

To: ED Negotiated Rulemaking/Team II Members
From: Charles G. Treadwell
Subject: Team II
Date: May 31, 2005

The National Association of State Student Grant and Aid programs (NASSGAP) respectfully requests consideration of the following issue:

“Authorizing the transfer from the States to the Secretary the responsibility for tracking and loan collection for recipients of the Paul Douglas Teacher Scholarship.”

Background

The Paul Douglas Teacher Scholarship Program was authorized in Title V of the Federal Higher Education Act (PL 102-325) initially as the Carl D. Perkins Scholarship Program; evolving in 1986 as the Congressional Teacher Scholarship program; and finally in 1987 to the current name.

The Paul Douglas Teacher Scholarship provided scholarship monies from 1986 to 1994 for students matriculated in approved programs leading to certification as teachers on the preschool, elementary, middle or secondary level. To be eligible, the scholar must have graduated in the top 10% of the high school graduating class or have comparable GED scores; matriculated in an approved teacher preparation program; be a resident of the state to which application was made; and be a citizen of the United States or eligible non-citizen. In addition, the Higher Education Amendments of 1992 required that special consideration in selection be given to recipients who intended to teach or provide related services to students with disabilities, limited English proficient students, or preschool age children; intended to teach in schools servicing inner-city or rural or isolated areas; or were from disadvantaged backgrounds, including racial and ethnic minorities and individuals with disabilities, and were under represented in the teaching profession or in the curricular areas in which they were prepared to teach.

The scholarship program was administered by the States under the terms of an application for participation made by each state to ED. Awards were given at the undergraduate and graduate levels. The States monitored recipient program compliance. No administrative funds were included with the program.

The amount of the award was \$5,000 per academic year for up to 4 years. The award could not exceed the recipient's cost of attendance. Students could not apply for the scholarship anytime during their academic career (in accordance with established annual deadlines); applicants were not limited to high school seniors. In return for funding, scholars were required to teach for two years for every academic year of award in a preschool, elementary, middle or secondary school in the United States.

The teaching service requirement must be fulfilled **within 10 years** of completion of the teacher preparation program. The teaching service requirement could be halved if the scholar taught in a teacher shortage area designated by the Secretary.

If the scholar failed to comply with the teaching obligation or failed to complete the program of study, all monies awarded must be repaid with simple interest (at a rate set annually by the Secretary) and collection costs. The maximum repayment period was **10 years**. The interest rate could be no higher than the rate applicable to loans under Part B of Title IV HEA. The scholar was required to annually report his/her educational/professional status.

The positive aspects of the program were:

- The award was based on cost of attendance not tuition which allowed the recipient to maximize other aid received;
- The scholarship could be used at any approved school in the U.S.;
- The teaching service was not restricted to any particular grade level, or discipline thus allowing more opportunity for fulfillment of the teaching obligation;
- The service obligation could be reduced for teaching in designated shortage areas thus giving incentive for preparation in these fields; and
- The academic requirement for receipt of the award could be perceived as contributing to the success of recipients in program completion and employment.

The negative aspects of the program were:

- Congress suspended funding in 1995, and the program was not reauthorized in 1998;
- **No administrative funds** were supplied, subsequently a fiscal burden was placed on the States;
- States had to set up a system of **tracking each recipient for as long as 14 years** (4 years of payment and up to 10 for repayment);
- States had to set up a delivery system to pay for scholarship monies to many different colleges nationwide.
- States are currently tracking or collecting from **an estimated 4000** scholarship recipients.

Recommendation

Recognizing that the U.S. Secretary has contracts with vendors to collect on loans and to track aid recipients, and that through economics of scale can do so more efficiently than State can, NASSGAP recommends that:

States be given the option, in regulation, to transfer to the Secretary the tracking and loan collection responsibilities for Paul Douglas Teacher Scholarship