

Federal Supplemental Educational Opportunity Grant (FSEOG) Program– Part A, Subpart 3

FSEOG Issue 1: Authorization for FSEOG [Section 413A(b)]

Recommendation: Increase authorization levels for FSEOG.

Rationale: The FSEOG Program allows participating institutions the flexibility of offering grants to needy students to meet their educational needs. Annually the need for funds exceeds the allocation.

Current HEA Law	NASFAA Proposed Statutory Language
Section 413A(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated \$675,000,000 for fiscal year 1999 and such sums as may be necessary for the 4 succeeding fiscal years.	Section 413A(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated \$675,000,000 \$1,000,000,000 for fiscal year 1999 2005 and such sums as may be necessary for the 4 succeeding fiscal years.

FSEOG Issue 2: Priority of FSEOG Awards [Section 413C(c)(2)]

Recommendation: Eliminate the lowest EFC order for awarding. Retain the preference that FSEOG recipients also be Pell Grant recipients but permit schools to direct no more than 10% in FSEOG funds to other exceptionally needy students, who may be non-Pell recipients, as defined by the institution.

Rationale: This flexibility would allow financial aid administrators to target funds to the neediest students.

Current HEA Law	NASFAA Proposed Statutory Language
<p>Section 413C(c)(2)(A) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 487, assure that the selection procedures—</p> <p>(i) will be designed to award supplemental grants under this subpart, first, to students with exceptional need, and</p> <p>(ii) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 484.</p> <p>(B) For the purpose of subparagraph (A), the term “students with exceptional need” means students with the lowest expected family contributions at the institution.</p>	<p>Section 413C(c)(2)(A) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 487, assure that the selection procedures—</p> <p>(i) will be designed to award supplemental grants under this subpart, first, to students with exceptional need, and</p> <p>(ii) (i) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 484. , and</p> <p>(ii) no greater than 10 percent of each institution of higher education’s allocation received under Section 413D may be awarded to students who do not receive Pell Grants in a prior year.</p> <p>(B) For the purpose of subparagraph (A), the term “students with exceptional need” means students with the lowest expected family contributions at the institution.</p>

FSEOG Issue 3: Allocation of Funds [Section 413D(a)(4)]

Recommendation: Delete these two provisions.

Rationale: Eliminating these two provisions in the allocation formula allows new money to go to schools with the highest number of Pell eligible students, rather than basing the allocation on graduation or transfer rates which is an inefficient incentive system that in the larger context of national needs results in a meaningless redistribution of funds according to the data that does not effectively carryout the intent of the law.

Current HEA Law	NASFAA Proposed Statutory Language
<p>Section 413D(a)(4)(A) Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds \$700,000,000 among eligible institutions described in subparagraph (B).</p> <p>(B) In order to receive an allocation pursuant to subparagraph (A) an institution shall be an eligible institution from which 50 percent or more of the Pell Grant recipients attending such eligible institution graduate from or transfer to a 4-year institution of higher education.</p>	<p>Strike Section 413D(a)paragraph (4).</p>