TEACH grant—\$16,000 plus interest—was converted to a loan. I still had 7 years left to fulfill my service obligations, and I was still in a qualifying employment position, but my grant was converted anyway. It felt as though the teaching profession was being disrespected, as though it didn't matter that it converted because I was *just* a teacher.

# ERRONEOUS TEACH GRANT CONVERSIONS FOR TEACHERS IN QUALIFYING POSITIONS

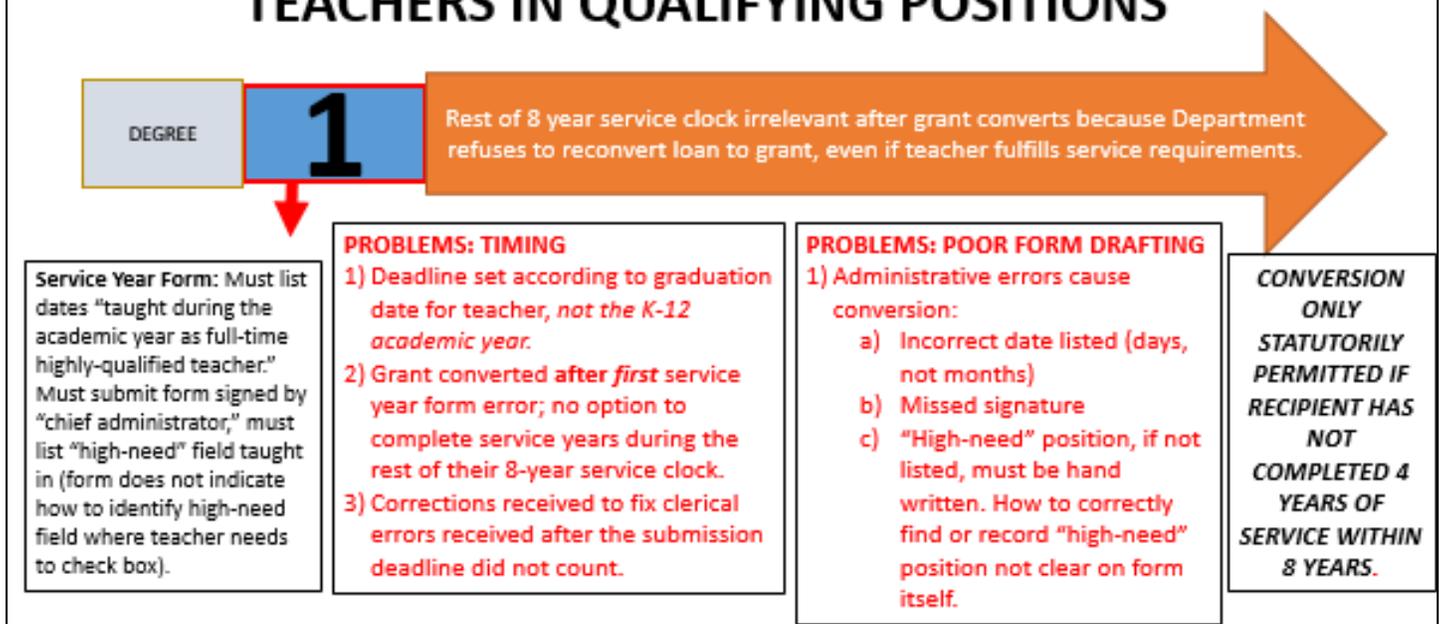


Figure 4

# ERRONEOUS TEACH CONVERSIONS FOR TEACHERS IN NON-QUALIFYING POSITIONS

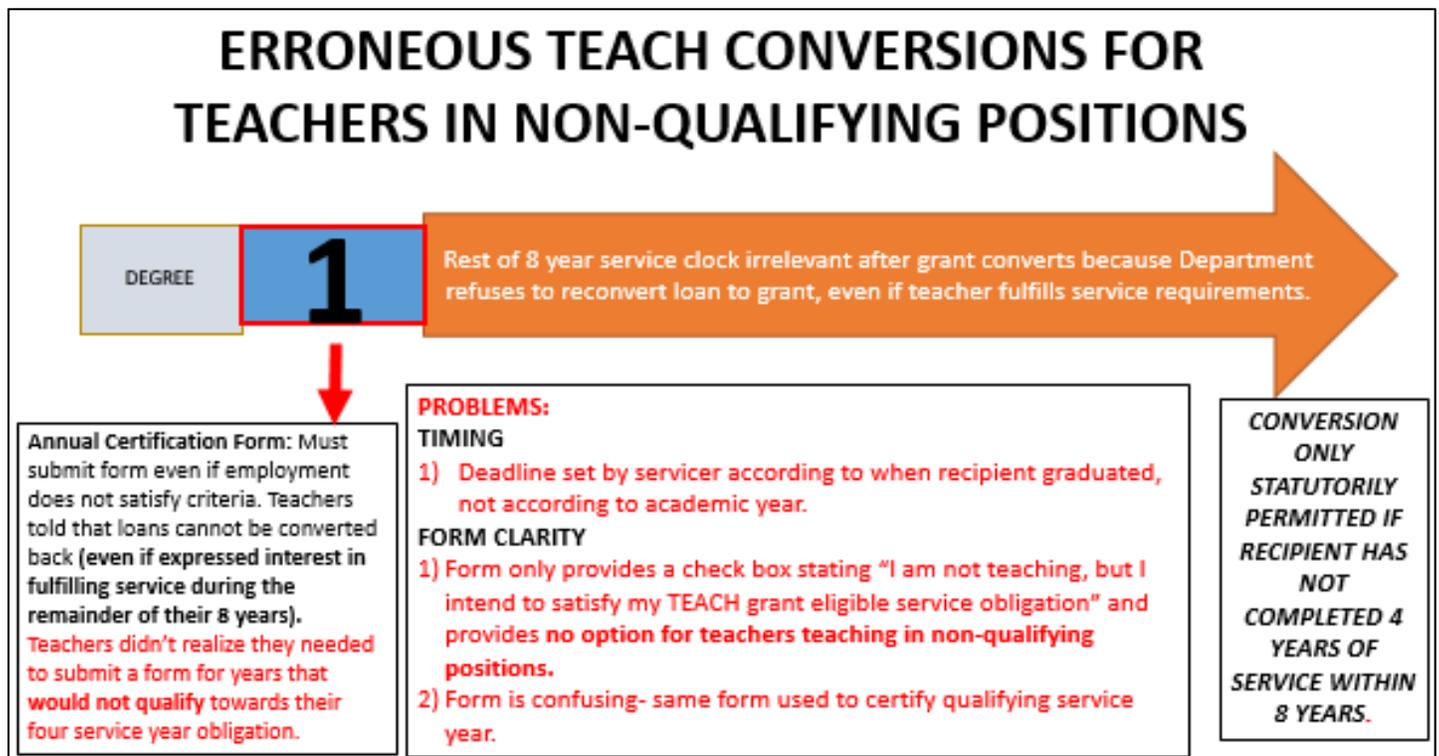


Figure 5

### 3. Conversions Due to Servicer Error

In addition to the above-described conversions, according to information obtained by Public Citizen from the Department through Freedom of Information Act requests, between 2008 and 2013, at least 10,776 teachers have had their grant convert due to servicer error alone. Servicer errors are narrowly defined as circumstances where FedLoan did not follow the timelines articulated in the TEACH grant regulations (e.g. converting before the recipient had graduated, before the 120-day period had elapsed, and others).<sup>11</sup> In an internal report assessing TEACH grant conversions until 2014, FedLoan<sup>12</sup> identified 10,776 grant conversion errors due to “servicer errors.” According to NPR reporting, only a small number of the grant conversions due solely to “servicer error” have been reconverted to grants.<sup>13</sup>

#### C. How Has the TEACH Grant Program Impacted Teachers?

When considering impact, the numbers are striking: 63% of TEACH grant recipients who had their service year begin in 2014 or prior have had their grant convert to a loan.<sup>14</sup> Only 6% were able to keep their grant in grant status.<sup>15</sup> By comparison, a 63% failure rate in any other context, e.g., car safety, financial products, etc., would justify a full refund to compensate the individuals injured by the product at issue. A TEACH grant recipient at one of America’s preeminent teacher preparation programs observed, “If 63% of students are failing a test, then best practices dictate that you throw that test out. If the teacher messed up, you shouldn’t penalize the students for the teacher’s error. Similarly, grant recipients should not be penalized for the errors of the Education Department when the majority of the grant recipients [aren’t even given the opportunity to] prove that they fulfilled their promise of service.”

