FEDERAL STUDENT AID

Recent Changes to Eligibility Requirements and Additional Efforts to Promote Awareness Could Increase Academic Competitiveness and SMART Grant Participation

What GAO Found

Student participation in the AC and SMART Grant programs was affected by eligibility requirements and a short implementation time line, though participation rates varied somewhat depending on characteristics of states and colleges. Unlike most other financial aid programs, to be eligible for these grants, students must demonstrate both financial need and academic merit and meet additional requirements such as U.S. citizenship and full-time enrollment. According to financial aid administrators GAO interviewed, the requirement to complete a rigorous program of study in high school was one of the biggest barriers to AC Grant participation, while Education’s requirement to take at least one course each semester in the student’s SMART-eligible major, such as science, technology, and math, was the biggest barrier to SMART Grant participation. A relatively short implementation time line also affected some colleges’ ability to identify eligible students. Administrators expect that recent legislative changes taking effect in July 2009 will expand eligibility and thus increase participation in both grant programs.

Financial aid administrators reported that certain AC and SMART Grant eligibility requirements were difficult to verify. For AC Grants, the most challenging requirement to verify was that students completed a rigorous program of study in high school. To verify this requirement, administrators generally had to manually review transcripts to ensure the courses taken aligned with one of several rigorous programs recognized by Education. For SMART Grants, Education’s requirement that students take one course each semester in their SMART-eligible major each semester was often cited as challenging for administrators to verify and entailed reliance on other academic departments. In addition, for both programs, many administrators said that it was difficult to determine if students were enrolled in an appropriate academic year to qualify for the grant programs. While recent legislation will change several eligibility requirements, these modifications are unlikely to address administrators’ most difficult task of verifying rigor. Thus, some administrators expect their workload to increase as more students will need to be reviewed for grant eligibility.

What GAO Recommends

GAO recommends that Education (1) develop a strategy to increase awareness of these grant programs among states and high schools, and (2) use existing forums to facilitate the sharing of effective practices among states and colleges to help mitigate some of the administrative challenges of verifying the grants’ requirements. Education agreed with these recommendations.

To view the full product, including the scope and methodology, click on GAO-09-343. For more information, contact George Scott at (202) 512-7215 or scottg@gao.gov.