

# Why Do So Many Colleges Decline to Participate in a Federal Grant Program for Teachers?

An Essay for the Learning Curve by Daniel Sparks  
March 2024

In 2008, federal lawmakers passed the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program, which seeks to encourage more students to pursue degrees in education and reduce teacher shortages in high-need fields at low-income schools. The program offers up to \$16,000 to undergraduate students and \$8,000 to graduate students who enroll in participating postsecondary programs. After graduation, recipients must teach in an area on the nationwide shortage list and at schools in the Teacher Cancellation Low Income (TCLI) directory for at least four years within an eight-year period.<sup>1</sup> If recipients do not meet these requirements, their grants convert to unsubsidized loans with accrued interest from when grants were initially awarded.

Unlike Public Service Loan Forgiveness and Teacher Loan Forgiveness, TEACH encourages students to pursue education programs earlier in the teacher pipeline through recruitment and by attempting to address disparities in college costs and earnings between teachers and similarly educated peers.<sup>2</sup> TEACH has faced several issues, from administrative burden and program complexity, to erroneous and high grant-to-loan conversions.<sup>3</sup> Even from the program's inception, the US Department of Education predicted that roughly 80 percent of TEACH recipients would fail to complete program requirements and have grants converted to Direct Unsubsidized Stafford Loans.<sup>4</sup> Sixty-three percent of students who started their service obligation before the 2014–15 school year had their grants converted to loans.<sup>5</sup> The Department of Education anticipates 2022 TEACH recipients will have a 55 percent loan conversion rate.<sup>6</sup>

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<sup>1</sup> See "Teacher Shortage Areas," US Department of Education, last updated April 3, 2020, <https://www2.ed.gov/about/offices/list/ope/pol/tsa.html>; and "Search the Teacher Cancellation Low Income (TCLI) Directory," US Department of Education, Office of Federal Student Aid, accessed March 13, 2024, <https://studentaid.gov/tcli/>.

<sup>2</sup> Sylvia Allegretto, "The Teacher Pay Penalty Has Hit a New High: Trends in Teacher Wages and Compensation through 2021" (Washington, DC: Economic Policy Institute, 2022).

<sup>3</sup> Government Accountability Office (GAO), *Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes* (Washington, DC: GAO, 2015).

<sup>4</sup> US Department of Education, "TEACH Grants Overview Fiscal Year 2009 Budget Request" (Washington, DC: US Department of Education, n.d.).

<sup>5</sup> Elizabeth Barkowski, Evan Nielsen, HarmoniJoie Noel, Melissa Dodson, Kathy Sonnenfeld, Cong Ye, Elizabeth DeMonte, Brienne Monahan, and Megan Eccelston, *Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program* (Washington, DC: US Department of Education, Office of Planning, Evaluation, and Policy Development, Policy and Program Studies Service, 2018).

<sup>6</sup> US Department of Education, "TEACH Grants Fiscal Year 2022 Budget" (Washington, DC: US Department of Education, n.d.).

Grant-to-loan conversion is likely less harmful to TEACH recipients now than when the program was first implemented, especially after accounting for expected reductions in loan burden from the Biden administration's new Saving on a Valuable Education income-driven repayment plan.<sup>7</sup> Still, high grant-to-loan conversion rates might make institutions and students skeptical of participating in the program. Only about half of eligible programs participate in TEACH.

In 2021, the Department of Education implemented rule changes—including more counseling for grantees and looser regulations around paperwork submission—to cut down further on grant-to-loan conversion rates and improve participation.<sup>8</sup> So far, institutional and student participation in the program has stagnated through the 2022 academic year. Low participation may signal that more changes are needed; otherwise, TEACH risks adding to the complex and, at times, dysfunctional financial aid landscape that teachers face.

I explore trends in TEACH program participation using publicly available institution-by-year-level data from the Integrated Postsecondary Education Data System (IPEDS) and the Office of Federal Student Aid.<sup>9</sup> I find low and declining participation rates by college and relatively modest differences by sector, though for-profit colleges use a disproportionate share of grant dollars. The Biden administration has called for doubling the program's size, but my results suggest that low participation rates and high grant-to-loan conversion rates should be addressed before the program is expanded.

## The Number of TEACH Grant Recipients and Total Grant Volume Has Declined over the Past Decade

Institutional and student participation in TEACH grew rapidly after its introduction in 2008 and in line with increased enrollment in teacher preparation programs during the Great Recession.<sup>10</sup> Since 2010, however, the number of TEACH grant recipients and grant volume have steadily declined. Take-up among institutions with state-approved teacher certification programs and institutions that participate in Title IV aid has remained near 50 percent.