The abysmal conversion rate takes a grave personal toll on the teachers who have sacrificed to teach in low-income schools, for very little pay, yet have had their grant convert. It also takes a toll on the schools and students that Congress intended to assist through the TEACH grant program, but reducing the numbers of available highly qualified teachers. TEACH grant that are converted into loans are often overwhelming for teachers—between \$4,000 and \$24,000 in principle with retroactive interest must now unexpectedly be repaid. The annual salary for teachers for 2016-17, before taxes, was \$58,950.<sup>16</sup> The majority of teachers also put significant amounts of their precious income back into their classroom; as the New York Times reported last year, 94% of teachers spend their own money on basic classroom supplies.<sup>17</sup> TEACH grant recipients have repeatedly explained that the unexpected debt put them into (or would put them

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<sup>11</sup> Public Citizen TEACH report at 11.

<sup>12</sup> FedLoan has been the TEACH grant servicer since 2013. From 2008 until 2013, ACS/Xerox serviced the program.

<sup>13</sup> Cory Turner & Chris Arnold, *Senators to DeVos on TEACH Grant Debacle: ‘Urgent That These Mistakes Are Fixed,’* NPR, July 2, 2018, available at <https://www.npr.org/sections/ed/2018/07/02/624278514/senators-to-devos-on-teach-grant-debacle-urgent-that-these-mistakes-are-fixed>.

<sup>14</sup> 2018 Department TEACH report, *supra* n.2, at 7.

<sup>15</sup> The remainder were in the midst of completing their four service years and maintained their grant-status.

<sup>16</sup> *Estimated Average Salary of Teachers In Public Elementary And Secondary Schools, By State: Selected Years, 1969-70 through 2016-17*, National Center For Education Statistics, [https://nces.ed.gov/programs/digest/d17/tables/dt17\\_211.60.asp](https://nces.ed.gov/programs/digest/d17/tables/dt17_211.60.asp).

<sup>17</sup> *94 Percent of US Teachers Spend Their Own Money On School Supplies*, NY Times (May 16, 2018) <https://www.nytimes.com/2018/05/16/us/teachers-school-supplies.html>.

into) financial hardship; with other student debt, high living expenses in urban areas where the many low-income schools are located, and familial expenses, teachers simply do not have a penny to spare. As a result, when teachers had their grant converted into loans, had no way to contest those conversions, and were told that the Department would not convert them back into grants, it was reasonable for many to leave those positions for higher-paying teaching positions in different schools that would not qualify for service.

