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AUTHORITY: 20 U.S.C. XXXX, unless otherwise noted.

Subpart A--Scope, Purpose, and General Definitions

§686.1 Scope and purpose.

The TEACH Grant program awards grants to students to help meet the cost of their postsecondary education while enrolled in a first associates or baccalaureate degree program, a post-baccalaureate program, or a master's degree program, who intend to teach. In exchange for the grant, the student must agree to serve as a full-time teacher in a high-need subject area, in schools serving low-income students for at least four academic years within eight years of completing the program for which the student received the grant. If the student does not satisfy the service obligation the amounts of the TEACH Grants received are treated as a Federal Direct Unsubsidized Loan and must be repaid with interest.

(Authority: 20 U.S.C. XXXX)

§686.2 Definitions.

(a) Definitions for the following terms used in this part are in the regulations for Institutional Eligibility under the Higher Education Act of 1965, as amended, (HEA) 34 CFR part 600:

Award year

Clock hour

Correspondence course

Institution of higher education (institution)

Eligible institution

Regular student

Secretary

State

Title IV, HEA program

(b) Definitions for the following terms used in this part are in subpart A of the Student Assistance General Provisions, 34 CFR part 668:

Academic year

Enrolled

Expected family contribution (EFC)

Full-time student

Graduate or professional student

Half-time student

HEA

Payment period

Three-quarter-time student

Undergraduate student

William D. Ford Federal Direct Loan (Direct Loan) Program

(c) Definitions for the following terms used in this part are in 34 CFR part 77:

Local educational agency (LEA)

State educational agency (SEA)

(d) Other terms used in this part are defined as follows:

Academic year or its equivalent for elementary and secondary schools (elementary or secondary academic year):

(1) One complete school year, or two complete and consecutive half-years from different school years, excluding summer sessions, that generally fall within a 12-month period.

(2) If a school has a year-round program of instruction, the Secretary considers a minimum of nine consecutive months to be the equivalent of an academic year.

Annual award: The maximum TEACH Grant amount a student would receive for enrolling as a full-time, three-quarter-time, half-time, or less-than-half-time student and remaining in that enrollment status over a year.

Elementary school: A public or nonprofit private school that provides elementary education as determined by State law or the Secretary if that school is not in a State.

Full-time teacher: A teacher who meets the standard used by a State in defining full-time employment as a teacher. For an individual teaching in more than one school, the determination of full-time is based on the combination of all qualifying employment.

High-need subject area: Includes the following fields:

- (1) Bilingual education and English language acquisition.
- (2) Foreign language.
- (3) Mathematics.
- (4) Reading specialist.
- (5) Science.
- (6) Special education.

(7) Another field documented as high-need by the Federal Government, a State government or an LEA, approved by the Secretary, and listed in the Department's annual Teacher Shortage Area Nationwide Listing (Nationwide List).

Highly-qualified: Has the meaning set forth in section 9101 of the Elementary and Secondary Education Act of 1965, as amended (ESEA) or in section 602(10) of the Individuals With Disabilities Education Act.

Institutional Student Information Record (ISIR): An electronic record that the Secretary transmits to an institution that includes an applicant's--

- (1) Personal identification information;
- (2) Application data used to calculate the applicant's EFC; and
- (3) EFC.

Payment data: An electronic record that is provided to the Secretary by an institution showing student disbursement information.

Post-baccalaureate program: 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 for the purposes of title IV of the HEA.

Retiree: An individual who has decided to change his or her occupation for any reason and who has expertise in a high-need subject area.

Scheduled Award: The maximum amount of a TEACH Grant that a full-time student could receive over a year.

School serving low-income students (low-income school): A public or other nonprofit private elementary or secondary school that--

(1) Is in the school district of a LEA that is eligible for assistance pursuant to title I of the ESEA;

(2) Has been determined by the Secretary 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 ESEA; and

(3) Is listed in the Department's Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits. The Secretary considers all elementary and secondary schools operated by the Bureau of Indian Education (BIE) in the Department of the Interior or operated on Indian reservations by Indian tribal groups under contract or grant with the BIE to qualify as schools serving low-income students.

Secondary school: A public or nonprofit private school that provides secondary education as determined by State law or the Secretary if the school is not in a State.

Service agreement: An agreement under which the individual receiving a TEACH Grant commits to meet the service obligation described in §686.12 and to comply with notification and other provisions of the agreement.

Student Aid Report (SAR): A report provided to an applicant by the Secretary showing the amount of his or her expected family contribution.

TEACH Grant-eligible institution: An eligible institution as defined in 34 CFR part 600 that, for

purposes of the TEACH Grant program, is one that meets financial responsibility standards established in 34 CFR 668 subpart L and--

(1)(i) Provides a high-quality teacher preparation program at the baccalaureate or master's degree level that includes extensive pre-service clinical experience, and provides pedagogical coursework, or assistance in the provision of such coursework;

(ii) Is accredited by a specialized accrediting agency recognized by the Secretary for the accreditation of professional teacher education programs or is approved by a State; and

(iii) Provides supervision and support services to teachers, or assists in the provision of services to teachers, such as--

(A) Identifying and making available information on effective teaching skills or strategies;

(B) Identifying and making available information on effective practices in the supervision and coaching of novice teachers; and

(C) Mentoring focused on developing effective teaching skills and strategies;

(2) Provides a two-year program that is fully transferable to a baccalaureate teacher preparation program offered by an institution described in paragraph (1) of this definition, or a two-year program that is fully transferable to a baccalaureate degree program in a high-need subject area at an institution described in paragraph (3) of this definition;

(3) Offers a baccalaureate degree that, in combination with other training or experience, will prepare an individual to teach in a high-need subject area as defined in this part and has entered into an agreement with an institution described in paragraphs (1) or (4) of this definition to provide courses necessary for its students to begin a career in teaching; or

(4) Provides a post-baccalaureate program.

TEACH Grant-eligible program: An eligible program as defined in 34 CFR 668.8 that is a program that prepares an individual to teach in a high-need subject area and that leads to an associates, baccalaureate or master's degree, or is a post-baccalaureate program.

Teacher: A person who provides direct classroom teaching or classroom-type teaching in a non-classroom

setting, including special education teachers and reading specialists.