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<sup>7</sup> Jason Delisle, “Public Service Loan Forgiveness and the SAVE Plan for Federal Student Loans: Loan Forgiveness Estimates for Teachers and Social Workers” (Washington, DC: Urban Institute, 2023).

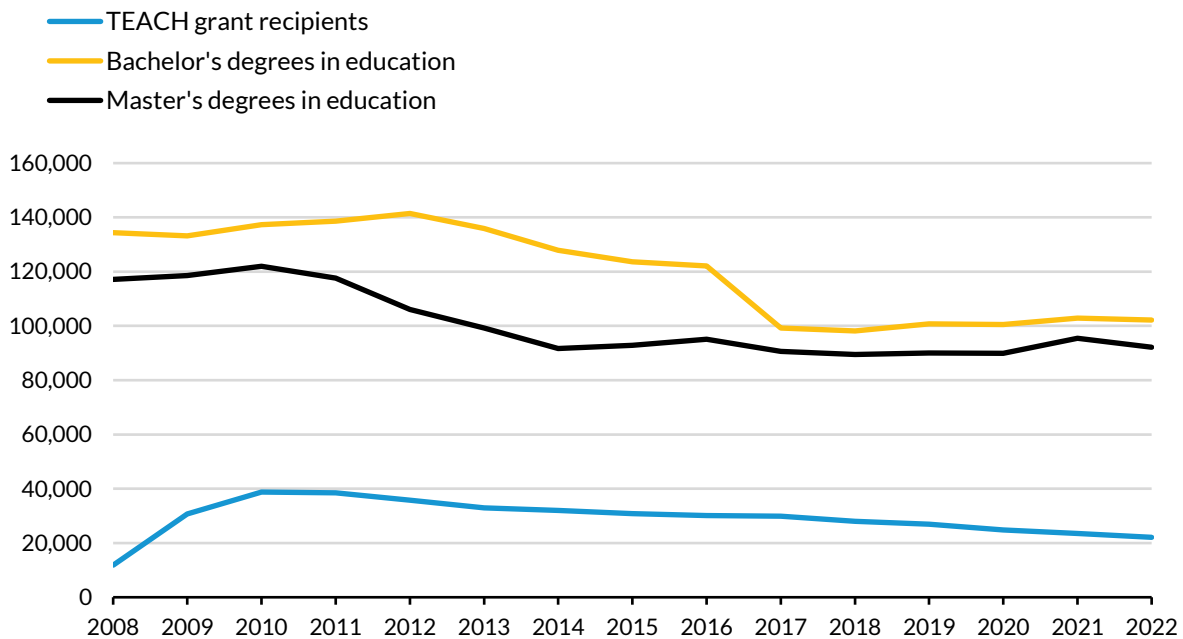
<sup>8</sup> See changes as outlined in Federal Perkins Loan Program, Federal Work-Study Programs, Federal Supplemental Educational Opportunity Grant Program, Federal Family Education Loan Program, William D. Ford Federal Direct Loan Program, National Direct Student Loan Program, Teacher Education Assistance for College and Higher Education Grant Program, Federal Pell Grant Program, Leveraging Educational Assistance Partnership Program, and Gaining Early Awareness and Readiness for Undergraduate Programs, 85 Fed. Reg. 49798 (Aug. 14, 2020).

<sup>9</sup> IPEDS includes information on institutional characteristics such as sector (e.g., public, private nonprofit, and for-profit), student enrollment demographics, and whether institutions offer state-approved teacher certification programs. I use degrees awarded in teacher education Classification of Instructional Program (CIP) codes as a proxy for academic program-level enrollment because academic program-level enrollment is not available in IPEDS. I focus on CIP codes for classroom teaching, given TEACH's program eligibility requirements. Data from the Office of Federal Student Aid include institution-by-year information on the number of TEACH grant recipients and volume of disbursements from 2008 through 2022.

<sup>10</sup> See trends in enrollment in teacher preparation programs in Madeline Will, “What Teacher-Preparation Enrollment Looks Like, in Charts,” *Education Week*, August 28, 2023, <https://www.edweek.org/teaching-learning/what-teacher-preparation-enrollment-looks-like-in-charts/2023/08>.