One teacher described the pain of grant conversion:

Having my grant convert to a loan definitely impacted my decision to stay in a high-need position in a low-income school. Living on a teachers' salary, I had just enough to live. With unexpected loan payments, I was totally overwhelmed. I didn't know how I would pay my living expenses and still pay off the loan. I am still paying off the loan today—and will continue doing so for years—all for one piece of paperwork that [did not get] there on time. What a rip-off.

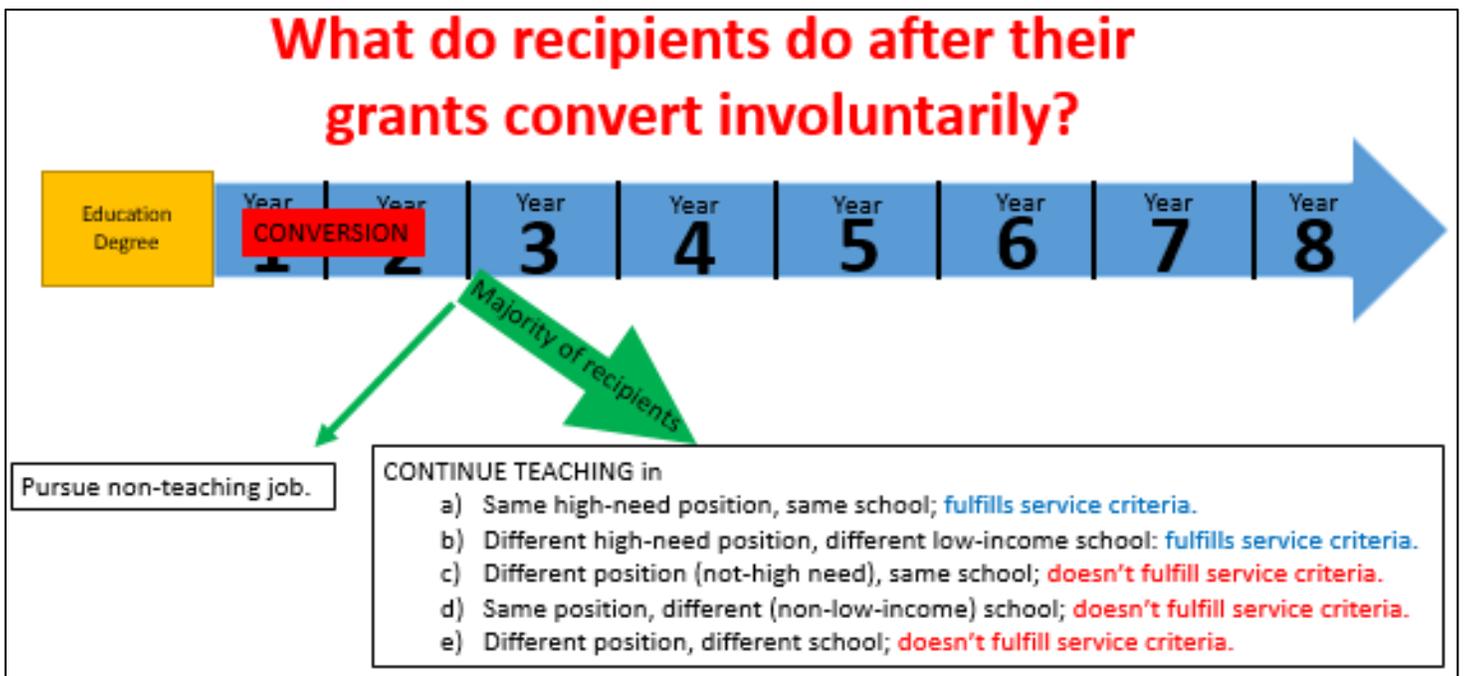


Figure 6

### III. The Proposal: Align TEACH Grant Program Administration with TEACH Grant Statute, Incentivize Recipients to Teach in High-need Positions in Low-Income Schools, and Make Refunds to Recipients Who Made Payments on Improperly Converted Grants

The Department should implement one or more of the following for TEACH grant teachers whose grants were improperly converted *before* the statutorily permissible point of

service fulfillment impossibility: 1) reconvert the loan back into a grant,<sup>18</sup> 2) suspend the service completion clock, 3) refund the money paid on a loan improperly converted, and 4) discharge service obligations. The Department may also choose automatic action or allow the TEACH recipient to opt-in.

Two proposals (Proposals A and B) with sub-parts are presented as two distinct options to address what specific remedies recipients with converted TEACH grants should receive. Proposal A reconverts all loans into grants, imposes a proportional discharge according to when the grant was converted, and imposes an 8-year service suspension on grants converted prior to 2016. Refunds would only be issued to TEACH recipients who 1) demonstrate that they completed all four qualifying service years or 2) complete the required service years following their service-clock suspension. Proposal A is administratively simpler and rewards individuals who did teach in high-need positions in low-income schools, plus incentivizes teachers who had their grant convert in 2016 to continue fulfilling their service obligation.

Proposal B includes six-sub parts intended to provide maximum relief to all TEACH recipients who either continued teaching after their grant converted or would continue teaching if their loan were reconverted into a grant. Proposal B suggests automatic action where the remedy provided creates no continued obligation on the TEACH recipient and opt-in action where the recipient is requesting additional benefit that warrants evidence, such as evidence of qualifying teaching justifying a refund in addition to a reconversion. These subsections of Proposal B are interrelated to provide appropriate relief for the TEACH grant recipients who attempted to comply with their service requirements and still had their grant convert to a loan or whose ability to fulfill the service obligations are now extremely difficult due to how long ago they were pursuing teaching high-need positions in low-income schools. Recipients may qualify for multiple remedies, but may receive different remedies depending on what the Department would do automatically versus what the recipient would be required to apply for.