Teacher preparation program: A State-approved course of study, the completion of which signifies that an enrollee has met all the State's educational or training requirements for initial certification or licensure to teach in the State's elementary or secondary schools. A teacher preparation program may be a regular program or an alternative route to certification, as defined by the State. For purposes of a TEACH Grant, the program must be provided by an institution of higher education.

(Authority: 20 U.S.C. XXXX)

§686.3 Duration of student eligibility.

(a) An undergraduate or post-baccalaureate student may receive up to four scheduled awards during the period required for the completion of the first undergraduate TEACH Grant-eligible baccalaureate program and post-baccalaureate program combined.

(b) A graduate student is eligible to receive up to two scheduled awards during the period required for the completion of a TEACH Grant-eligible master's degree program.

(Authority: 20 U.S.C. XXXX)

§686.4 Institutional participation.

(a) An institution that offers one or more TEACH Grant-eligible programs may elect to participate in the TEACH Grant program.

(b) If an institution begins participation in the TEACH Grant program during an award year, a student enrolled at and attending that institution is eligible to receive a grant under this part for the payment period during which the institution begins participation and any subsequent payment period.

(c) If an institution becomes ineligible to participate in the TEACH Grant program during an award year, a student who was attending the institution and who submitted a SAR to the institution, or for whom the institution obtained an ISIR, before the date the institution became ineligible will receive a TEACH Grant for that award year for--

(1) The payment periods that the student completed before the institution became ineligible; and

(2) The payment period in which the institution became ineligible.

(d) An institution that becomes ineligible must, within 45 days after the effective date of loss of eligibility, provide to the Secretary--

(1) The name of each eligible student under §686.11 who, during the award year, submitted a SAR to the institution or for whom it obtained an ISIR before it became ineligible;

(2) The amount of funds paid to each student for that award year;

(3) The amount due each student eligible to receive a grant through the end of the payment period during which the institution became ineligible; and

(4) An accounting of the TEACH Grant program expenditures for that award year to the date of termination.

(Authority: 20 U.S.C. XXXX)

§686.5 Enrollment status for regular and correspondence courses.

(a) If, in addition to regular coursework, a student takes correspondence courses from either his or her own institution or another institution having an arrangement for this purpose with the student's institution, the

correspondence work may be included in determining the student's enrollment status to the extent permitted under paragraph (b) of this section.

(b) Except as noted in paragraph (c) of this section, the correspondence work that may be included in determining a student's enrollment status is that amount of work that--

(1) Applies toward a student's degree or post-baccalaureate program or is remedial work taken by the student to help in his or her TEACH Grant-eligible program;

(2) Is completed within the period of time required for regular coursework; and

(3) Does not exceed the amount of a student's regular coursework for the payment period for which enrollment status is being calculated.

(c)(1) Notwithstanding the limitation in paragraph (b)(3) of this section, a student who would be a half-time student based solely on his or her correspondence work is considered a half-time student unless the calculation in paragraph (b) of this section produces an enrollment status greater than half-time.

(2) A student who would be a less-than-half-time student based solely on his or her correspondence work or a

combination of correspondence work and regular coursework is considered a less-than-half-time student.

(d) The following chart provides examples of the application of the regulations set forth in this section. It assumes that the institution defines full-time enrollment as 12 credits per term, making half-time enrollment equal to six credits per term.

Under §686.5	No. of credit hours regular work	No. of credit hours cor-respondence	Total course load in credit hours to determine enrollment status	Enrollment status
(b)(3)	3	3	6	Half-time.
(b)(3)	3	6	6	Half-time.
(b)(3)	3	9	6	Half-time.
(b)(3)	6	3	9	Three-quarter-time.
(b)(3)	6	6	12	Full-time.
(b)(3) and (c)	2	6	6	Half-time.
(c)*				Less-than-half-time.

*Any combination of regular and correspondence work that is greater than zero, but less than six hours.

(Authority: 20 U.S.C. XXXX)

§686.6 Payment from more than one institution.

A student may not receive grant payments under this part concurrently from more than one institution.

(Authority: 20 U.S.C. XXXX)

Subpart B--Application Procedures

§686.10 Application.

(a) To receive a grant under this part, a student must--

(1) Complete and submit an approved signed application form, as designated by the Secretary. A copy of this form is not acceptable; and

(2) Complete and sign a service agreement and promise to repay; and

(3) Provide any additional information and assurances requested by the Secretary.

(b) The student must submit an application to the Secretary by--

(1) Providing the application form, signed by all appropriate family members, to the institution which the student attends or plans to attend so that the institution can transmit the application information to the Secretary electronically; or

(2) Sending the completed application form to the Secretary.

(c) The student must provide the address of his or her residence.

(d) For each award year, the Secretary, through publication in the Federal Register, establishes deadline dates for submitting to the Department the application and

additional information and for making corrections to the information provided.

(Authority: 20 U.S.C. XXXX)

§686.11 Eligibility to receive a grant.

(a) Undergraduate, post-baccalaureate, and graduate students. (1) Except as provided in paragraph (b) of this section, a student who meets the requirements of 34 CFR part 668, subpart C, is eligible to receive a TEACH Grant if the student--

(i) Has submitted a completed application;

(ii) Has signed a service agreement as required under §686.12;

(iii) Is enrolled in a TEACH Grant-eligible institution in a TEACH Grant-eligible program;

(iv) Is completing coursework and other requirements necessary to begin a career in teaching or plans to complete such coursework and requirements prior to graduating; and

(v) Has obtained--

(A) If the student is in the first year of a program of undergraduate education--

(1) A final cumulative secondary school grade point average (GPA) upon graduation of at least 3.25 on a 4.0 scale, or the numeric equivalent; or

(2) A cumulative GPA of at least 3.25 on a 4.0 scale, or the numeric equivalent based on courses taken at the institution.

(B) If the student is beyond the first year of a program of undergraduate education, or is a graduate student, a cumulative undergraduate or graduate GPA of at least 3.25 on a 4.0 scale, or the numeric equivalent, through the most-recently completed payment period; or

(C) A score above the 75th percentile of scores achieved by all students taking the test during the period the student took the test on at least one of the batteries from a nationally-normed standardized test used as an undergraduate, graduate, or post-baccalaureate admissions test by the student's institution, except that such test may not include a placement test.

