

Teachers File Proposed Class Action Suit Claiming Grants Were Illegally Converted Into Loans

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On Jan. 6, two teachers, Ashley Ford and David West, filed a projected class action against the Pennsylvania Higher Education Assistance Agency, a Pennsylvania-based student loan servicer, which the teachers allege has been improperly converting federal teaching grants into loans for its own financial gain. Such fraudulent action is alleged to be in direct violation of the Racketeer Influenced and Corrupt Organizations Act. Ford and West claim that the Pennsylvania Higher Education Assistance Agency, which is the only servicer of awards to teachers from the Teacher Education Assistance for College and Higher Education (TEACH) Grant program, has established a practice of converting the TEACH grants into interest-bearing loans. TEACH grants are awarded to college students who commit to working in four-year teaching positions, generally in hard-to-fill special education or art positions and often at low-income schools throughout the country. The teachers stated that if the TEACH program student participant chooses not to fulfill the four-year obligation, then the grant converts to a loan. However, Ford and West claim that they have fulfilled and continue to fulfill their obligations under the program, and that their grants were wrongfully converted by the Pennsylvania Higher Education Assistance Agency to interest-bearing loans that have accrued years of interest with high monthly payments. As of June 2015, the Pennsylvania Higher Education Assistance Agency was managing about \$444.5 million in TEACH grants. And once notified of the unlawful conversion, the agency refused to convert the loans back into grants and did not offer Ford or West any alternatives or recourse. The teachers, in their lawsuit, estimate that to date at least 2,000 grants had been wrongly converted. Ford and West aim to represent a putative class comprised of U.S. teachers who received TEACH grants serviced by Pennsylvania Higher Education Assistance Agency and who submitted all the necessary documentation establishing that they've fulfilled their obligations under the TEACH Grant program, but who have still had their grants converted to interest-bearing loans between July 2013 and the present. The case is *Ford et al. v. Pennsylvania Higher Education Assistance Agency*, case number [5:17-cv-00049](#), in the U.S. District Court for the Northern District of Ohio.

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