

CRS Report for Congress

Received through the CRS Web

Academic Competitiveness Grants: Background, Description, and Selected Issues

August 18, 2006

Charmaine Mercer
Analyst in Social Legislation
Domestic Social Policy Division

Academic Competitiveness Grants: Background, Description, and Selected Issues

Summary

The Deficit Reduction Act of 2005 (DRA) (P.L. 109-171) established the Academic Competitiveness grant program (AC grant). AC grants are intended to provide funding for eligible students who qualify for need-based federal student aid, and who complete a rigorous secondary school program, to assist them with paying for college expenses. This report describes the AC grant program, including the eligibility criteria and the various ways of satisfying the rigorous secondary school program requirement. It also includes a discussion of the funding levels for the program. Finally, the report concludes with a discussion of selected policy issues related to the AC grant program. This report will be updated as warranted by major legislative or other relevant developments.

Contents

Eligibility	1
Rigorous Secondary Program	2
Funding	3
Grant Amount	4
Policy Issues	4
Expanding the Federal Role?	4
Alternative Education Programs	5

Academic Competitiveness Grants: Background, Description, and Selected Issues

Recent data show that slightly less than one-third (31%) of all public high school students are prepared for postsecondary education, as demonstrated by the academic courses pursued.¹ Partly in response to statistics such as these, Congress included a provision in the Deficit Reduction Act of 2005 (DRA) (P.L. 109-171), enacted February 8, 2006, that established the Academic Competitiveness grant program (AC grant).² AC grants are intended to provide funding for eligible students who qualify for need-based federal student aid, and who complete a rigorous secondary school program, to assist them with paying for college expenses.³

This report describes the AC grant program, including the eligibility criteria and the various ways of satisfying the rigorous secondary school program requirement. It also includes a discussion of the funding levels for the program. Finally, the report concludes with a discussion of selected policy issues related to the AC grant program.

Eligibility

Academic Competitiveness grants are available to Pell Grant-eligible students who are enrolled full time in either a two-year or four-year degree-granting institution of higher education (IHE). The grants are limited to students who are in either their

¹ U.S. Department of Education. National Center for Education Statistics. The Digest of Education Statistics, 2005. Table 135, "Percentage of public high school graduates earning minimum credits in selected combination of academic courses, by sex and race/ethnicity: Selected years, 1982 through 2000."

² In addition, P.L. 109-171 also established the Science and Mathematics Access to Retain Talent" (SMART) Grant program, which shares funding with the AC grant program. For additional information about the SMART grant program, see CRS Report RL33434, *Science, Technology, Engineering, Math Education Issues and Legislative Options*, by Jeffrey J. Kuenzi, Christine M. Matthews, and Bonnie F. Mangan.

³ As a result of the close proximity between the establishment of the AC grant program and the beginning of the 2006-2007 award year, the Secretary of Education initially issued program guidance in the form of *Dear Colleague* letters. Most recently the Secretary released interim final regulations (*Federal Register*, July 3, 2006, Volume 71, No. 127, pp. 37990-38012). The regulations can be accessed at [<http://www.ifap.ed.gov/fregisters/FR07032006.html>].

first year or second year of undergraduate education,⁴ and who are enrolled in a degree program. Recipients cannot have previously enrolled in an undergraduate program (unless they are in their second year of undergraduate education). In addition, students who are in their second year of undergraduate study must also have a 3.0 grade point average in their first year of undergraduate course work. Finally, unlike the Pell Grant program, which is open to eligible non-citizens, the AC grant program is limited to U.S. citizens.⁵