The number of bachelor’s and master’s degrees awarded in teaching through TEACH grants has declined, as has the share of TEACH recipients in those degrees (figure 1). In 2022, just 11 percent of awarded bachelor’s and master’s degrees in education were to TEACH grant recipients, down from a high of 16 percent in 2017. Programmatic changes have not had an immediate effect on TEACH participation, with institutional participation and student recipients in 2022 remaining static or declining slightly.

**FIGURE 1**  
**The Number of TEACH Grant Recipients Continues to Decline amid Flat Education Degree Production in Recent Years**



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**Source:** Author’s calculations using publicly available institution-by-year-level data from the Integrated Postsecondary Education Data System and the Office of Federal Student Aid.

**Notes:** TEACH = Teacher Education Assistance for College and Higher Education. Bachelor’s and master’s degrees in education are limited to six-digit classroom teaching Classification of Instructional Program codes as reported by the National Center for Education Statistics.

### **There Are Modest Differences in TEACH Participation across Sectors, though For-Profit Colleges Take in a Disproportionate Share of TEACH Dollars**

Among minority-serving institutions (MSIs)—including predominantly Black and historically Black colleges and universities, tribal colleges, and institutions serving predominantly Hispanic, American Indian, Alaska Native, Native Hawaiian, or Asian American students—participation rates in TEACH are similar to non-MSIs and hover near 50 percent (appendix figure A.1). Moreover, disbursements per degree awarded in TEACH are comparable across MSIs and non-MSIs. MSIs are responsible for 10 to 15

percent of bachelor's and master's degrees awarded in teaching and received about 10 percent of TEACH disbursements in 2022. These findings hint that TEACH has not helped differentially increase the share of educators of color and that both MSIs and non-MSIs have approached TEACH with caution and skepticism.

Analyzing TEACH grants by sector shows that about 60 percent of public institutions participate in TEACH compared with 50 percent of private nonprofit institutions (figure 2). These participation rates have remained stable for the past 10 years. In contrast, for-profit college participation rates in TEACH have fluctuated.<sup>11</sup> This in part reflects the small number of for-profits with state-approved teacher certification programs and that participate in Title IV aid. In 2022, only 16 for-profit colleges met these criteria, 5 of which participated in TEACH. For-profit institutions are less likely to participate in TEACH relative to public and private nonprofit institutions, but they take in a disproportionate share of TEACH disbursements. For-profits account for about 5 percent of degrees awarded in education but claim between 15 and 20 percent of TEACH grant disbursements (appendix table A.1). Two for-profits, Grand Canyon University and Walden University, account for most of these disbursements.

These trends are potentially problematic if TEACH recipients at for-profit institutions are less likely to complete their degrees and are more likely to have their grants converted to loans. Given that the two for-profit colleges receiving the most TEACH disbursements for that sector have graduation rates well below the midpoint for all four-year colleges, high rates of loan forbearance, and high rates of students not making progress on loan repayment, it seems likely that TEACH recipients at these institutions are more likely to have their grants converted. Survey data collected by the Department of Education support this claim and show higher grant-to-loan conversion rates among students who attended for-profit colleges.<sup>12</sup>

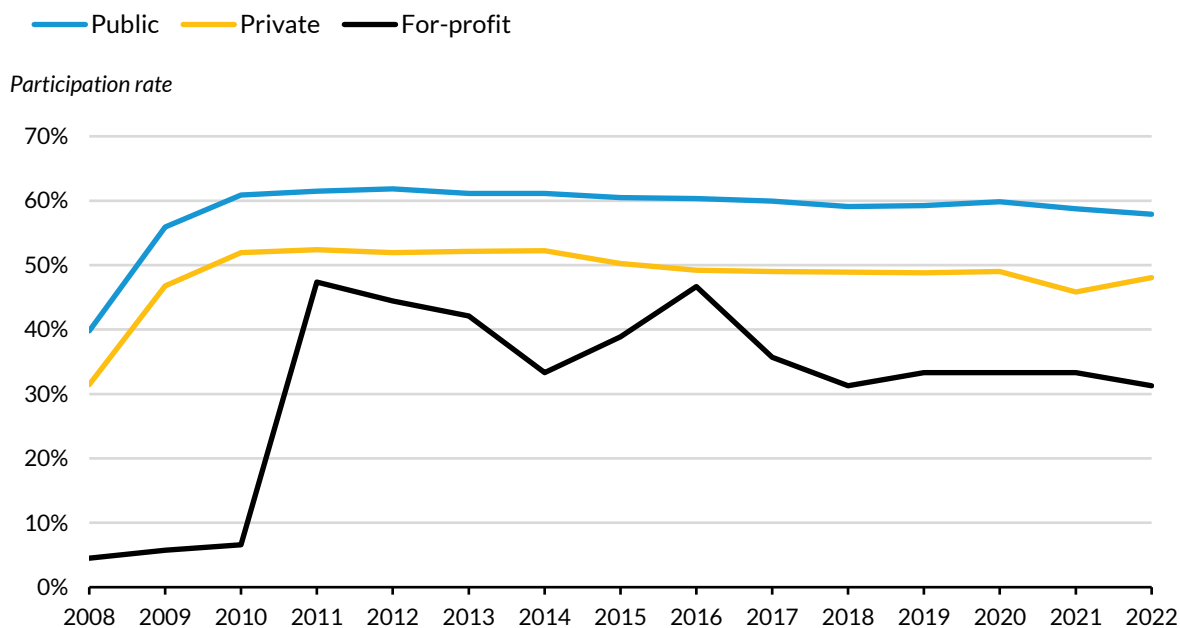
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<sup>11</sup> See appendix figure A.2, which weights TEACH participation rates by the combined number of bachelor's and master's degrees in teaching. After weighting, trends are slightly less volatile for for-profit institutions but, more importantly, highlight that most for-profit schools participate in TEACH.

