

BUREAU OF HEALTH PROFESSIONS

Date: July 7, 2000

To: Schools Participating in the Scholarships for Disadvantaged Students (SDS) and the Loans for Disadvantaged Students (LDS) Programs

Subject: Campus-Based Policy Memorandum 2000-1

This policy memorandum provides an update regarding the following:

- (1) The definition of "individual from a disadvantaged background," as used for the Scholarships for Disadvantaged Students (SDS) and the Loans for Disadvantaged Students (LDS) programs;
- (2) The procedures for determining the amount of each eligible school's SDS award; and
- (3) The SDS school application for fiscal year (FY) 2001.

Effective date of these changes will be FY 2001 (academic year (AY) 2001-2002): The changes described below will affect school applications and awards made in FY 2001 for AY 2001-2002, and will affect student eligibility beginning in AY 2001-2002. Notification is provided to allow schools adequate time to prepare for their implementation.

School and Professional Association assistance: The changes described below are based on extensive feedback from school officials, professional associations, and a Technical Assistance Focus Group made up of financial aid administrators representing a cross-section of our school community. Each of these groups provided invaluable assistance in the development of these changes. Thank you for your thoughtful input.

Wording of disadvantaged definition will be unchanged: For the SDS and LDS programs, an "individual from a disadvantaged background" will continue to be defined as one who:

- (1) Comes from an environment that has inhibited the individual from obtaining the knowledge, skill, and abilities required to enroll in and graduate from a health professions or nursing school; or
- (2) Comes from a family with an annual income below a level based on low-income thresholds according to family size published by the U.S. Bureau of Census, adjusted annually for changes in the Consumer Price Index, and adjusted by the Secretary for use in health professions and nursing programs.

Family income levels will increase from 130 percent to 200 percent of the Department's poverty guidelines:

Although the definition of an individual from a disadvantaged background, is not changing, the family income levels used to determine eligibility under Part 2 of the definition will increase. Currently, the maximum family income levels are based on 130 percent of the Department's poverty guidelines, which are a simplification of the poverty thresholds published by the U.S. Bureau of the Census and adjusted annually for changes in the Consumer Price Index. Beginning with the FY 2001 SDS application (for AY 2001-2002), the maximum family income levels will be based on 200 percent of the Department's poverty guidelines. A checklist outlining the data required in the revised SDS application (including the revised family income levels, which for the FY 2001 SDS application will apply to students enrolled during AY 1999-2000) will be provided to school officials in the near future.

Procedures for determining school award amounts for the SDS program will be amended:

After reviewing program data and comments from the school community, it is apparent that schools vary significantly in the way they interpret and apply Part 1 of the disadvantaged definition, which addresses individuals who are environmentally disadvantaged. These variations have created inequities in the awarding of the SDS funds since the school awarding formula currently is based on the number of disadvantaged students (using both Part 1 and Part 2 of the definition) enrolled in the program applying for SDS funding. Schools that interpret Part 1 of the definition broadly receive proportionately more funding than schools that are conservative in their application of Part 1 of the definition. To provide greater equity across schools in the awarding of SDS funds, while maintaining school flexibility in the determination of eligibility under Part 1, the SDS school application and award procedures will be revised as described below.

New awarding procedures for FY 2001 SDS funds: Beginning with FY 2001 (AY 2001-2002), awards to eligible schools and programs will be calculated based on the number of students identified as disadvantaged under Part 2 of the definition only (economically disadvantaged). The base number of students for each school or program will be the lesser of : (1) The number of economically disadvantaged (Part 2 of the definition) graduates for the academic year being reported, multiplied by the number of years required to complete the program; or (2) the total number of economically disadvantaged (Part 2 of the definition) students enrolled for the academic year being reported. After determining the base number of students for each school or program, this number will be adjusted to reflect the added weighting associated with the funding priorities. This reflects a change from current procedures, under which the total number of disadvantaged students and/or disadvantaged graduates (both Part 1 and Part 2 of the definition) is used to determine the base number of students.

Student eligibility: Although school award amounts will be based on the number of economically disadvantaged students, schools may award funds to students who meet either Part 1 or Part 2 of the definition.

Revisions to SDS application: To accommodate the revised awarding formula, the SDS application will include two additional data elements for FY 2001 funds (for AY 2001-2002) that require schools to identify the total number of students enrolled in AY 1999-2000 who meet Part 2 of the definition (under the revised income levels), as well as the total number of graduating students in AY 1999-2000 who meet Part 2 of the definition. A checklist of all data elements will be provided in the near future.

Changes in the timing of the SDS application and award cycle: In response to feedback from school officials and professional associations, the SDS application and award cycle will be earlier in the year so awards can be made by March 31, 2001. The SDS application for AY 2001-2002 is scheduled to be available beginning November 1, 2000, with a due date of December 15, 2000. This will benefit the school financial aid packaging cycle. All DSA campus-based funds will be included in a combined notice of award.

Verification of the SDS data: The Department plans to perform verification of the data submitted by those schools or programs reporting the largest numbers of economically disadvantaged students on their SDS application for FY 2001. Verification will be conducted through selected site visits, during which there will be a review of supporting documentation which demonstrates the eligibility of those students identified as economically disadvantaged. This will allow the Department to adjust the award of a school that does not follow the required criteria in identifying its economically disadvantaged students. This verification is not intended to be punitive, but rather to maintain integrity and equity in the SDS awarding process.

Your continued diligence in administering and managing DSA campus-based scholarship and loan programs is appreciated. Questions regarding this memorandum should be directed to Andrea Castle at 301-443-1701 or Angie Lacy at 301-443-5353.

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