(2)(i) An institution must document the student's secondary school GPA under §686.11(a)(iv)(A) using--

(A) Documentation provided directly to the institution by the cognizant authority; or

(B) Documentation from the cognizant authority provided by the student.

(ii) A cognizant authority includes, but is not limited to--

(A) An LEA;

(B) An SEA or other State agency; or

(C) A public or private secondary school.

(iii) A home-schooled student's parent or guardian is the cognizant authority for purposes of providing the documentation of a home-schooled student's secondary school GPA.

(iv) If an institution has reason to believe the documentation provided by a student under paragraph (a)(2)(i)(B) of this section is inaccurate or incomplete, the institution must confirm the student's grades by using documentation provided directly to the institution by the cognizant authority.

(b) Current teachers or retirees. A student who meets the requirements of 34 CFR part 668, subpart C, is eligible to receive a TEACH Grant if the student--

(1) Has signed a service agreement as required under §686.12;

(2) Is a current teacher or retiree who is applying for a grant to obtain a master's degree and--

(i) Is a teacher, or a retiree from another occupation with expertise in a high-need subject area; or

(ii) Is or was a teacher who is pursuing certification through a high-quality alternative certification route; and

(3) Is enrolled in a TEACH Grant-eligible institution in a TEACH Grant-eligible program during the period required for the completion of a master's degree.

(c) Transfer students. The initial GPA for a student qualifying for a TEACH Grant at a new institution under §686.11(a)(iv)(B) is determined by calculating the cumulative GPA of transfer credits the new institution accepts into the TEACH Grant-eligible program.

(Authority: 20 U.S.C. XXXX)

§686.12 Service agreement

(a) General. A student who meets the eligibility requirements in §686.11 may receive a TEACH Grant only after he or she signs a service agreement provided by the Secretary and receives initial counseling in accordance with §686.20.

(b) Contents of the service agreement. (1) The service agreement provides that, after completing coursework necessary to begin a career in teaching, the TEACH Grant recipient must fulfill a service obligation by-

(i) Serving as a full-time teacher for a total of not less than four elementary or secondary academic years within eight calendar years after completing the program for which the recipient received the TEACH Grant--

(A) In a low-income school; and

(B) As a highly-qualified teacher in a high-need subject area; and

(ii) Submit, upon completion of each year of service, documentation of the service in the form of a certification by a chief administrative officer of the school; and

(2) The service agreement also includes terms, conditions, and other information consistent with §§686.40-686.43 that the Secretary determines to be necessary.

(c) Completion of more than one service obligation.

(1) A grant recipient must complete a service obligation for each program of study for which he or she received TEACH Grants.

(2) If a grant recipient completes a TEACH-Grant eligible program at a TEACH Grant-eligible institution and immediately enrolls in another TEACH Grant-eligible program at a TEACH Grant-eligible institution before beginning a career in teaching, the recipient may--

(i) Request a suspension of the eight-year time period under paragraph (b)(1) of this section for the period of enrollment in the subsequent program in accordance with §686.41; and

(ii) Upon completion of the subsequent program, apply all qualified teaching service to both service obligations.

(3) If a grant recipient completes a TEACH Grant-eligible program at a TEACH Grant-eligible institution and begins qualified teaching service to meet the service obligation before enrolling in a subsequent TEACH Grant-eligible program, the recipient may--

(i) Request a suspension of the eight-year time period under paragraph (b)(1) of this section for the period of enrollment in the subsequent program in accordance with §686.41; and

(ii) Upon completion of the subsequent program, apply qualified teaching service performed after the completion of the subsequent program to both service obligations.

(4) A grant recipient who fully satisfies the service obligation associated with the program for which TEACH Grants were received and subsequently enrolls in another TEACH Grant-eligible program cannot apply any of the qualified service completed prior to enrolling in the subsequent program to the second service obligation.

(5) A grant recipient who has completed a TEACH Grant-eligible program and who begins qualified full-time teaching service toward the service obligation associated with that program, and then concurrently enrolls in another TEACH Grant-eligible program may, upon completing the subsequent TEACH Grant-eligible program, apply only qualified teaching service performed after the completion of the subsequent TEACH Grant-eligible program to both service obligations.

(6) If a grant recipient is not eligible to suspend the service obligation, the eight calendar years in which a grant recipient must complete the service obligation begin no later than six months after the grant recipient

completes each program for which the TEACH Grants were received.

(d) Repayment for failure to complete service obligation. If the grant recipient fails or refuses to carry out the service obligation, the TEACH Grants received by the recipient must be repaid by the recipient and will be treated as a William D. Ford Federal Direct Unsubsidized Loan, with interest accruing from the date the TEACH Grant award was disbursed, in accordance with applicable sections of subpart B of 34 CFR part 685.

(Authority: 20 U.S.C. XXXX)

Subpart C--Determination of Awards

§686.20 Submission process and deadline for a SAR or ISIR.

(a) Submission process. (1) Except as provided in paragraph (a)(2) of this section, an institution must disburse a TEACH Grant to a student who is eligible under §686.11 and is otherwise qualified to receive that disbursement and electronically transmit disbursement data to the Secretary for that student if--

(i) The student submits a SAR with an official EFC to the institution; or

(ii) The institution obtains an ISIR with an official EFC for the student.

(2) In determining a student's eligibility to receive a grant under this part, an institution is entitled to assume that the SAR information or ISIR information is accurate and complete except under the conditions set forth in 34 CFR 668.16(f).

(b) SAR or ISIR deadline. Except as provided in 34 CFR 668.164(g), for a student to receive a grant under this part in an award year, the student must submit the relevant parts of the SAR with an official EFC to his or her institution or the institution must obtain an ISIR with an official EFC by the earlier of--

(1) The last date that the student is still enrolled and eligible for payment at that institution; or

(2) By the deadline date established by the Secretary through publication of a notice in the Federal Register.

(Authority: 20 U.S.C. XXXX)

§686.21 Calculation of a grant.

(a)(1)(i) The Scheduled Award for a TEACH Grant for an eligible student is \$4,000.

(ii) Each Scheduled Award remains available to an eligible student until the \$4,000 is disbursed.

(2)(i) The aggregate amount that a student may receive in TEACH Grants for undergraduate or post-baccalaureate study may not exceed \$16,000.

(ii) The aggregate amount that a student may receive in TEACH grants for a master's degree may not exceed \$8,000.