The final proposed provisions pertain to administrative items that should be extended to *all* TEACH grant recipients to inform them of the possibility of reconversion, to define the dispute resolution process, and to remedy secondary negative impacts—such as negative credit score consequences—of wrongful grant conversion.

### **Proposal A**

- 1) Provide automatic reconversion for all TEACH grants that were converted to loans, unless TEACH recipient applies to voluntarily maintain the loan as a loan (i.e., provide an opt-out option).**
- 2) Provide a proportional discharge of the 4-year service obligation for each year the grant remained converted as a loan as follows:**
  - a. Six to twelve months in involuntary loan status discharges one year of service obligation;**

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<sup>18</sup> The Department has already promulgated service discharge and service clock suspension regulations at 34 CFR § 686.41 and 686.42. If the burdensome form elimination requirements are eliminated, these regulations can continue as stand-alone regulations governing TEACH grants awarded from the final date of publication forward.

- b. **Two years of involuntary loan status discharges two years of service obligation;**
  - c. **Three years of involuntary loan status discharges three years of service obligation; and**
  - d. **Four years of involuntary loan status discharges four years of service obligation.**
- 3) **Automatically impose a four-year service clock suspension for all TEACH grant recipients who had their grant involuntarily convert after 2015, while allowing all service years completed during the clock suspension to count towards the recipients' 4-year service obligation.**
  - 4) **Allow TEACH grant recipients to apply for a refund of payments made while in loan status if recipient can provide evidence of four completed service years from the period recipient ceased enrollment in the TEACH-grant-eligible program to the final conclusion of their extended 8-year service period in the form of 1) completed and signed form from chief administrative officer of school or 2) employment contracts, sworn statement, and W-9 tax records for each year served documenting employment in qualifying teaching position.**

*Rationale:* This proposal acknowledges the employment hardship TEACH grant recipient teachers will face if they continue to face the burden of full service year completion while still incentivizing their continued service fulfillment. The service year discharge allows the Department to proportionally lessen the burden for teachers according to the amount of time wrongfully spent in repayment. The service clock suspension with the refund provisions incentivizes TEACH recipients to continue pursuing qualifying teaching positions in an effort to maintain their grants as grants and recover repayment of the money wrongfully paid. TEACH grant recipients who had their grant convert prior to 2015 will be saved the impossible choice of upending their current employment to “chase the grant”—a policy consequence Congress sought to avoid when allowing teachers to count teaching positions in schools that are no longer low-income or positions that are no longer on the high-need list.

The proposal is automatic to ensure that all TEACH recipients who had their grants wrongfully converted are given the opportunity to complete their service obligation while allowing the recipient to opt-out if they choose not to continue teaching.

## **Proposal B**

### *Automatic Department Actions*

**Section B1: Issue automatic reconversions, a full discharge of any qualifying service years of teaching that must be completed, and refund all money paid for recipients whose grants converted prior to 2016 and were converted:**

- 1) **due to “servicer error,”<sup>19</sup> or**
- 2) **after they submitted a service year form that was subsequently rejected and then corrected after the form deadline, or**

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<sup>19</sup> Defined as the servicer committing a premature conversion on the grant as was discussed during FedLoan’s review of ACS/Xerox’s servicing of the program. Public Citizen TEACH report at 11.

- 3) **after they had already submitted at least one accepted service year form in years prior but still had their grant convert in a subsequent year prior to the expiration of their service year clock.**

*Rationale:* This proposal intends to provide full remedies to individuals who either 1) provided evidence to the Department that they were fulfilling the service requirement or 2) were penalized solely due to Department or servicer error. The action should be automatic to ensure that all TEACH recipients who were punished receive fair compensation. TEACH grant recipients who either 1) submitted a service year form that was rejected, and subsequently corrected, but arrived too late or 2) submitted accepted service year forms before their grant was converted before the expiration of their eight-year service clock demonstrated that they were attempting to fulfill their TEACH grant promise by teaching in qualifying positions. In fact, they were penalized in the midst of fulfilling their promise. As a result, because the Department was the party at fault, those teachers should receive complete relief for their wrongful loan without any additional service obligation.

Individuals who had their TEACH grant due to servicer error have been paying for years despite notifying the servicer of the error. The Department, because it delayed to correct the problem despite being aware of the servicer issues in 2014, should provide teachers with a full recovery for *its* error without requiring service years to be completed.

**Section B2: Issue automatic reconversions and a full discharge of any qualifying service years of teaching that must be completed for TEACH grant recipients who:**

- 1) **Had grants converted if they were granted Teacher Loan Forgiveness after completing their TEACH-eligible program, or**
- 2) **Had their grant convert between 2009 and 2013 and who submitted either**
  - a) **The 120-day certification form,**
  - b) **Qualifying service year form, or**
  - c) **Annual certification form any time before January 1, 2019.**

*Rationale:* Unlike the populations captured by Section B1, Section B2 provides a reconversion and service discharge to individuals who continued to work in low-income schools (teachers eligible for Teacher Loan Forgiveness) or individuals who would face a severe career shift if forced to return to teaching in a low-income school in a high-need position. These remedies are offered to prevent teachers from leaving their current school to “chase” the grant.

First, these remedies should be issued for TEACH recipients who demonstrated that they continued teaching at the schools targeted by the TEACH statute—low-income schools—because they continued working in the schools the TEACH statute intended to benefit. Because they continued teaching in low-income schools, despite no longer needing to complete four years, their service obligation should be discharged.