<sup>12</sup> These claims are based on publicly available data from the College Scorecard for Grand Canyon University and Walden University. Survey data refer to results from Barkowski et al., *Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program*.

FIGURE 2

**Institutional Participation Rates in TEACH Vary across Sectors and Have Stagnated in Recent Years**



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**Source:** Author’s calculations using publicly available institution-by-year-level data from the Integrated Postsecondary Education Data System and the Office of Federal Student Aid.

**Notes:** TEACH = Teacher Education Assistance for College and Higher Education. Sample is limited to four-year institutions with state-approved teacher certification programs and that are eligible for Title IV aid. An institution is considered to participate in TEACH if any students received a TEACH grant.

### Neither Cost nor Location Helps Explain Low Institutional Take-Up

To explain limited institutional participation in TEACH, I explore both institutional cost and the prevalence of TCLI-eligible K–12 schools nearby. First, more expensive institutions may be more likely to take up TEACH to help students defray costs. Conversely, less expensive institutions may be less likely to participate in TEACH if they believe students will already have most of their need met. I find that both undergraduate and graduate tuition and fees are higher, on average, at nonparticipating institutions (figure 3). Variation in program take-up is generally limited across quartiles of institutions by tuition and fees, suggesting that program cost is not likely to contribute to low institutional participation rates in TEACH.

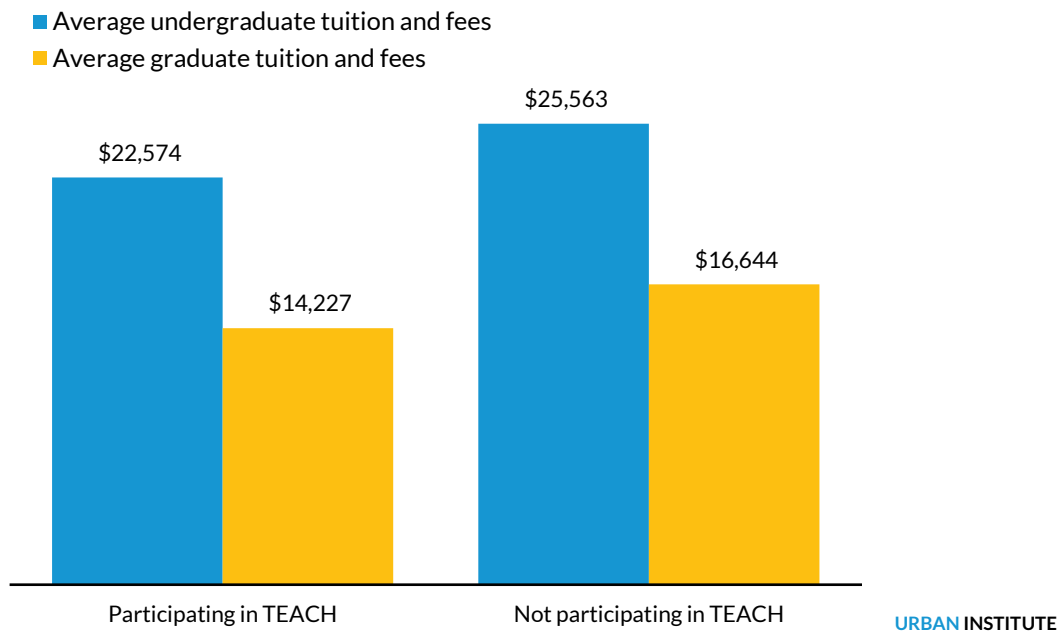
Second, TEACH recipients are required to teach at eligible schools listed in the TCLI directory, meaning proximity between colleges and TCLI schools may help explain TEACH participation. Survey results from a 2018 Department of Education study indicated that 15 percent of TEACH grant recipients in loan status reported being unable to find a job in a high-need field and school.<sup>13</sup>

