

**Report title and link**

*Academic Competitiveness and National SMART Grant Programs: 2006–07 Through 2008–09.*

[Link to be added when report is posted.]

**Program/Policy**

- Academic Competitiveness Grants (ACG) are intended to encourage students to take more challenging courses in high school. National SMART Grants (NSG) are intended to encourage postsecondary students to take college majors in high demand in the global economy, such as science, technology, engineering, and mathematics (STEM) and critical foreign languages.
- Academic Competitiveness Grant (ACG) and National SMART Grant programs, included in Title IV of the *Higher Education Act of 1965*, as amended (*Higher Education Reconciliation Act, 2005*); *Ensuring Continued Access to Student Loans Act, 2008*; *Higher Education Opportunity Act, 2008*).
- \$790 million appropriated in FY06, \$850 million in FY07, \$920 million in FY08; \$73 million in FY09; \$1,010 million in FY10 [\$887 million deferred from FY09 to FY10; \$561 million deferred from FY10 to FY11; \$560 million in unobligated balance cancelled in FY11.]
- The ACG and National SMART Grant Programs sunset at the end of award year 2010–11.

**Main study questions:**

Academic Competitiveness Grants (ACG) are intended to encourage students to take more challenging courses in high school. National SMART Grants (NSG) are intended to encourage postsecondary students to take college majors in high demand in the global economy, such as science, technology, engineering, and mathematics (STEM) and critical foreign languages.

- How have the legislation, regulations, and implementation of the programs changed?
- What numbers and percentages of students who received Pell Grants also received an ACG or a National SMART grant?
- Of students who received 2006–07 ACG and National SMART grants, how many received renewed awards the following year?
- Were students surveyed aware of the ACG and National SMART grants?
- Are students who received ACG or National SMART grants more likely to persist in college than students who received only Pell awards?

**Findings**

From 2006–07 through 2008–09, the numbers of ACG and National SMART Grant recipients have increased, though they have not generally kept pace with the increase in the number of Pell grants awarded over time. The percentage of Pell Grant recipients with ACGs or National SMART Grants has remained low.

***ACG Participation and Renewal***

- In the first year of the program (2006–07), 301,700 students received an ACG, considerably fewer than the 420,000 estimated to be eligible prior to implementation. Lack of awareness about the new grant program, administrative difficulties typical of new programs, and problems with institutions identifying and verifying student eligibility contributed to lower-than-expected initial participation.
- The following year (2007–08), the number of recipients rose to 398,700. While institutions probably identified more eligible students as awareness increased and implementation difficulties were resolved, an expanded pool of potentially eligible recipients (e.g., increased number of Pell recipients) was responsible for at least some of the increase.
- In 2008–09, the number of ACG awards increased again, to 441,900. This represented an 11 percent increase over the previous year but was less than the growth in the number of Pell Grant recipients (15 percent).

- Although the number of ACGs awarded has increased, the overall proportion of Pell Grant recipients who meet all the criteria for an ACG has remained low (between 10 and 12 percent). Participation has been highest at public and private nonprofit four-year institutions, where about a quarter of all Pell recipients at participating institutions received an ACG.
- Many recipients could not meet the strict conditions required to renew their ACG grants the following year. Among those who received an ACG as first-year students in 2006–07, 27 percent met all the requirements— an income low enough to qualify for a Pell Grant, enrollment full-time in a degree program, and a cumulative 3.0 GPA at the end of their first year for another grant in 2007–08. Forty-eight (48) percent received another Pell Grant—which requires only a low income and minimal academic progress and is available to students in certificate programs—but could not meet the stricter ACG requirements. The rest either dropped out of school or lost Pell Grant eligibility.

### ***National SMART Grant Participation and Renewal***

- In 2006–07, 62,400 students received a National SMART grant. The number of recipients increased in 2007–08 by 5 percent to 65,400 (less than the 7 percent increase in the number of Pell Grants awarded to third- and fourth-year students at institutions participating in the SMART Grant program). About 1,800 of the additional 3,000 National SMART grants were awarded to students in newly eligible fields.
- In 2008–09, a total of 64,440 grants were awarded, which was about the same number as in the previous year despite a 3 percent increase in the number of Pell Grant recipients. The increase in National SMART Grant awards did not keep pace with the increase in Pell Grant awards.
- The renewal rate for National SMART Grants has been higher than for ACGs. More than one-half of third-year students who received a National SMART Grant have had their grants renewed for their fourth year, including 57 percent of those who were third-year students in 2006–07 and 54 percent of those who were third-year students in 2007–08. To receive another National SMART Grant in their fourth year, third-year National SMART recipients had to re-qualify for a Pell Grant; enroll full-time in an eligible major and take courses meeting requirements for that major each term in which the grant is received; and maintain a cumulative 3.0 GPA. In both years, 22 percent of the third-year National SMART Grant students did not qualify for a National SMART Grant renewal in their fourth year, but they did receive a Pell Grant.

### ***Persistence***

- First-year ACG recipients and third-year National SMART Grant recipients persisted at higher rates than their counterparts with only a Pell Grant.
- The Pell Grant renewal rates for first- and second-year students who received an ACG in addition to their Pell Grant in 2006–07 or 2007–08 were considerably higher than for their counterparts who had received only a Pell Grant. For example, 72 percent of those who had received an ACG as a first-year student in 2007–08 received another Pell Grant in 2008–09. In comparison, just 57 percent of first-year students who had received only a Pell Grant in 2007–08 received another one in 2008–09.
- The Pell Grant renewal rates for 2006–07 and 2007–08 third-year students who had also qualified for a National SMART Grant were nearly 10 percentage points higher than those of their counterparts who had received only a Pell Grant. Among third-year Pell Grant recipients in 2007–08, 68 percent of those who had received only Pell Grants received another Pell Grant in the next year. In comparison, 77 percent of their counterparts who had also qualified for a National SMART Grant received another Pell Grant in the next year.
- While the additional financial support provided by the ACG and National SMART Grants may contribute to the observed higher persistence rates for the recipients of these grants (perhaps reducing

the need to work during the school year), other factors may be equally or even more important. Particularly, ACG and National SMART Grant recipients are among the most academically qualified Pell Grant recipients and therefore would be expected to persist at higher rates even without the additional grants.

**Study Design and Statistical Methods**

- Study type – This report was based on descriptive analyses using administrative and ED survey data and information from stakeholder’s publications and websites.
- In the full multiyear study, state data from Florida, Indiana, and Texas are analyzed.

**Study limitations:**

- Multiple contemporaneous interventions to increase secondary school program’s rigor and requirements occurred around the time this legislation was introduced (history, diffusion or imitation of treatments)
- There were no appropriate comparison groups, as all those eligible for awards are intended to receive them (selection).
- The two-stage eligibility process, in which Pell-eligible students then meet additional requirements to receive ACG/National SMART awards suggests that the number and demographics of those eligible shifts over time with changes in the economy (selection, interaction of selection and treatment bias).
- Additional sub-studies (e.g., using augmented NPSAS questions and use of longitudinal state data) will attempt to address some study design limitations.

**Recommendations and Implications**

- To improve the identification of students eligible for grants, the Department has suggested strategies, such as developing a core high school curriculum for college admissions that meets ACG eligibility requirements.
- Stakeholders called for additional assistance and collaboration in marketing the ACG and National SMART Grant programs and training and workshops for financial aid administrators, college registrars, academic advisors, and high school guidance and college counselors.

**Study Budget**

\$1,810,536

**Contractor** RTI, with MPR Associates and JBL Associates as subcontractors.

**Report Date**

May 24, 2011.

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