(b) The annual award for--

(1) A full-time student is \$4,000;

(2) A three-quarter-time student is \$3,000;

(3) A half-time student is \$2,000; and

(4) A less-than-half-time student is \$1,000.

(c) Except as provided in paragraph (d) of this section, the amount of a student's grant under this part, in combination with the other student financial assistance available to the student, including the amount of a Federal Pell Grant for which the student is eligible, may not exceed the student's cost of attendance at a TEACH Grant-eligible institution. Other student financial assistance is estimated financial assistance as defined in 34 CFR 673.5(c);

(d) A TEACH Grant may replace a student's EFC, but the amount of the grant that exceeds the student's EFC is considered estimated financial assistance as defined in 34 CFR 673.5(c).

(e) In determining a student's payment for a payment period, an institution must include--

(1) In accordance with 34 CFR 668.20, any noncredit or reduced credit courses that an institution determines are necessary--

(i) To help a student be prepared for the pursuit of a first undergraduate baccalaureate or post-baccalaureate degree or certificate; or

(ii) In the case of English language instruction, to enable the student to utilize already existing knowledge, training, or skills; and

(2) In accordance with 34 CFR 668.5, a student's participation in a program of study abroad if it is approved for credit by the home institution at which the student is enrolled.

(Authority: 20 U.S.C. XXXX)

§686.22 Calculation of a grant for a payment period.

(a)(1) Programs using standard terms with at least 30 weeks of instructional time. A student's grant for a payment period is calculated under paragraphs (b) or (d) of this section if--

(i) The student is enrolled in an eligible program that--

-

(A) Measures progress in credit hours;

(B) Is offered in semesters, trimesters, or quarters;

and

(C) Requires the student to enroll for at least 12 credit hours in each term in the award year to qualify as a full-time student; and

(ii) The program uses an academic calendar that provides at least 30 weeks of instructional time in--

(A) Two semesters or trimesters in the fall through the following spring, or three quarters in the fall, winter, and spring, none of which overlaps any other term (including a summer term) in the program; or

(B) Any two semesters or trimesters, or any three quarters where--

(1) The institution starts its terms for different cohorts of students on a periodic basis (e.g., monthly);

(2) The program is offered exclusively in semesters, trimesters, or quarters; and

(3) Students are not allowed to be enrolled simultaneously in overlapping terms and must stay with the cohort in which they start unless they withdraw from a term (or skip a term) and reenroll in a subsequent term.

(2) Programs using standard terms with less than 30 weeks of instructional time. A student's payment for a payment period is calculated under paragraph (c) or (d) of this section if--

(i) The student is enrolled in an eligible program that--

(A) Measures progress in credit hours;

(B) Is offered in semesters, trimesters, or quarters;

(C) Requires the student to enroll in at least 12 credit hours in each term in the award year to qualify as a full-time student; and

(D) Is not offered with overlapping terms; and

(ii) The institution offering the program--

(A) Provides the program using an academic calendar that includes two semesters or trimesters in the fall

through the following spring, or three quarters in the fall, winter, and spring; and

(B) Does not provide at least 30 weeks of instructional time in the terms specified in paragraph (a)(2)(ii)(A) of this section.

(3) Other programs using terms and credit hours. A student's payment for a payment period is calculated under paragraph (d) of this section if the student is enrolled in an eligible program that--

(i) Measures progress in credit hours; and

(ii) Is offered in academic terms other than those described in paragraphs (a)(1) and (a)(2) of this section.

(4) Programs not using terms or using clock hours. A student's payment for any payment period is calculated under paragraph (e) of this section if the student is enrolled in an eligible program that--

(i) Is offered in credit hours but is not offered in academic terms; or

(ii) Is offered in clock hours.

(5) Programs for which an exception to the academic year definition has been granted under 34 CFR 668.3. If an institution receives a waiver from the Secretary of the 30

weeks of instructional time requirement under 34 CFR 668.3, an institution may calculate a student's payment for a payment period using the following methodologies:

(i) If the program is offered in terms and credit hours, the institution uses the methodology in--

(A) Paragraph (b) of this section provided that the program meets all the criteria in paragraph (a)(1) of this section, except that in lieu of meeting the requirements in paragraph (a)(1)(ii)(B) of this section, the program provides at least the same number of weeks of instructional time in the terms specified in paragraph (a)(1)(ii)(A) of this section as are in the program's academic year; or

(B) Paragraph (d) of this section.

(ii) The institution uses the methodology described in paragraph (e) of this section if the program is offered in credit hours without terms.

(b) Programs using standard terms with at least 30 weeks of instructional time. The payment for a payment period, i.e., an academic term, for a student in a program using standard terms with at least 30 weeks of instructional time in two semesters or trimesters or in

three quarters as described in paragraph (a)(1)(ii) of this section, is calculated by--

(1) Determining his or her enrollment status for the term;

(2) Based upon that enrollment status, determining his or her annual award; and

(3) Dividing the amount described under paragraph (b)(2) of this section by--

(i) Two at institutions using semesters or trimesters or three at institutions using quarters; or

(ii) The number of terms over which the institution chooses to distribute the student's annual award if--

(A) An institution chooses to distribute all of the student's annual award determined under paragraph (b)(2) of this section over more than two terms at institutions using semesters or trimesters or more than three quarters at institutions using quarters; and

(B) The number of weeks of instructional time in the terms, including the additional term or terms, equals the weeks of instructional time in the program's academic year.

(c) Programs using standard terms with less than 30 weeks of instructional time. The payment for a payment

period, i.e., an academic term, for a student in a program using standard terms with less than 30 weeks of instructional time in two semesters or trimesters or in three quarters as described in paragraph (a)(2)(ii)(A) of this section, is calculated by--

(1) Determining his or her enrollment status for the term;

(2) Based upon that enrollment status, determining his or her annual award; and

(3) Multiplying his or her annual award determined under paragraph (c)(2) of this section by the following fraction as applicable:

In a program using semesters or trimesters--

The number of weeks of instructional time offered in the program in the fall and spring semesters or trimesters

The number of weeks in the program's academic year
; or

In a program using quarters--

The number of weeks of instructional time offered in the program in the fall, winter, and spring quarters

The number of weeks in the program's academic year
; and

(4)(i) Dividing the amount determined under paragraph (c)(3) of this section by two for programs using semesters or trimesters or three for programs using quarters; or

(ii) Dividing the student's annual award determined under paragraph (c)(2) of this section by the number of terms over which the institution chooses to distribute the student's annual award if--

(A) An institution chooses to distribute all of the student's annual award determined under paragraph (c)(2) of this section over more than two terms for programs using semesters or trimesters or more than three quarters for programs using quarters; and

(B) The number of weeks of instructional time in the terms, including the additional term or terms, equals the weeks of instructional time in the program's academic year definition.

