

Department of Education
ACADEMIC COMPETITIVENESS GRANTS
AND SMART GRANTS OVERVIEW
Fiscal Year 2011 Budget Request

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ACADEMIC COMPETITIVENESS AND SMART GRANTS OVERVIEW

Academic Competitiveness Grants and SMART Grants

(Higher Education Act of 1965, Title IV, Part A, Subpart 1, Section 401A)

FY 2011 Authorization (\$000s): 0¹

Budget Authority (\$000s):

	<u>2010</u>	<u>2011</u>	<u>Change</u>
Program Funds	\$1,010,000	0	-\$1,010,000
FY 2009 deferral to FY 2010	887,000	0	-887,000
FY 2010 deferral to FY 2011	-561,000	\$561,000	1,122,000
Rescission of unneeded balances	<u>0</u>	<u>-597,000</u>	<u>-597,000</u>
Total	1,336,000	-36,000	-1,372,000

¹ The Administration proposes to cancel \$597 million in unobligated balances in FY 2011, when the authorizing statute specifies the program will sunset.

PROGRAM DESCRIPTION

The Higher Education Reconciliation Act of 2005 created two need-based grant programs to complement the Federal Pell Grant:

1. Academic Competitiveness Grants (ACG), awarded to first- and second-year undergraduates who completed a rigorous high school curriculum, and
2. National Science and Mathematics Access to Retain Talent (SMART) Grants, awarded to third- and fourth-year undergraduates majoring in technical fields or languages deemed vital to national security.

To be eligible for either grant, a student must be a Pell Grant recipient, enrolled at least half time in an associate's, bachelor's, combined undergraduate/graduate degree program, or in a 1-or 2-year certificate program and be eligible for a Federal Pell Grant. A student can meet the rigorous secondary school program of study requirement for a first-year ACG by successfully completing, after January 1, 2006, a rigorous secondary school program of study established by a State or local educational agency and recognized as such by the Secretary, and for a second-year ACG, by successfully completing, after January 1, 2005, a rigorous secondary school program of study established by a State or local educational agency and recognized as such by the Secretary. Students graduating on or after July 1, 2009, can meet the rigorous secondary school program of study requirement for either a first- or second-year ACG by successfully completing a program that is recognized by an appropriate official, consistent with State law, to prepare students for college, and that is reported to the Secretary. A student can also meet the rigorous secondary school program of study requirement by successfully completing a

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secondary school program of study recognized as rigorous by the Secretary in regulations that were in effect on May 6, 2008.

Third-, fourth- and fifth-year undergraduates participating in 5-year academic programs are eligible to receive the SMART Grant. Students are required to pursue a major in physical, life, or computer sciences, mathematics, technology, engineering or a critical foreign language, and obtain a cumulative GPA of at least 3.0 in the coursework required for the major being pursued. Critical foreign languages are determined by the Secretary of Education in consultation with the Director of National Intelligence.

Maximum awards of \$750 are awarded to first-year undergraduate students, \$1,300 to a second-year undergraduate, and \$4,000 to third- and fourth-year undergraduates, except that these grants, in combination with the Federal Pell Grant and other student financial assistance cannot exceed a student's cost of attendance. A student may only receive one ACG or SMART grant for each of the first through fourth years of undergraduate education, and only for a year for which the student received credit after the date of enactment. (Students participating in a 5-year program can receive a third SMART Grant for the fifth year of their program.)

If funding provided for a given fiscal year exceeds the amount needed to make grants in that year, excess funding can be carried forward for use in future fiscal years. If funding for a given year is insufficient to provide grants to all eligible students, grant amounts for that year would be ratably reduced. Annual appropriation levels included in the Higher Education Reconciliation Act are \$920 million for fiscal year 2008, \$960 million for fiscal year 2009, and \$1,010 million for fiscal year 2010. Funds appropriated in any year are available through September 30 of the following fiscal year. Congress provided that ACG/SMART Grants sunset at the end of academic year 2010-2011.

Program participation during the first 2 years has been significantly below initial estimates, resulting in large funding balances brought forward for possible use in future years. As part of the FY 2008 appropriation, Congress rescinded \$525 million of this unused balance. Appropriation action for FY 2009 postponed the availability of \$887 million in FY 2009 funds until October 1, 2010, reducing new budget authority in 2009 to \$73 million.

FY 2011 BUDGET REQUEST

As noted above, the ACG/SMART program sunsets at the end of academic year 2010-2011. Accordingly, no new appropriations are provided or requested for FY 2011. Participation trends during the first 4 years indicate funding already provided in prior years and in FY 2010 will substantially exceed the amounts needed to support anticipated grant awards. As a result, the FY 2010 appropriation postponed the availability of \$561 million in unneeded balances until FY 2011. As current estimates indicate these funds will not be needed, the Administration proposes to cancel the remaining available funds in the amount of \$597 million in FY 2011.

The following tables show program recipient and awards information consistent with program funding levels.

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PROGRAM OUTPUT MEASURES (\$000s)

	<u>2009</u>	<u>2010</u>	<u>2011</u>
Academic Competitiveness Grants			
Recipients	716,000	786,000	0
Aid available to students	\$503,000	\$548,000	0
Maximum grant (in whole \$)			
First-year student	\$750	\$750	0
Second-year student	\$1,300	\$1,300	0
Average grant (in whole \$)	\$703	\$697	0
SMART Grants			
Recipients	139,000	150,000	0
Aid available to students	\$361,000	\$384,000	0
Maximum grant (in whole \$)	\$4,000	\$4,000	0
Average grant (in whole \$)	\$2,597	\$2,560	0

PROGRAM PERFORMANCE INFORMATION

This section presents selected program performance information, including, for example, GPRA goals, objectives, measures, and performance targets and data, and an assessment of the progress made toward achieving program results. Achievement of results is based on the cumulative effect of the resources provided in previous years and those requested in FY 2011 and future years, and the resources and efforts invested by those served by this program.

Because the programs in the ACG/SMART account rely on the same performance data as the Federal student aid programs, the performance measures, strategies, and program improvement activities that apply to all of the programs are discussed in the **Student Aid Overview** and are not repeated here.