Additionally, individuals who attempted to submit documentation and had their grant convert between 7 and 10 years ago may now be in a different career path altogether.<sup>20</sup> Imposing a service requirement on them *or* requiring them to continue paying a loan they never should

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<sup>20</sup> A TEACH grant recipient who received the grant for the 2008-2009 school year (the first year the grants were distributed) and had it convert in the 2009-2010 school year due to a missed 120-day form had their grant convert approximately 9-10 years ago.

have had in the first place, as they demonstrated that they attempted to comply with the burdensome paperwork, would still penalize them for the Department's error. Additionally, compelling them to reenter teaching 7-10 years after receiving their training would have an effect contrary to the intent of the program, as these teachers would no longer be the best to fill high-need positions. As a result, their loans should be reconverted and their service obligations discharged.

*Opt-In or Application-Based Department Actions*

**Section B3: Allow TEACH grant recipients to apply to reconvert their loan, have the obligation of two qualifying service years of teaching discharged, and receive a refund on payments made if they can submit evidence that they completed two qualifying service years. Examples of qualifying evidence are either a) a sworn statement from a chief school administrator at the school where the TEACH recipient worked, or both b) tax statements, and c) an employment contract.**

*Rationale:* This proposal is the first opt-in proposal suggested because it relies on TEACH recipients' ability to submit evidence that they did teach in a qualifying school for a qualifying year. Evidence of only one year of teaching should be required because it mirrors how quickly grants converted, often in teachers' first year of teaching. As was discussed at length above, teachers who had their grants convert had may not have continued in qualifying positions because the Department refused to convert the loans back to grants. Allowable evidence should be allowed either from a source at the school who can attest to the teacher's employment or from contractual and tax materials.

**Section B4: Allow TEACH grant recipients to apply to reconvert their loan and receive a retroactive service clock suspension if they began their 8-year service time period before 2016. Automatically refund all payments at the end of the completed service requirement. Service clock suspensions should be applied as follows:**

- 1) If the grant converted between 2009 and 2014, permit a 10-year service clock suspension, but allow qualifying service years accomplished during the suspension to count.**
- 2) If the grant converted between 2014 and 2018, permit a 6-year service clock suspension, but allow qualifying service years accomplished during the suspension to count.**

**Should the TEACH grant recipient still fail to complete the service requirement, they will only be charged interest accruing from reconversion to the end of their service clock.**

*Rationale:* TEACH grant recipients, should they choose, should still have the opportunity to complete their service obligation. Should they do so—despite facing the hardship of loan payments—they should be rewarded with a refund of the payments wrongly made on their TEACH grants converted to loans. While not all teachers will select this option, as it may require changes in their professional trajectory, they should be provided the opportunity to reconvert their loan back and complete their service. Should recipients still fail to fulfill the service obligation, they should only be charged interest accruing from reconversion to the end of the

service clock so that they are not being charged for interest that accrued due to the Department's error.

**Section B5: Allow TEACH grant recipients to apply to reconvert their loan and request a refund of payments made on that loan if their grant converted despite enrolling in another TEACH eligible higher education program. Begin their service clock when they complete the later TEACH eligible higher education program or this year, whichever is later. Automatically refund all payments at the end of the completed service requirement. Should the TEACH grant recipient still fail to complete the service requirement, they will only be charged interest accruing from reconversion to the end of their service clock.**

*Rationale:* TEACH grant administration should make every effort possible for TEACH grant recipients to complete their service requirement. As a result, remedies should include individuals who got their grant converted while they were attempting to complete their TEACH-eligible degree and provide them with the opportunity to complete the service requirement. This proposal envisions an incentive for TEACH recipients to restart their service clock and fulfill service requirements even if their grant converted before they were qualified to work in a qualifying teaching position.

**Section B6: Allow TEACH grant recipients to apply to reconvert their loan and receive a two-year service clock suspension if they began their eight-year service clock between 2017 and present. Allow service years completed during the two-year suspension to count. Automatically refund all payments at the end of the completed service requirement.**

*Rationale:* This proposal similarly provides an incentive for TEACH grant recipients who suffered a grant conversion to continue pursuing TEACH-eligible teaching positions. They should be given the benefit of a two-year extension—the time they may have lost with their grant converted to a loan—to fulfill their service obligation.

### **Provisions Included in Both Proposals A and B Above**

**Provide notice to all TEACH Grant recipients that they may have their loan reconverted back to a grant.**

*Rationale:* TEACH grant recipients have been told repeatedly that they cannot reconvert a loan. While the Department has emailed 16,000 TEACH grant recipients about the possibility of reconversion, all 63% of TEACH recipients who have had their grants converted may have legitimate grounds to request reconversion. Because the Department did not have any reason to collect information on TEACH grant recipients' employment following the conversion of their TEACH grant to a loan, the Department should inform all TEACH grant recipients that they may now convert their loan back to a grant so that they have the opportunity to submit relevant evidence for the Department's review.

**Provide a formal appeal process to all TEACH grant recipients who dispute a) grant-to-loan conversions, b) rejected service-year forms, c) denied requests for service clock suspension, and d) denied requests for service-year discharge**

*Rationale:* Given the volume of errors that have plagued the administration of the TEACH grant program TEACH grant recipients should have access to an appeal process administered by the Department. Moreover, even with the paperwork simplification in the proposed changes the Department has advanced, the complexities inherent in demonstrating what qualifies as a service year or what evidence is needed to demonstrate a request for a service clock suspension or service year discharge may still generate incorrect servicer determinations. TEACH grant recipients should be able to appeal each significant decision that affects each portion of their ability to fulfill their service requirement. Sample regulatory language for the proposal is attached.