(d) Other programs using terms and credit hours. The payment for a payment period, i.e., an academic term, for a student in a program using terms and credit hours, other than those described in paragraphs (a)(1) or (a)(2) of this section, is calculated by--

(1)(i) Determining his or her enrollment status for the term;

(2) Based upon that enrollment status, determining his or her annual award; and

(3) Multiplying his or her annual award determined under paragraph (d)(2) of this section by the following fraction:

$$\frac{\text{The number of weeks of instructional time in the term}}{\text{The number of weeks of instructional time in the program's academic year}}$$

(e) Programs using credit hours without terms or clock hours. The payment for a payment period for a student in a program using credit hours without terms or using clock hours is calculated by multiplying the Scheduled Award by the lesser of--

(1)

$$\frac{\text{The number of credit or clock hours in the payment period}}{\text{The number of credit or clock hours in the program's academic year}}$$

; or

(2)

The number of weeks of instructional time in the payment period

The number of weeks of instructional time in the program's academic year

(f) Maximum disbursement. A single disbursement may not exceed 50 percent of an award determined under paragraph (d) or (e) of this section. If a payment for a payment period calculated under paragraphs (d) or (e) of this section would require the disbursement of more than 50 percent of a student's annual award in that payment period, the institution must make at least two disbursements to the student in that payment period. The institution may not disburse an amount that exceeds 50 percent of the student's annual award until the student has completed the period of time in the payment period that equals, in terms of weeks of instructional time, 50 percent of the weeks of instructional time in the program's academic year.

(g) Minimum payment. No payment for a payment period as determined under this section or §686.25, may be less than \$25.

(h) Definition of academic year. For purposes of this section, an institution must define an academic year--

(1) For each of its TEACH Grant-eligible undergraduate programs, including post-baccalaureate

programs, in terms of the number of credit or clock hours and weeks of instructional time in accordance with the requirements of 34 CFR 668.3; and

(2) For each of its TEACH Grant-eligible master's degree programs in terms of the number of weeks of instructional time in accordance with the requirements of 34 CFR 668.3 and the minimum number of credit or clock hours a full-time student would be expected to complete in the weeks of instructional time of the program's academic year.

(i) Payment period completing a Scheduled Award. In a payment period, if a student is completing a Scheduled Award, the student's payment for the payment period--

(1) Is calculated based on the total credit or clock hours and weeks of instructional time in the payment period; and

(2) Is the remaining amount of the Scheduled Award being completed plus an amount from the next Scheduled Award, if available, up to the payment for the payment period.

(Authority: 20 U.S.C. XXXX)

§691.23 Calculation of a grant for a payment period which occurs in two award years.

If a student enrolls in a payment period that is scheduled to occur in two award years--

(a) The entire payment period must be considered to occur within one award year;

(b) The institution must determine for each TEACH Grant recipient the award year in which the payment period will be placed subject to the restriction set forth in paragraph (c) of this section;

(c) The institution must place a payment period with more than six months scheduled to occur within one award year in that award year;

(d) If the institution places the payment period in the first award year, it must pay a student with funds from the first award year; and

(e) If the institution places the payment period in the second award year, it must pay a student with funds from the second award year.

(Authority: 20 U.S.C. XXXX)

§686.24 Transfer student: attendance at more than one institution during an award year.

(a) If a student who receives a TEACH Grant at one institution subsequently enrolls at a second institution, the student may receive a grant at the second institution only if--

(1) The student submits a SAR with an official EFC to the second institution; or

(2) The second institution obtains an ISIR with an official EFC.

(b) The second institution must calculate the student's award in accordance with §686.22 or §686.25.

(c) The second institution may pay a TEACH Grant only for that period in which a student is enrolled in a TEACH Grant-eligible program at that institution.

(d) The student's TEACH Grant for each payment period is calculated according to the procedures in §686.22 unless the remaining balance of the Scheduled Award at the second institution is the balance of the student's last Scheduled Award and is less than the amount the student would normally receive for that payment period.

(e) A transfer student must repay any amount received in an award year that exceeds the amount which he or she was eligible to receive.

(Authority: 20 U.S.C. XXXX)

§686.25 Correspondence study.

(a) An institution calculates a TEACH Grant for a payment period for a student in a program of study offered by correspondence courses without terms, but not including any residential component, by--

(1) Using the half-time annual award; and

(2) Multiplying the half-time annual award by the lesser of--

(i)

$$\frac{\text{The number of credit hours in the payment period}}{\text{The number of credit hours in the program's academic year}}$$

; or

(ii)

$$\frac{\text{The number of weeks of instructional time in the payment period}}{\text{The number of weeks of instructional time in the program's academic year}}$$

(b) For purposes of paragraph (a) of this section--

(1) An academic year as measured in credit hours must consist of two payment periods--

(i) The first payment period must be the period of time in which the student completes the lesser of the first half of his or her academic year or program; and

(ii) The second payment period must be the period of time in which the student completes the lesser of the second half of the academic year or program; and

(2)(i) The institution must make the first payment to a student for an academic year, as calculated under paragraph (a) of this section, after the student submits 25 percent of the lessons or otherwise completes 25 percent of the work scheduled for the program or the academic year, whichever occurs last; and

(ii) The institution must make the second payment to a student for an academic year, as calculated under (a) of this section, after the student submits 75 percent of the lessons or otherwise completes 75 percent of the work scheduled for the program or the academic year, whichever occurs last.

