

GAO Highlights

Highlights of [GAO-15-314](#), a report to congressional requesters

Why GAO Did This Study

Education estimates 430,000 new teachers will be needed by 2020. It administers three programs that may help attract and retain qualified teachers by helping them finance their education. However, little is known about the efficacy of these programs. GAO was asked to examine the TEACH Grant and two loan forgiveness programs.

This report examines (1) the number of current and potential participants in the three teacher aid programs and the extent to which TEACH Grant recipients satisfy grant requirements; (2) what selected schools, teachers, and students identified as benefits and challenges of program participation; and (3) the extent to which Education has taken steps to effectively manage and evaluate these programs. GAO reviewed applicable federal laws, regulations, and documents; analyzed participation data for the past decade; and interviewed stakeholders including agency officials, loan servicers, and students. GAO also held eight non-generalizable focus groups with officials from 58 colleges representing a range of sizes. GAO also reviewed Ombudsman data covering the former and current TEACH Grant servicers from October 2011 to March 2014.

What GAO Recommends

GAO recommends, among other things, that Education assess TEACH Grant participants' failure to meet grant requirements, examine why erroneous TEACH grant-to-loan conversions occurred, disseminate information on the TEACH grant-to-loan dispute process, and establish program performance measures. Education agreed with GAO's recommendations.

View [GAO-15-314](#). For more information, contact Jacqueline M. Nowicki, (617) 788-0580, nowickij@gao.gov.

February 2015

HIGHER EDUCATION

Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes

What GAO Found

More than 410,000 students and teachers have participated in financial aid programs for teachers over the past decade, though GAO estimates 0.8 and 19 percent of the potentially eligible population participates in the Stafford Teacher Loan Forgiveness and Teacher Education Assistance for College and Higher Education (TEACH) Grant programs, respectively. GAO did not develop an estimate for Perkins Loan Teacher Cancellation because U.S. Department of Education (Education) budget documents indicate that federal funds for cancellations were last appropriated in fiscal year 2009. About 36,000 of the TEACH Grant's more than 112,000 recipients have not fulfilled grant requirements, according to GAO's analysis of servicer data, and have had their grants converted to loans, known as grant-to-loan conversions, as required by regulation. Education has a stated goal to take a data-driven approach to better understand its customers, but does not collect information on why recipients do not meet requirements. Absent this data, Education is hindered in taking steps to reduce grant-to-loan conversions and improve participant outcomes.

Key benefits of the TEACH Grant and the two loan forgiveness programs are helping to recruit needed teachers and helping teachers pay for their education, while key challenges include participants' lack of knowledge about the programs' requirements, according to GAO's focus groups with college officials and interviews with other stakeholders. Regarding challenges, college officials said TEACH recipients may have difficulty finding and keeping an eligible teaching position and that annual certification requirements are confusing. GAO's review of data from Education's Federal Student Aid Ombudsman corroborates these challenges: 64 percent of the 212 requests for TEACH assistance from October 2011 through March 2014 cited problems submitting certification paperwork. Further, some college administrators said a key reason their schools do not participate in the program is the grant-to-loan conversion issue.

Education tracks participation in all three programs, but lacks clear, consistent guidance to help recipients understand the TEACH grant-to-loan conversion dispute process. As of September 2014, GAO's analysis of TEACH servicer data shows that 2,252 grants were erroneously converted to loans. Education officials said they now monitor the servicer more closely and plan to review all of the nearly 36,000 of the program's grant-to-loan conversions, but the agency has not systemically reviewed the cause of the errors. Federal internal control standards emphasize ongoing monitoring and absent a review, Education lacks reasonable assurance that it has taken steps to minimize future erroneous conversions. Education established a dispute process to address concerns about TEACH grants converted to loans in error; however, GAO found that Education and the servicer provide incomplete and inconsistent information to recipients about the availability of and criteria for disputing conversions. This is inconsistent with federal internal control standards that highlight effective external communication. Absent clear and complete information, recipients are unlikely to understand the dispute process. Education also has not established performance measures for the three programs nor used available data to systematically evaluate them. Managing for results includes setting meaningful performance goals and measuring progress toward them. Absent those, Education is unlikely to be able to use data to improve program administration and participant outcomes.