**Provide full credit rehabilitation in the form of 1) the deletion of all derogatory trade lines and 2) a statement of error by the Department for all TEACH grant recipients who have their loan reconverted automatically or who have their application to reconvert their loan approved.**

*Rationale:* Teachers, who already struggle with having the income necessary to purchase a house or make significant credit-based purchases, should not suffer negative credit consequences due to their improper TEACH grant conversion. The Department should correct their credit score and provide them with a letter to present to future creditors.

**EXHIBIT A**  
**FedLoan TEACH**  
**Certification Form**



# TEACH GRANT CERTIFICATION

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

**SECTION 1: TEACH GRANT RECIPIENT IDENTIFICATION** Please enter or correct the following information.

SSN  -  -  Name \_\_\_\_\_  
 Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_  
 Telephone - Primary \_\_\_\_\_ E-mail: Optional \_\_\_\_\_  
 Telephone - Alternate \_\_\_\_\_

**SECTION 2: TEACH GRANT RECIPIENT'S UNDERSTANDINGS AND CERTIFICATIONS**

Before completing this section, carefully read the entire form, including the instructions, definitions, terms and conditions, and important notices in Sections 4, 5, and 6.

- I understand that:
  - I must fulfill a teaching service obligation (service obligation) for each academic program for which I received a TEACH Grant, as stated in the Agreement to Serve (Agreement) that I signed before receiving each TEACH Grant. If I do not fulfill my service obligation, all TEACH Grant funds that I received will be converted to Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans) that I must repay to the U.S. Department of Education (the Department), with interest charged from the date of each TEACH Grant disbursement.
  - To fulfill my service obligation, I must teach full time for a total of at least four academic years within eight years after I complete or otherwise cease to be enrolled in the program for which I received TEACH Grant funds. My teaching service must meet the requirements specified in Section 6 and in my Agreement.
  - After completing each of the four academic years of required teaching service, I must provide my TEACH Grant servicer with documentation of my teaching service by providing the information requested in Item A below and obtaining a certification in Section 3 of this form from the Chief Administrative Officer for the school or educational service agency where I taught.
  - If I am not teaching, I must certify my intent to satisfy my teaching service obligation by checking the box in Item B below and signing the form. (If you did not complete your TEACH Grant program of study, see Section 6.)

- I certify that:
  - (A)  I taught full time for one complete academic year, as certified in Section 3 (If you check this box for this reason you must complete items 1, 2 and 3 below, and sign the form. Your Chief Administrative Officer must complete Section 3.) **Or**

I am currently performing qualifying teaching service, but have not yet taught for a complete academic year (If you check this box for this reason you must complete items 1, 2 and 3 below, and sign the form. If you did not complete the program for which you received your TEACH grants, your Chief Administrative Officer must complete Section 3 and indicate that you have not taught a complete academic year using the check box provided.)

- (1) I am teaching or have taught full time as a highly-qualified teacher at a/an (check only **one** box):
  - Low-income elementary or secondary school
  - Low-income educational service agency
  - Elementary or secondary school operated by the Bureau of Indian Education (BIE) or operated on an Indian reservation by an Indian tribal group under contract with the BIE.
- (2) During the year of teaching listed below and as certified in Section 3, more than half of the classes I am teaching or have taught were in one or more of the following high-need fields (**check all that apply**):
  - Mathematics
  - Science
  - Foreign Language
  - Bilingual Education
  - English Language Acquisition
  - Special Education
  - Reading Specialist
  - Other high-need field (see Section 5; list the other high-need field and grade level taught): \_\_\_\_\_

(3) I am teaching or have taught at:

\_\_\_\_\_  
 Name of School (Not School District) or Educational Service Agency at which I am teaching      School Web Address

\_\_\_\_\_  
 Address of School or Educational Service Agency (Street, City, State, ZIP)

- (B)  I am not teaching, but I intend to satisfy my TEACH Grant service obligation. (If you check this box you only need to sign below)
- (C)  I did not complete my TEACH Grant-eligible program of study and am not teaching, but I have reenrolled in another eligible program of study, as defined in Section 5. (If you check this box, sign the form and have an authorized official complete Section 3 to confirm your enrollment in an eligible program. In addition, you may contact us to request a suspension of the eight-year period for completing your service obligation.)
- (D) The information I provided in Sections 1 and 2 is true and correct.
- (E) I have read and understand the definitions in Section 5 and the terms and conditions in Section 6.
- (F) My teaching service met the requirements specified in Section 6.

TEACH Grant Recipient's Signature \_\_\_\_\_

Today's Date (mm-dd-yyyy) \_\_\_\_\_

Recipient Name: \_\_\_\_\_

Recipient SSN: \_\_\_\_\_

**SECTION 3: CHIEF ADMINISTRATIVE OFFICER or AUTHORIZED OFFICIAL'S CERTIFICATION**

Before completing this section, carefully read the instructions, definitions, and terms and conditions in Sections 4, 5, and 6. If recipient is teaching, complete as Chief Administrative Officer. Return the completed form to the grant recipient identified in Section 1. If the recipient is enrolled in a TEACH Grant eligible program of study, complete as Authorized Official.

**Chief Administrative Officer only:** I certify that the grant recipient identified in Section 1 taught during the academic year as a full-time highly-qualified teacher (as defined in Section 5) from \_\_\_\_\_ (mm-dd-yyyy) to \_\_\_\_\_ (mm-dd-yyyy) at the eligible low-income elementary school, secondary school or educational service agency identified by the grant recipient in Section 2, and that during this year the grant recipient taught more than half of his or her classes in the high-need field(s) identified by the grant recipient in Section 2.