(c) In a program of correspondence study offered by correspondence courses using terms but not including any residential component--

(1) The institution must prepare a written schedule for submission of lessons that reflects a workload of at least 30 hours of preparation per semester hour or 20 hours of preparation per quarter hour during the term;

(2)(i) If the student is enrolled in at least six credit hours that commence and are completed in that term, the half-time annual award is used; or

(ii) If the student is enrolled in less than six credit hours that commence and are completed in that term the less-than-half-time annual award is used;

(3) A payment for a payment period is calculated using the formula in §686.22(d) except that paragraphs (c) (1) and (2) of this section are used in lieu of paragraphs §686.22(d) (1) and (2), respectively; and

(4) The institution must make the payment to a student for a payment period after that student completes 50 percent of the lessons or otherwise completes 50 percent of the work scheduled for the term, whichever occurs last.

(d) Payments for periods of residential training must be calculated under §686.22(d) if the residential training is offered using terms and credit hours or under §686.22(e) if the residential training is offered using credit hours without terms.

(Authority: 20 U.S.C. XXXX)

Subpart D--Administration of Grant payments

§686.30 Scope.

This subpart deals with TEACH Grant Program administration by a TEACH Grant-eligible institution.

(Authority: 20 U.S.C. XXXX)

§686.31 Determination of eligibility for payment.

(a) For each payment period, an institution may pay a grant under this part to an eligible student only after it determines that the student--

- (1) Is eligible under §686.11;
- (2) Is enrolled in a TEACH Grant-eligible program;

and

(3) If enrolled in a credit-hour program without terms or a clock-hour program, has completed the payment period as defined in 34 CFR 668.4 for which he or she has been paid a grant.

(b)(1) If an institution determines at the beginning of a payment period that a student is not maintaining satisfactory progress, but changes that determination before the end of the payment period, the institution may pay a TEACH Grant to the student for the entire payment period.

(2) If an institution determines at the beginning of a payment period that a student enrolled in a TEACH Grant-

eligible program is not maintaining the required GPA for a TEACH Grant under §686.11 or is not pursuing a career in teaching, but changes that determination before the end of the payment period, the institution may pay a TEACH Grant to the student for the entire payment period.

(c) If an institution determines at the beginning of a payment period that a student is not maintaining satisfactory progress or the necessary GPA for a TEACH Grant under §686.11 or is not pursuing a career in teaching, but changes that determination after the end of the payment period, the institution may not pay the student a TEACH Grant for that payment period or make adjustments in subsequent payments to compensate for the loss of aid for that period.

(d) An institution may make one disbursement for a payment period to an otherwise eligible student if--

(1) The student's cumulative GPA through the prior payment period under §686.11 is not yet available; and

(2) The institution assumes liability for any overpayment if the student fails to meet the required GPA to qualify for the disbursement.

(Authority: 20 U.S.C. XXXX)

§686.32 Initial counseling requirements.

(a) An institution must ensure that initial counseling is conducted with each TEACH Grant recipient prior to making the first disbursement of the grant. If a student receives more than one TEACH Grant, the institution must ensure that the student receives additional counseling prior to the first disbursement of each subsequent TEACH Grant award each subsequent award year.

(b) The initial counseling must be in person. As an alternative, in the case of a student enrolled in a correspondence program or a study-abroad program approved for credit at the home institution, the student may be provided with written counseling materials before the grant is disbursed.

(c) The initial counseling must--

(1) Explain the terms and conditions of the TEACH Grant service agreement as described in §686.12;

(2) Emphasize to the student that if the student fails or refuses to complete the service obligation contained in the service agreement or any other condition of the service agreement--

(i) The TEACH Grant must be repaid as a Federal Direct Unsubsidized Loan; and

(ii) The TEACH Grant recipient will be obligated to repay the full amount of the grant and the accrued interest from the disbursement date.

(3) Explain the circumstances, as described in §686.34, under which a TEACH Grant will be converted to a Federal Direct Unsubsidized Loan;

(4) Emphasize that, once a TEACH Grant is converted to a Federal Direct Unsubsidized Loan, it cannot be reconverted to a grant.

(5) Describe the likely consequences of loan default, including adverse credit reports, garnishment of wages, Federal offset, and litigation; and

(6) Inform the student of sample monthly repayment amounts based on a range of student levels of loan indebtedness.

(Authority: 20 U.S.C. XXXX)

§686.33 Frequency of payment.

(a) In each payment period, an institution may pay a student at such times and in such installments as it determines will best meet the student's needs.

(b) The institution may pay funds in one lump sum for all the prior payment periods for which the student was eligible under §686.11 within the award year. The student's enrollment status must be determined according to work already completed.

(Authority: 20 U.S.C. XXXX)

§686.34 Liability for and recovery of TEACH Grant overpayments.

(a)(1) Except as provided in paragraphs (a)(2) and (3) of this section, a student is liable for any TEACH Grant overpayment made to him or her.

(2) The institution is liable for a TEACH Grant overpayment if the overpayment occurred because the institution failed to follow the procedures set forth in this part or in 34 CFR part 668. The institution must restore an amount equal to the overpayment to its TEACH Grant account.

(3) A student is not liable for, and the institution is not required to attempt recovery of or refer to the Secretary, a TEACH Grant overpayment if the amount of the overpayment is less than \$25 and is not a remaining balance.

(b)(1) Except as provided in paragraph (a)(3) of this section, if an institution makes a TEACH Grant overpayment for which it is not liable, it must promptly send a written notice to the student requesting repayment of the overpayment amount. The notice must state that failure to make that repayment, or to make arrangements satisfactory to the holder of the overpayment debt to repay the overpayment, makes the student ineligible for further title IV, HEA program funds until final resolution of the TEACH Grant overpayment.

(2) If a student objects to the institution's TEACH Grant overpayment determination, the institution must consider any information provided by the student and determine whether the objection is warranted.

(c) Except as provided in paragraph (a)(3) of this section, if the student fails to repay a TEACH Grant overpayment or make arrangements satisfactory to the holder of the overpayment debt to repay the TEACH Grant overpayment, after the institution has taken the action required by paragraph (b) of this section, the institution must refer the overpayment to the Secretary for collection in accordance with procedures required by the Secretary.

After referring the TEACH Grant overpayment to the Secretary under this section, the institution need make no further efforts to recover the overpayment.

(Authority: 20 U.S.C. XXXX)

§686.35 Re-determination of eligibility for TEACH Grant award.

(a) Change in enrollment status. (1) If the student's enrollment status changes from one academic term to another academic term within the same award year, the institution must recalculate the TEACH Grant award for the new payment period taking into account any changes in the cost of attendance.

