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**News from NASFAA**

***Revisiting ACG/SMART Grants***

Washington, D.C. (May 2008) – The low participation rates in the recently created Academic Competitiveness Grant (ACG) and the National Science and Mathematics Access to Retain Talent (SMART) Grant programs have spurred Congressional action to increase participation and make the programs more effective.

Congress began this effort by adding ACG/SMART provisions to the “Ensuring Continued Access to Student Loans Act” (H.R. 5715), which President Bush signed into law (P.L. 110-227) on May 7. This new law attempts to increase participation in and improve administration of the grant programs by making several changes that become effective Jan. 1, 2009. The legislation requires the Department to conduct negotiated rulemaking to update the ACG/SMART regulations before the changes go into effect on Jan. 1.

These changes include:

- Adding a fifth-year SMART Grant award for programs that require five years
- Allowing part-time students attending at least half time to qualify for awards
- Allowing eligible non-citizens (e.g., permanent residents) to qualify for awards
- Changing “academic year” to “year” to make it easier for colleges to track students’ progression through grant levels
- Allowing students enrolled in institutions that offer a single baccalaureate-level liberal arts curriculum without a subject major, but who take coursework in an area equivalent to a SMART-eligible major, to qualify for SMART Grants

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- Extending first-year ACG awards to students enrolled in a certificate program that is at least one year in length and both first- and second-year ACG awards to students enrolled in a certificate program that is at least two years in length
- Restricting the Department’s authority to define “rigorous secondary school program of study,” permitting only states to designate such programs. This will likely make it easier for financial aid offices to identify students who have completed a rigorous high school curriculum, but could give students fewer options to meet the rigorous program requirement

The new law offers some positive changes to the grant programs, but significant challenges remain and further changes are needed. The good news is that Congress and the Department seem willing to make further changes to ensure that the programs become successful. The challenge for financial aid offices is implementing programs that are constantly changing.

### **An Important Report**

One indication that additional changes to ACG/SMART are coming is a report being developed by the Government Accountability Office (GAO), the investigative arm of Congress. The GAO is in the preliminary stages of planning the report. The goal of the report is to identify challenges the Department and colleges are experiencing in implementing the grant programs, and ensure that eligible students receive the grants. Specifically, the GAO seeks to determine: (1) What factors have contributed to differences in take-up rates across states? (2) What challenges do colleges have in ensuring eligible students receive awards? (3) What efforts has the Department of Education made to improve administration of the program?

The GAO contacted NASFAA to get some background information about the programs. NASFAA turned to state and regional financial aid association leaders to collect input and recommendations for the programs and shared their viewpoints with the GAO.

In its first meeting with GAO employees working on the report, NASFAA stressed the following points:

- While the report is focused on what the Department can do to improve the programs, there is only so much the Department can do. Unfortunately, the legislation creating the ACG/SMART programs is seriously flawed and further Congressional action is needed to make these programs effective.

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- The administrative burden for colleges and additional burden for students is great, while the grant awards are relatively small. This means that financial aid offices are spending a large amount of resources on a small number of students receiving relatively small awards. The small amount of the grants also makes it hard to get students excited about the programs.
- The complexity of the programs makes them hard to market because students and high school counselors find it difficult to understand all the nuances involved. To be effective, students need to start preparing for the programs early, but this seems unrealistic if they can't comprehend how the programs work.
- The Department and colleges were given little time to properly implement the programs or to market the programs, which hampered effective and efficient implementation and reduced the number of students receiving the awards.
- The programs are set to expire in 2011, making it unclear if efforts to prepare secondary students to be eligible for the extra aid will ultimately be in vain.

The GAO report has the potential to influence ACG/SMART legislation and regulations and could be an important impetus to greatly improve the programs. NASFAA will work with members and the GAO to help ensure that the report's authors are well aware of the concerns of financial aid professionals. In addition, NASFAA continues to work with lawmakers in Congress and policymakers at the Department to improve the programs so that more students can benefit from this additional student aid.

By Haley Chitty, Assistant Director for Communications, National Association of Student Financial Aid Administrators (NASFAA). Comments may be addressed to the author at [ChittyJ@NASFAA.org](mailto:ChittyJ@NASFAA.org).

*The National Association of Student Financial Aid Administrators (NASFAA) is a nonprofit membership organization that represents more than 14,000 financial aid professionals at nearly 3,000 colleges, universities, and career schools across the country. Each year, financial aid professionals help more than 16 million students receive funding for postsecondary education. 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. In addition to its member Web site at [www.NASFAA.org](http://www.NASFAA.org), the Association offers a Web site with financial aid information for parents and students at [www.StudentAid.org](http://www.StudentAid.org).*

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[Editor: A photograph of the author is available for download at <http://www.NASFAA.org/Subhomes/MediaCenter/HaleyChittyPhoto-HiRez.jpg>.]