Check here if certifying teaching service for less than a complete academic year.

**Authorized Official only:** I certify that the grant recipient identified in Section 1 is/was enrolled at \_\_\_\_\_ (Name of Institution) in an eligible program, as defined in Section 5 during the academic period from \_\_\_\_\_ (mm-dd-yyyy) to \_\_\_\_\_ (mm-dd-yyyy).

Chief Administrative Officer/Authorized Official's Name and Title (Printed) \_\_\_\_\_

Telephone \_\_\_\_\_

Chief Administrative Officer/Authorized Official's Signature \_\_\_\_\_

Today's Date (mm-dd-yyyy) \_\_\_\_\_

**SECTION 4: GENERAL INFORMATION AND INSTRUCTIONS**

- Type or print using dark ink. Enter dates as month-day-year (mm-dd-yyyy). Use only numbers. Example: January 31, 2013 = 01-31-2013.
- If you are certifying teaching service, the Chief Administrative Officer for the school or educational service agency where you performed your qualifying teaching service must complete Section 3. If you taught at more than one school or educational service agency during the same academic year, you may complete one certification form for each school or educational service agency at which you taught if one school or educational service agency cannot certify your complete academic year of teaching.
- If you are certifying enrollment in an eligible program of study, an Authorized Official for the school at which you are/were enrolled in the eligible program of study must complete Section 3.
- Return the completed form and any attached pages to the address shown in Section 7.

**SECTION 5: DEFINITIONS**

- An **academic year** or its equivalent is one complete elementary or secondary school year, or two complete and consecutive half-years from different school years (excluding summer sessions) that generally fall within a 12-month period. If a school or educational service agency has a year-round program of instruction, a minimum of nine months is considered to be the equivalent of an academic year.
- An **authorized official** who may complete Section 3 is an official of the school at which you are/were enrolled in a TEACH Grant-eligible program.
- The **Chief Administrative Officer** for a school or educational service agency is the individual who has access to the employment records which establish that the grant recipient's teaching service met the requirements of the TEACH Grant Program, as explained in Section 6, and who is authorized to verify the grant recipient's qualifying teaching service. The Chief Administrative Officer may vary depending on the teacher's employer, and could include (but is not limited to) the principal or assistant principal of the school where the grant recipient taught, the superintendent, assistant superintendent, or human resources director for a school district or educational service agency, or the chief executive officer of an educational services agency.
- An **eligible program of study** is one that is TEACH Grant-eligible and is designed to prepare an individual to teach as a highly-qualified teacher in a high-need field and leads to a baccalaureate 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 baccalaureate degree is considered to be a program of study that leads to a baccalaureate degree. An eligible program of study is also a program of study that has been determined by a state to satisfy the requirements for certification or licensure to teach in the state's elementary or secondary schools.
- A **high-need field** includes the following: (1) bilingual education and English language acquisition; (2) foreign language; (3) mathematics; (4) reading specialist; (5) science; (6) special education; and (7) any other field listed in the U.S. Department of Education's (the Department's) annual [Teacher Shortage Area Nationwide Listing \(Nationwide List\)](#).
  - **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.
  - **Special education** means specially designed instruction, at no cost to parents, to meet the unique needs of a child with a disability, including instruction conducted in the classroom, in the home, in hospitals and institutions, and in other settings; and instruction in physical education, i.e., physical therapy. A **child with a disability** is a child who needs special education and related services because the child has mental retardation, a hearing impairment (including deafness), a speech or language impairment, a visual impairment (including blindness), a serious emotional disturbance, an orthopedic impairment, autism, a traumatic brain injury, another health impairment, or a specific learning disability. For a child age 3 through 9, the term a child with a disability may, at the discretion of the state and the local educational agency, include a child who needs special education and related services because the child is experiencing developmental delays, as defined by the state and as measured by appropriate diagnostic instruments and procedures, in one or more of the following areas: physical development, cognitive development, communication development, social or emotional development, or adaptive development.
- A **post-baccalaureate program of study** is a program of instruction for individuals who have completed a baccalaureate degree that, (1) does not lead to a graduate degree; (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 school or secondary school in that State, except that it does not include any program of instruction offered by a TEACH Grant-eligible institution that offers a baccalaureate degree in education; and (3) is treated as an undergraduate program of study for the purposes of title IV of the Higher Education Act.
- A **school or educational service agency serving low-income students (low-income school or low-income educational service agency)** is an elementary or secondary school or educational service agency that: (1) is in the school district of a local educational agency that is eligible for assistance under title I of the Elementary and Secondary Education Act; (2) has been determined by the Department to be a school in which more than 30 percent of the school's total enrollment is made up of children who qualify for services provided under title I of the Elementary and Secondary Education Act; and (3) is listed in the Department's [Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits](#). 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. If the school or educational service agency where you teach meets the low-income requirements during all or a part of a school year of my required four school years of teaching, but does not meet those requirements in subsequent school years, those subsequent years of teaching at that school or educational service agency will still qualify for purposes of satisfying my TEACH Grant service obligation.
  - An **educational service agency** is a regional public multiservice agency authorized by State statute to develop, manage, and provide services or programs to local educational agencies, as defined in section 9101 of the Elementary and Secondary Education Act of 1965, as amended.
  - An **elementary school** is a nonprofit institutional day or residential school, including a public elementary charter school, that provides elementary education as defined under State law.
  - A **secondary school** is a nonprofit institutional day or residential school, including a public secondary charter school, that provides secondary

education, as determined under State law, except that the term does not include any education beyond grade 12.