(2)(i) If the student's projected enrollment status changes during a payment period after the student has begun attendance in all of his or her classes for that payment period, the institution may (but is not required to) establish a policy under which the student's award for the payment period is recalculated. Any such recalculations must take into account any changes in the cost of attendance. If such a policy is established, it must be the same policy that the institution established under

§690.80(b) for the Federal Pell Grant Program and it must apply to all students.

(ii) If a student's projected enrollment status changes during a payment period before the student begins attendance in all of his or her classes for that payment period, the institution must recalculate the student's enrollment status to reflect only those classes for which he or she actually began attendance.

(b) Change in cost of attendance. If the student's cost of attendance changes at any time during the award year and his or her enrollment status remains the same, the institution may (but is not required to) establish a policy under which the student's award for the payment period is recalculated. If such a policy is established, it must apply to all students.

(Authority: 20 U.S.C. XXXX)

§686.36 Fiscal control and accounting procedures.

(a) An institution must follow the provisions for maintaining general fiscal records in this section and in 34 CFR 668.24(b).

(b) An institution must maintain funds received under this section in accordance with the requirements in 34 CFR 668.164.

(Authority: 20 U.S.C. XXXX)

§686.37 Institutional reporting requirements.

(a) An institution must provide to the Secretary information about each TEACH Grant recipient that includes but is not limited to--

(1) The student's eligibility for a grant, as determined in accordance with §§686.11 and 686.19;

(2) The student's TEACH Grant amounts; and

(3) The anticipated and actual disbursement date or dates and disbursement amounts of the TEACH Grant funds.

(b) Institutions must submit the initial disbursement record for a TEACH Grant to the Secretary no later than 30 days following the date of the initial disbursement. The institution must submit subsequent disbursement records, including adjustment and cancellation records, to the Secretary no later than 30 days following the date the disbursement, adjustment, or cancellation is made.

(Authority: 20 U.S.C. XXXX)

§686.38 Exit counseling.

(a) An institution must ensure that exit counseling is conducted with each grant recipient shortly before he or she ceases to attend the institution.

(b) The exit counseling must be in person. As an alternative, in the case of a grant recipient enrolled in a correspondence program or a study-abroad program approved for credit at the home institution, the grant recipient may be provided with written counseling materials within 30 days after he or she completes the program.

(c) If a grant recipient withdraws from school without the institution's knowledge or fails to complete the exit counseling as required, exit counseling must be provided either through interactive electronic means or by mailing written counseling materials to the grant recipient's last known address within 30 days after the institution learns that he or she has withdrawn from the institution or failed to complete the exit counseling as required.

(d) The exit counseling must--

(1) Inform the grant recipient of the four-year service obligation that must be completed within the first

eight calendar years after completing a TEACH Grant-eligible program in accordance with §686.12;

(2) Provide the grant recipient with information about how to identify low-income schools and teacher shortage areas;

(3) Explain that the grant recipient will be required to submit to the Secretary each year written documentation of his or her status as a highly-qualified teacher in a high-need subject area at a low-income school or of his or her intent to complete the four-year service requirement until the date that the service requirement has been met or the date that the grant becomes a loan, whichever occurs first;

(4) Explain the circumstances, as described in §686.43, under which a TEACH Grant will be converted to a Federal Direct Unsubsidized Loan;

(5) Emphasize that once a TEACH Grant is converted to a Federal Direct Unsubsidized Loan it cannot be reconverted to a grant;

(6) Inform the grant recipient of the average anticipated monthly repayment amount based on the

recipient's total grant amount if the grants convert to Federal Direct Unsubsidized Loans;

(7) Review for the grant recipient available repayment options if the TEACH Grant converts to a Federal Direct Unsubsidized Loan including the standard repayment, extended repayment, graduated repayment, income-contingent and income-based repayment plans, and loan consolidation;

(8) Suggest debt-management strategies to the grant recipient that would facilitate repayment if the TEACH Grant converts to a Federal Direct Unsubsidized Loan;

(9) Explain to the grant recipient how to contact the Secretary;

(10) Describe the likely consequences of loan default, including adverse credit reports, garnishment of wages, Federal offset, and litigation;

(11) Review for the grant recipient the conditions under which he or she may defer or forbear repayment, obtain a full or partial discharge, or receive teacher loan forgiveness if the TEACH Grant converts to a Federal Direct Unsubsidized Loan;

(12) Review for the grant recipient information on the availability of the Department's Student Loan Ombudsman's office;

(13) Inform the grant recipient of the availability of title IV loan information in the National Student Loan Data System (NSLDS); and

(14) Require the grant recipient to provide current information concerning name, address, social security number, references, and driver's license number and State of issuance, as well as the grant recipient's expected permanent address, the address of his or her next of kin, and the name and address of the grant recipient's expected employer (if known).

(e) If exit counseling is conducted through interactive electronic means, an institution must take reasonable steps to ensure that each grant recipient receives the counseling materials, and participates in and completes the exit counseling.

(f) The institution must maintain documentation substantiating the institution's compliance with this section for each TEACH Grant recipient.

(Authority: 20 U.S.C. XXXX)

§686.39 Maintenance and retention of records.

(a) An institution must follow the record retention and examination provisions in this section and in 34 CFR 668.24.

(b) For any disputed expenditures in any award year for which the institution cannot provide records, the Secretary determines the final authorized level of expenditures.

(Authority: 20 U.S.C. XXXX)

Subpart E--Service and Repayment Obligations

§686.40 Documenting the service obligation.

(a) Except as provided in §§686.41 and 686.42, within six months of completing or terminating enrollment in a program for which a TEACH Grant was received, the grant recipient must confirm to the Secretary in writing that--

(1) He or she is employed as a full-time teacher in accordance with the terms and conditions of the service agreement described in §686.12; or

(2) He or she is not yet employed as a full-time teacher but intends to meet the terms and conditions of the service agreement described in §686.12 within eight

calendar years of graduating from the program for which the grant was received.