<sup>13</sup> Barkowski et al., *Study of the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program*.

Accordingly, we might expect higher participation rates in TEACH among institutions in counties with a high density of TCLI schools; institutions may be averse to participating in TEACH if students have limited local options that meet grant requirements.

I merge the TCLI directory of schools with National Center for Education Statistics school directory data to construct the number and percentage of TCLI schools in a given county.<sup>14</sup> Figure 4 shows institutional participation rates in TEACH based on the percentage of within-county K–12 schools that are TEACH eligible. For instance, 45 percent of colleges and universities participate in TEACH in counties where up to a quarter of K–12 schools meet TEACH eligibility criteria. Institutional participation rates in TEACH are slightly higher in areas with a higher proportion of TEACH-eligible K–12 schools, but these differences are unlikely to explain underwhelming TEACH participation rates. Even in counties where more than 75 percent of schools are TEACH eligible, only 52 percent of colleges and universities participated in TEACH.

**FIGURE 3**  
**Average Undergraduate and Graduate Tuition and Fees Are Slightly Lower at TEACH-Participating Institutions**



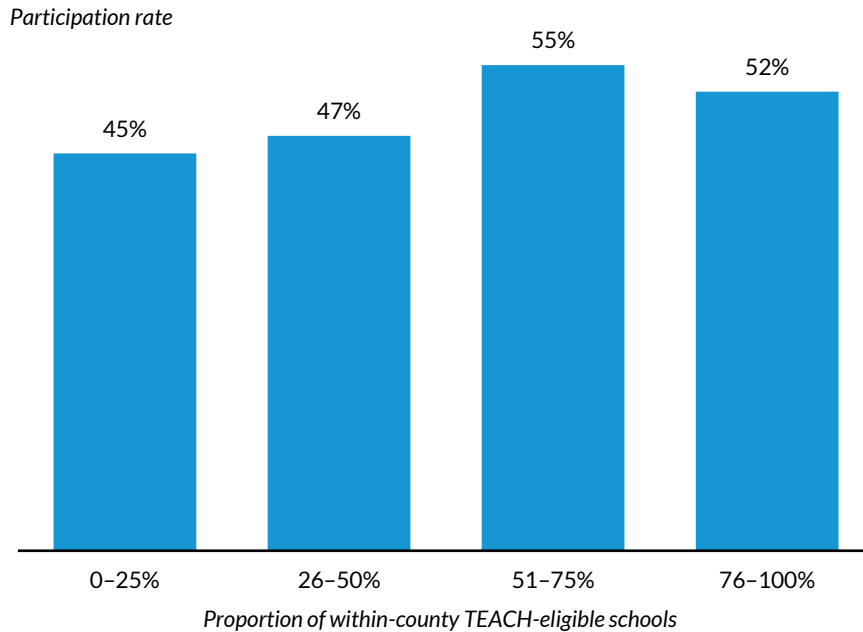
**Source:** Author’s calculations using publicly available institution-by-year-level data from the Integrated Postsecondary Education Data System and the Office of Federal Student Aid.

**Notes:** TEACH = Teacher Education Assistance for College and Higher Education. Sample is limited to four-year institutions with state-approved teacher certification programs and that are eligible for Title IV aid. An institution is considered to participate in TEACH if any students received a TEACH grant.

<sup>14</sup> The TCLI directory does not include a school identifier, so I use fuzzy matching to merge TCLI directory data with National Center for Education Statistics data. See code for details.

FIGURE 4

**Institutional Participation Rates in TEACH Are Slightly Higher in Counties with More TEACH-Eligible K-12 Schools**



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**Source:** Author’s calculations using publicly available data from the Integrated Postsecondary Education Data System, the Office of Federal Student Aid, and the NCES.