- The **Teacher Education Assistance for College and Higher Education (TEACH) Grant Program** provides funds to students who are completing or who plan to complete coursework that is required to begin a career in teaching.
- A **teacher** is a person who provides direct classroom teaching or classroom-type teaching in a non-classroom setting, including special education teachers and reading specialists. School librarians, guidance counselors, and other administrative staff are not considered teachers for the purposes of fulfilling the TEACH Grant service obligation.
  - A **full-time teacher** is a teacher who meets the standard used by a State in defining full-time employment as a teacher. For an individual teaching at more than one school or educational service agency, the determination of full-time is based on the combination of all qualifying employment.
  - The **highly-qualified teacher** requirements are specified in section 9101(23) of the Elementary and Secondary Education Act of 1965, as amended, or, for special education teachers, in section 602(10) of the Individuals with Disabilities Act.

#### **SECTION 6: TEACH GRANT PROGRAM TERMS AND CONDITIONS**

- For each academic program for which you receive TEACH Grant funds, you must complete a service obligation by teaching full time for a total of at least four academic years:
  - As a **highly-qualified teacher** (see Section 5);
  - At a **school or educational service agency serving low-income students** (see Section 5); and
  - In a **high-need field** (see Section 5) in more than half of the classes that you teach during each academic year.
- You must complete the required four years of teaching within eight years after you complete or otherwise cease to be enrolled in the program for which you received the TEACH Grant.
- After completing each year of your required four years of teaching service, you must complete and submit this TEACH Grant Certification to the Department.
- If you received a TEACH Grant but do not complete the required four years of teaching service within eight years of completing (or otherwise ceasing to be enrolled in) the program for which you received a TEACH Grant, all TEACH Grant funds you received will be converted to Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans) that you must repay in full to the Department, with interest charged from the date of each TEACH Grant disbursement you received.
- If you received a TEACH Grant but did not complete your program of study, within 120 days of ceasing enrollment you must certify that you are employed as a full-time teacher in accordance with the terms and conditions listed in your Agreement to Serve, or that you are not yet employed as a full-time teacher, but you intend to meet the terms and conditions of your service obligation. If you do not meet one of these requirements, your TEACH Grant will be converted to a Direct Unsubsidized Loan.
- If you received a TEACH Grant but did not complete your program of study, within one year of ceasing enrollment you must re-enroll in a TEACH Grant eligible program, begin creditable teaching service or be determined eligible for a suspension of your eight-year obligation period. If you do not meet one of these requirements, your TEACH Grant will be converted to a Direct Unsubsidized Loan.
- If you complete the academic program for which you received a TEACH Grant, you must actively confirm at least once each year that you intend to satisfy your service obligation. If you do not actively confirm your intention, your TEACH Grant will be converted to a Direct Unsubsidized Loan.
- You must maintain qualifying employment within a timeframe that allows you to complete your service obligation within the allotted eight-year period.
- For complete terms and conditions of the TEACH Grant Program, see the TEACH Grant Agreement to Serve (Agreement) that you were required to sign before you received a TEACH Grant.

#### **SECTION 7: WHERE TO SEND THE COMPLETED CERTIFICATION FORM**

**Return the completed form and any attachments to:**

**U.S. Department of Education  
FedLoanServicing  
P.O. Box 69184  
Harrisburg, PA 17106-9184  
or Fax to: 717-720-1628**

**If you need help completing this form, call:**

**1-800-699-2908  
International: 717-720-1985  
TDD: 1-800-722-8189**

Exhibit B  
Proposed Dispute Resolution  
Language

## **686.44 Appeal Process**

- a) A TEACH grant recipient may request that the Secretary reconsider a decision to:
- 1) Convert a TEACH grant to a direct loan before the expiration of the eight calendar years the TEACH grant recipient had to complete service obligation as explained in section 686.43;
  - 2) Reject a service obligation documentation as defined in section 686.40;
  - 3) Reject a request for suspension of the eight-year period as defined in section 686.41;
  - 4) Reject a request for a discharge of an agreement to serve as defined in section 686.42.
- b) The Secretary will provide notice to the public of the evidence a TEACH grant recipient must submit to support their appeal and prove that they satisfied sections 686.40, 686.41, 686.42, or 686.43.
- c) The Secretary may reverse its decision relating to a grant to loan conversion, rejection of service year documentation, rejection of a request for a suspension of the eight-year period, or rejection of a request for service discharge at any time.
- d) While the appeal is pending, the TEACH recipient's eight-year service period will be automatically suspended and a grant which has been converted to a loan will be put in deferment.
- e) Should the Secretary grant a TEACH grant recipient's appeal relating to a wrongful grant to loan conversion, the TEACH grant that has been converted to a loan will be reconverted to a grant and payments made on the loan will be refunded.
- f) Should the Secretary deny a TEACH grant recipient's appeal relating to a wrongful grant to loan conversion, no interest will accrue during the pendency of the appeal and:
- 1) if the appeal was filed within one month of the conversion from a grant to a loan, the recipient's six-month grace period shall begin upon the Secretary's denial;
  - 2) if the appeal was filed after one month but less than six months following the conversion from a grant to a loan, the recipient's six-month grace period shall be tolled during the pendency of the appeal and shall resume upon the Secretary's denial; or
  - 3) if the appeal was filed more than six months following the conversion from a grant to a loan, the recipient's first payment shall not be made due until at least 30 days after the Secretary's denial.