(b) If a grant recipient has begun full-time teaching service in accordance with the service agreement, or service agreements if more than one agreement exists, the grant recipient must, upon completion of each of the four required elementary or secondary academic years of teaching service, provide to the Secretary documentation of that teaching service on a form approved by the Secretary and certified by the chief administrative officer of the school in which the grant recipient is teaching. The documentation must show that the grant recipient is teaching in a low-income school. If the school at which the grant recipient is employed meets the requirements of a low-income school in the first year of the grant recipient's four elementary or secondary academic years of teaching and the school fails to meet those requirements in subsequent years, those subsequent years of teaching qualify for purposes of this section for that recipient.

(c)(1) In addition to the documentation requirements in paragraph (b) of this section, the documentation must show that the grant recipient is--

(i) Teaching in any of the high-need subject areas of mathematics, science, a foreign language, bilingual education, English language acquisition, special education, or as a reading specialist; or

(ii) Teaching in a State in another high-need subject area listed in the Nationwide List published by the Secretary in accordance with 34 CFR 682.210(q), except that teaching service in a geographic region of a State or in a specific grade level of a State designated in the Nationwide List as having a shortage of elementary or secondary school teachers does not satisfy the requirements of the service agreement.

(2) If a grant recipient begins qualified full-time teaching service in a State in a high-need subject area designated in the Nationwide List and in subsequent years the high-need subject area of that State is no longer included in the Nationwide List, the grant recipient may continue to perform qualified full-time teaching service in that high-need subject area of that State and fulfill the service obligation.

(d) Documentation must also provide evidence that the grant recipient is a highly-qualified teacher as defined in section 9101 of the ESEA.

(e) For purposes of completing the service requirement, the elementary or secondary academic year may be counted as one of the grant recipient's four complete elementary or secondary academic years if the grant recipient completes at least one-half of the academic year and the grant recipient's school employer considers the grant recipient to have fulfilled his or her contract requirements for the academic year for the purposes of salary increases, tenure, and retirement if the grant recipient is unable to complete an academic year due to--

(1) A condition that is covered under the Family and Medical Leave Act of 1993 (FMLA) (19 U.S.C. 2654); or

(2) A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code.

(f) A grant recipient who taught in more than one qualifying school during an elementary or secondary academic year and demonstrates that the combined teaching

was the equivalent of full-time, as supported by the certification of one or more of the chief administrative officers of the schools involved, is considered to have completed one elementary or secondary academic year of qualifying teaching.

(Authority: 20 U.S.C. XXXX)

§686.41 Periods of suspension.

(a)(1) The grant recipient who has completed a TEACH Grant-eligible program may request a suspension from the Secretary of the eight-year period for completion of the service obligation based on--

(i) Enrollment in another TEACH Grant-eligible program;

(ii) A condition that is covered under the Family and Medical Leave Act of 1993 (FMLA) (10 U.S.C. 2654); or

(iii) A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code.

(2) A grant recipient who has withdrawn from, or terminated enrollment in, a TEACH Grant-eligible program may request suspension from the Secretary of the conversion

of the TEACH Grant to a Federal Direct Unsubsidized Loan based on--

(i) A condition that is covered under the Family and Medical Leave Act of 1993 (FMLA) (10 U.S.C. 2654); or

(ii) A call or order to active duty status for more than 30 days as a member of a reserve component of the Armed Forces named in section 10101 of title 10, United States Code.

(3) A grant recipient may receive a suspension in one-year increments that cannot exceed a combined total of three years under both paragraphs (a)(1) and (2) of this section.

(b) The grant recipient must apply for a suspension in writing on a form approved by the Secretary within six months of completing or terminating enrollment in a TEACH Grant-eligible program, or if the grant recipient has already begun teaching service in fulfillment of the service obligation, within six months of the date he or she stops teaching.

(c) The grant recipient must provide the Secretary with documentation supporting the suspension request as

well as current contact information including home address and telephone number.

(Authority: 20 U.S.C. XXXX)

§686.42 Discharge of service agreement

(a) Death. (1) If a grant recipient dies, the Secretary discharges the obligation to complete the service agreement based on an original or certified copy of the grant recipient's death certificate, an accurate and complete photocopy of the original or certified copy of the grant recipient's death certificate, or, on a case-by-case basis, reliable documentation acceptable to the Secretary.

(b) Total and permanent disability. A grant recipient's service agreement is discharged if the recipient becomes totally and permanently disabled, as defined in 34 CFR 682.200(b), requests that the grant be collected as a loan in accordance with §686.43(a)(1), and satisfies the eligibility requirements contained in 34 CFR 685.213.

(Authority: 20 U.S.C. XXXX)

§686.43 Obligation to repay the grant.

(a) xxxx after the date the Secretary determines that a grant recipient has met one of the conditions of this

paragraph, the TEACH Grant amounts disbursed to the recipient will be considered to have converted into a Federal Direct Unsubsidized Stafford Loan, with interest accruing from the date that each grant disbursement was made and be collected by the Secretary in accordance with the relevant provisions of subpart A of 34 CFR part 685 if-

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(1) The grant recipient, regardless of enrollment status, requests that the TEACH Grant be converted into a Direct Unsubsidized Loan because he or she has decided not to teach in a qualified school or subject area or for any other reason;

(2) The grant recipient withdraws from the institution prior to completing the TEACH Grant-eligible program, has not requested a suspension of the conversion of the grant to a loan, and has failed to confirm his or her intent to the Secretary to complete either the TEACH Grant-eligible program or the service obligation;

(3) The grant recipient completes the course of study for which a TEACH Grant was received and does not actively confirm to the Secretary at least annually his or her intention to satisfy the service agreement; or

(4) The grant recipient has completed the TEACH Grant-eligible program but has not completed--

(i) At least one year of qualified teaching service within five calendar years after graduating or terminating enrollment in the program for which the grant was received unless a suspension of the service obligation was granted by the Secretary;

(ii) At least two years of qualified teaching service within six calendar years of completing or terminating enrollment in the program for which the grant was received unless a suspension of the service obligation was granted by the Secretary; or

(iii) At least three years of qualified teaching service within seven calendar years after completing or terminating enrollment in the program for which the grant was received unless a suspension of the service obligation was granted by the Secretary.

(b) A TEACH Grant that converts to a loan, and is collected as a Federal Direct Unsubsidized Loan, is not counted against the grant recipient's annual or aggregate Stafford Loan limits.

(c) A TEACH Grant that is collected as a Federal Direct Unsubsidized Loan cannot be reconverted to a grant.
(Authority: 20 U.S.C. XXXX)