

Department of Education
ACADEMIC COMPETITIVENESS GRANTS
AND SMART GRANTS OVERVIEW
Fiscal Year 2009 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 2009 Authorization (\$000s): \$960,000

Budget Authority (\$000s):

	<u>2008</u>	<u>2009</u>	<u>Change</u>
Program funds	\$395,000 ¹	\$960,000	+\$565,000
Cancellation of unneeded balances		-652,000	-652,000

¹ For budget scoring and presentation purposes, the FY 2008 funding level reflects a rescission of \$525 million in unneeded, unobligated balances. This does not affect the actual availability of the FY 2008 mandatory appropriation of \$920 million.

PROGRAM DESCRIPTION

The Academic Competitiveness Grant Program—created by the Higher Education Reconciliation Act of 2005—awards need-based Academic Competitiveness Grants to first- and second-year undergraduates who completed a rigorous high school curriculum, and National Science and Mathematics Access to Retain Talent (SMART) Grants 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 United States citizen, enrolled full time, and eligible for a Federal Pell Grant. A first-year undergraduate is also required to be a first-time undergraduate, enrolled or accepted for enrollment in a 2- or 4-year degree-granting institution, and have completed, after January 1, 2006, a rigorous secondary school program. A second-year undergraduate at such an institution is required to have completed such a rigorous program after January 1, 2005, and to have obtained a cumulative grade-point-average (GPA) of at least 3.0 in the first academic year as an undergraduate. The Secretary of Education is required to recognize at least one rigorous program of study in each State.

Third- and fourth-year undergraduates 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 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.

ACADEMIC COMPETITIVENESS AND SMART GRANTS OVERVIEW

The Higher Education Reconciliation Act provides \$920 million in mandatory funding to support this program in FY 2008. 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. 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.

FY 2009 BUDGET REQUEST

The Administration supports these new programs, which began operation July 1, 2006; evaluations and PART reviews will be analyzed before requesting an extension beyond 2011. While the Administration is committed to working with States and postsecondary institutions to broaden access to these valuable programs, participation trends during the first 2 years indicate that future funding will substantially exceed the amounts needed to support anticipated grant awards. Accordingly, the Administration proposes to permanently cancel \$652 million in unneeded ACG/SMART Grant balances in FY 2009.

The following tables show program information consistent with requested funding levels.

PROGRAM OUTPUT MEASURES (\$000s)

	<u>2007</u>	<u>2008</u>	<u>2009</u>
Academic Competitiveness Grants			
Recipients	456,000	559,000	643,000
Aid available to students	\$350,000	\$440,000	\$490,000
Maximum grant (in whole \$)			
First-year student	\$750	\$750	\$750
Second-year student	\$1,300	\$1,300	\$1,300
Average grant (in whole \$)	\$768	\$787	\$762
SMART Grants			
Recipients	72,000	79,000	85,000
Aid available to students	\$230,000	\$260,000	\$270,000
Maximum grant (in whole \$)	\$4,000	\$4,000	\$4,000
Average grant (in whole \$)	\$3,194	\$3,291	\$3,176