**Notes:** NCES = National Center for Education Statistics; TEACH = Teacher Education Assistance for College and Higher Education. Sample is limited to four-year institutions with state-approved teacher certification programs and that were eligible for Title IV aid in academic year 2022. An institution is considered to participate in TEACH if any students received a TEACH grant. I use NCES and Teacher Cancellation Low Income school directory data to construct the total number and proportion of schools in a given county that meet the requirements for TEACH eligibility. Participation rates indicate the proportion of institutions that participate in TEACH that are located in counties where 0 to 25 percent, 26 to 50 percent, 51 to 75 percent, and more than 75 percent of K-12 schools are TEACH eligible.

### Implications for Policymakers

Policymakers designed the TEACH program to provide financial incentives for enrollment in teacher preparation programs and teaching in high-need fields at low-income schools. In reality, there is little association between TEACH participation and increased degree production in education overall or specifically for teacher candidates of color.<sup>15</sup> TEACH has often done more harm than good by increasing

<sup>15</sup> David J. Peyton, Wilhelmina van Dijk, and Loretta Mason-Williams, “Meeting the Moment: Impact of TEACH Grant on US Undergraduate Education Degree Completion in High-Need Content Areas,” *Higher Education Policy* 36, no. 3 (September 2023): 431–56. <https://doi.org/10.1057/s41307-022-00263-3>.

the student loan burden of borrowers who could otherwise have received forgiveness through Public Service Loan Forgiveness or Teacher Loan Forgiveness.<sup>16</sup>

The aims of TEACH are laudable, but the program is unlikely to accomplish its goals so long as it operates more as a backdoor increase in loans. To increase institutional and student participation in TEACH, the program will need to make further changes to continue to reduce grant-to-loan conversion rates and improve program salience within institutions.

First, the Department of Education should publicly report on TEACH's grant-to-loan conversion rates for participating institutions. This information could be provided to institutions and included in the mandatory counseling sessions for TEACH recipients, offering a baseline understanding of how students in their programs have fared as it relates to grant-to-loan conversion. Schools with low grant-to-loan conversion rates could share best practices on maintaining partnerships with eligible K-12 schools, supporting students through teacher certification, and more.

The Department of Education could consider additional regulations on TEACH participation for institutions with exceptionally high grant-to-loan conversion rates and low program completion rates. These measures would help show how much schools might be taking advantage of the program to the detriment of students. They would also cut down on participation among institutions with poor track records of degree completion and that are unlikely to position students and teacher candidates for success.

Additional changes to TEACH are needed to ensure the program functions more reliably as a grant program, rather than a loan program, to better attract participation among institutions and students and to minimize effects on student loan burden. The Biden administration has proposed several reforms to TEACH as part of the American Families Plan, including removing the 3.25 grade point average requirement for recipients, removing interest capitalization on grants converted to loans, prorating converted loan amounts based on years of service, and allowing promotions to nonteaching positions within schools to count toward the four-year service obligation.<sup>17</sup> Each of these changes would help either reduce grant-to-loan conversion rates or at least lower the debt burden for students whose grants do convert to loans. The recent adoption of the Saving on a Valuable Education income-driven repayment program should also limit any potential harm caused by grant-to-loan conversion for many TEACH recipients.<sup>18</sup>

Assuming grant-to-loan conversion rates fall significantly, the Department of Education should work with institutions to increase program salience for students. Other proposed reforms to TEACH grants by the Biden administration, such as doubling the size of grants, could increase the program's

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<sup>16</sup> See examples in Jason D. Delisle and Alexander Holt, "The Tangled World of Teacher Debt: Clashing Rules and Uncertain Benefits for Federal Student-Loan Subsidies," *Education Next* 17, no. 4 (Fall 2017): 42-49.

<sup>17</sup> See US Department of Education, "TEACH Grants Fiscal Year 2022 Budget." The Biden administration has estimated that these and other proposed changes would increase the number of TEACH grant recipients by 50 percent.

<sup>18</sup> Delisle, *Public Service Loan Forgiveness*.



visibility for institutions and students but should be approached with caution until grant-to-loan conversion rates drop within reason. The Department of Education might also consider streamlining guidance on grant messaging and recruitment efforts for institutions. Given the program’s aims of recruiting more teacher candidates, these efforts might focus on eliciting student interest in teaching programs and advertising to students already enrolled in teaching programs.

