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News from NASFAA

ACG/SMART Participation Falls Short of Expectations

Washington, D.C. (November 2007) – Figures released by the U.S. Department detailing ACG/SMART Grant participation during the first year of the program confirmed what many financial aid administrators had predicted. Student participation in the programs was well below Department expectations and the aid distributed was well below what Congress had appropriated.

Roughly \$430 million in grants was awarded during 2006-2007, well below the \$790-million appropriated by lawmakers. A total of 361,000 students received grants (300,000 received \$233 million in ACG awards and 61,000 received \$196 million in SMART Grant Awards), which is much less than the 505,000 that the Department predicted would qualify for the aid.

Fortunately, funding for these programs is mandatory, so unused funds will be rolled into future grant awards.

The Department aims to double the number of recipients of the two grant programs by the 2010-11 academic year, but many financial aid administrators seem skeptical that the goal is attainable because preliminary indicators show that students are having a hard time maintaining their eligibility for the programs.

A panel of aid administrators speaking at the National Association of Student Financial Aid Administrators' 2007 annual conference in Washington, D.C. expressed disappointment about how few of their students were able to remain eligible for the aid from the first year to the next.

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Carol Mowbray, director of student financial aid and support services at Northern Virginia Community College (NVCC), said only 75 students at her institution received an ACG award in 2006-2007, and only nine progressed from year one to year two in 2007-08. Most students became ineligible because their grade point averages were not high enough or because they had to take developmental credits that stalled their academic year progression.

ACG participation at Doane College, a private four-year institution in Nebraska, was much different. Janet Dodson, director of financial aid at the school and the 2006-07 NASFAA national chair, said she had more interest and ACG eligible students than she initially expected. However, less than 25 percent of Doane's first-year ACG recipients were eligible for a second-year award.

Marie Mons, director of student financial planning and services at Georgia Institute of Technology (GIT), said more than 270 GIT students received ACG awards, and 190 received SMART Grants in 2006-2007. In the 2007-2008 academic year less than 25 percent of GIT's 2006-2007 Pell recipients qualified for the program and less than 75 percent of 2006-2007 ACG/SMART recipients remained eligible

In addition to these disheartening early indications, the Department issued guidance in October that will likely make it more difficult for students to obtain SMART Grants. This guidance makes students ineligible for SMART Grants if they are not enrolled in at least one course that meets the requirements of their major each semester. This guidance makes students who are unable to get into the right classes because of enrollment limits or because they have completed all their major-related courses early ineligible for the SMART Grants.

The poor program retention rate raises a new problem for institutions. Because ACG/SMART recipients are among the neediest students, it is difficult for schools to give them the aid one year and then take it away the next. Instead, many schools are looking for ways to maintain the amount of aid for students who lost eligibility.

“It seemed like a bait and switch for our neediest students, and we couldn't take away funds that they were awarded in earlier years,” said Mons. “It may cost the institution more to ensure that needy students can count on receiving these funds. When I brought this issue to the college's leaders their response was, ‘Thank God we don't have more of these.’”

These programs also seemed to generally benefit schools that had rigorous admissions policies, because more of these students had the GPA and rigorous courses needed to be eligible for the programs. The administrative burden for ACG compared to the pay off also favors schools with competitive admission policies. These schools already review high school transcripts, so checking for ACG eligibility is not very burdensome. However schools that generally serve low-income and minority students have open-enrollment policies, making it much more administratively burdensome to verify whether a student has completed a rigorous high school curriculum.

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“This is not a community college-friendly system, and as a result the numbers are pretty small,” Mowbray said.

By Haley Chitty, NASFAA Assistant Director for Communication. Haley may be contact at ChittyH@NASFAA.org.

The National Association of Student Financial Aid Administrators (NASFAA) is a nonprofit membership organization that represents more than 13,000 financial aid professionals at nearly 3,000 colleges, universities and career schools across the country. Based in Washington, D.C., NASFAA is the only national association with a primary focus on student aid legislation, regulatory analysis, and training for financial aid administrators. Each year, members help more than 8 million students receive funding for postsecondary education. In addition to its member Web site at www.NASFAA.org, the Association offers a Web site with financial aid information for parents and students at www.StudentAid.org.

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[Editor: A photograph of the author is available for download online:

Low Resolution - <http://www.nasfaa.org/Subhomes/MediaCenter/HaleyChittyPhoto-LowRez.jpg>

High Resolution - <http://www.nasfaa.org/Subhomes/MediaCenter/HaleyChittyPhoto-HiRez.jpg>]