Improvements to TEACH can go only so far to keep teachers in the classroom and at eligible schools. The biggest single reason for grant-to-loan conversion among TEACH recipients is lack of qualified service.<sup>19</sup> TEACH can play an important role in recruiting teachers, but it must be coupled with local, state, and federal efforts that have been shown to boost teacher retention, such as more opportunities for career advancement, higher teacher pay, and improved school climate.<sup>20</sup> In working alongside such efforts, policymakers can address teacher recruitment and retention and ensure that TEACH has a greater impact.

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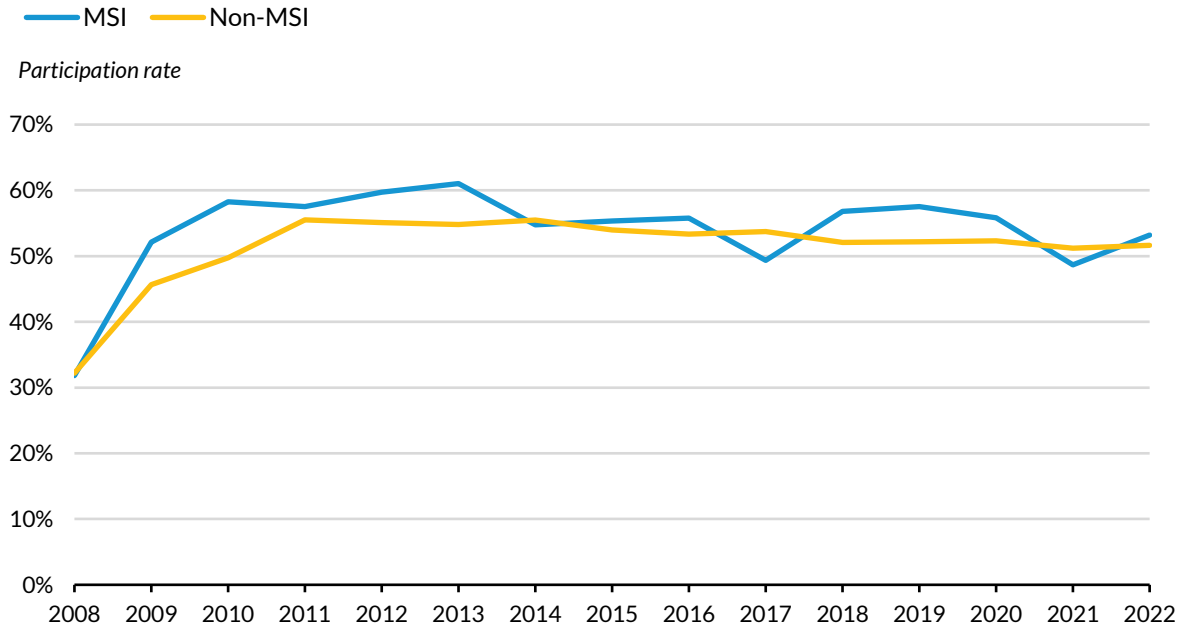
<sup>19</sup> Per the Department of Education’s fiscal year 2022 budget, the percentage of TEACH recipients with one or more years of qualified service after six years from receiving their last TEACH grant increased from below 30 percent in 2011 to about 40 percent in 2018.

<sup>20</sup> For an overview of such policies and their effectiveness in recruiting and retaining teachers, see S. Loeb and J. Myung, “Economic Approaches to Teacher Recruitment and Retention,” in *The Economics of Education* (Cambridge, MA: Academic Press, 2020), 403.

## Appendix

FIGURE A.1

### Institutional Participation Rates in TEACH Are Similar for MSIs and Non-MSIs



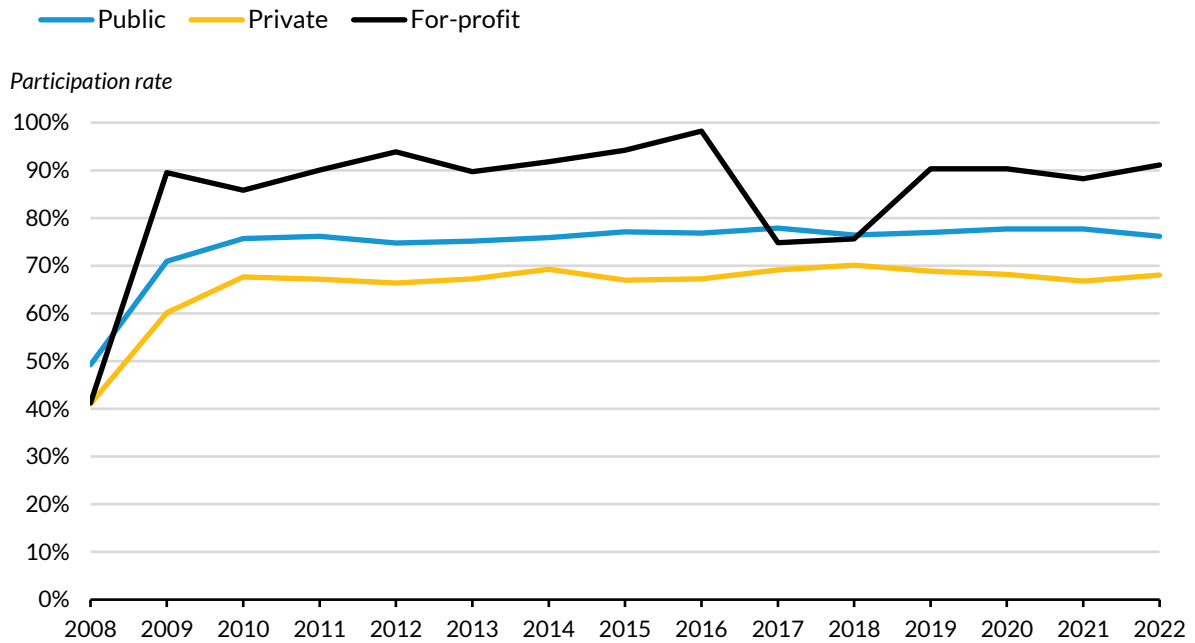
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**Source:** Author's calculations using publicly available institution-by-year-level data from the Integrated Postsecondary Education Data System and the Office of Federal Student Aid.

**Notes:** MSI = minority-serving institution; TEACH = Teacher Education Assistance for College and Higher Education. Sample is limited to four-year institutions with state-approved teacher certification programs and that are eligible for Title IV aid. An institution is considered to participate in TEACH if any students received a TEACH grant. MSIs include predominantly Black and historically Black colleges and universities, tribal colleges, and institutions serving predominantly Hispanic, American Indian, Alaska Native, Native Hawaiian, or Asian American students.

FIGURE A.2

**For-Profit College Participation Rates in TEACH Are Much Higher after Weighting by the Number of Bachelor's and Master's Degrees Awarded in Education**



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**Source:** Author's calculations using publicly available institution-by-year-level data from the Integrated Postsecondary Education Data System and the Office of Federal Student Aid.

**Notes:** TEACH = Teacher Education Assistance for College and Higher Education. Sample is limited to four-year institutions with state-approved teacher certification programs and that are eligible for Title IV aid. An institution is considered to participate in TEACH if any students received a TEACH grant. Participation rates as reported here are weighted by the number of bachelor's and master's degrees awarded by sector in a given year.

TABLE A.1

**For-Profit Colleges Claim a Disproportionate Share of TEACH Disbursements Relative to the Number of Degrees They Award in Education**

Year	Public Nonprofit		Private Nonprofit		For-Profit	
	Share of degrees awarded	Share of TEACH disbursements	Share of degrees awarded	Share of TEACH disbursements	Share of degrees awarded	Share of TEACH disbursements
2008	57%	51%	40%	46%	3%	3%
2009	56%	45%	41%	50%	3%	6%
2010	56%	44%	40%	48%	5%	9%
2011	55%	46%	40%	45%	5%	8%
2012	56%	46%	38%	46%	5%	8%
2013	58%	47%	36%	45%	6%	8%
2014	59%	46%	36%	45%	6%	9%
2015	58%	45%	36%	43%	6%	12%
2016	59%	46%	35%	44%	5%	11%
2017	58%	46%	36%	43%	6%	11%
2018	59%	45%	36%	42%	6%	12%
2019	60%	44%	35%	40%	5%	16%
2020	60%	44%	36%	39%	5%	17%
2021	58%	45%	36%	38%	6%	17%
2022	59%	48%	36%	37%	5%	15%

**Source:** Author’s calculations using publicly available institution-by-year-level data from the Integrated Postsecondary Education Data System and the Office of Federal Student Aid.

**Notes:** TEACH = Teacher Education Assistance for College and Higher Education. Sample is limited to four-year institutions with state-approved teacher certification programs and that are eligible for Title IV aid. An institution is considered to participate in TEACH if any students received a TEACH grant. Education awards are limited to bachelor’s and master’s degrees in education with six-digit classroom teaching Classification of Instructional Program codes as reported by the National Center for Education Statistics.

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