Rigorous Secondary Program. In addition to these requirements, in order to receive an AC grant, a student must have completed “a rigorous secondary school program of study.” A rigorous program is statutorily defined as a program that is “established by a State or local educational agency and recognized as such by the Secretary (401A(c)(3)(A)(i)).” The Secretary is required to recognize at least one rigorous program per state. In light of the approaching start date of the 2006-2007 award year (July 1, 2006), the Secretary has decided to recognize any existing state Advanced or Honors diploma programs. In a *Dear Colleague* letter dated May 2, 2006, the Secretary indicated that there are 19 existing Advanced or Honors diploma programs that will be immediately acknowledged.⁶ Thus, any student who graduates with one of the selected diplomas will be considered eligible for an AC grant, assuming all of the other eligibility criteria are satisfied. The letter specifies that if a state would like to establish an Honors or Advanced diploma program for the 2006-2007 award year, or if a state or program is not currently listed, the program of study should be submitted to the Secretary for recognition.⁷

For students who attend a high school in a state that does not offer an Advanced or Honors diploma program, as well as students graduating from private or home schools, there are three alternate options to satisfy the “rigorous secondary” program:

⁴ For award year 2006-2007, first-year students must have completed high school after Jan. 1, 2006. Second-year students must have completed high school after Jan. 1, 2005.

⁵ For additional information about the AC grant program, see [<http://ifap.ed.gov/FSAcounselors/clcf/AcademicGrants.html>].

⁶ The 19 states and their programs are Alabama, *Advanced Academic Endorsement*; Arkansas, *College Preparatory Curriculum*; California, *Golden State Seal Merit Diploma*; Delaware, *Distinguished Achievement Diploma*; Georgia, *College Preparatory with Distinction Diploma*; Indiana, *Academic Honors Diploma*; Kentucky, *Commonwealth Diploma*; Louisiana, *Academic Endorsement to the Standard Diploma*; Massachusetts, *Certificate of Mastery*; Missouri, *College Preparatory Studies Certificate*; Nevada, *Advanced Diploma*; New York, *Regents Diploma with Honors or Advanced Designation*; Ohio, *Honors Diploma*; Oklahoma, *Certificate of Distinction*; Pennsylvania, *Certificate of Distinction*; Texas, *Distinguished Achievement Diploma*; Virginia, *Advanced Studies Diploma*; Washington, *Scholar Designation*; and Wyoming, *Advanced Endorsement Diploma*.

⁷ According to the *Dear Colleague* letter, if a state education agency wanted to establish a rigorous secondary school program and have that program recognized for the 2006-2007 award year, the agency was required to submit the proposal to the Secretary no later than June 1, 2006. The full notice can be accessed at [<http://www.ifap.ed.gov/dpclatters/attachments/GEN0608Attach.pdf>].

- Completion of the State Scholars Initiative (SSI) requirements. This program, supported by Congress, requires high school students to take a program of study that consists of the following courses: 4 years of English, 3 years of math, 3 years of science, 3.5 years of social studies, and 2 years of a language other than English. There are currently 22 states that support the SSI standards.⁸
- Completion of a set of courses that are similar to the SSI program. The student must receive passing grades in all courses.⁹
- The Advanced Placement (AP) course and examination or the International Baccalaureate (IB) course and examination. If a student has taken two or more of these courses and received a passing score on the exam, this will satisfy the rigorous program requirement. Students must receive a 3 or higher on the AP exam or a 4 or higher on the IB exam to qualify.

For the 2006-2007 award year, ED will notify each applicant of his or her potential eligibility for the program. The notification will provide information about a website that will help the applicant determine whether he or she completed a rigorous secondary school program of study recognized by the Secretary.¹⁰ The applicant will self-identify his or her eligibility for an AC grant by identifying the rigorous secondary school program completed. After the student has identified the rigorous secondary school program completed, ED will notify the IHE that the applicant may qualify for an AC grant. The IHE then determines if the student meets all of the remaining eligibility requirements.

Funding

The funding for the AC grant program and the Science and Mathematics Access to Retain Talent (SMART) grant program¹¹ is not subject to the annual appropriations

⁸ According to the State Scholars' program website, the 22 participating states are Arizona, Arkansas, Colorado, Connecticut, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Nebraska, New Jersey, New Mexico, North Carolina, Oklahoma, Rhode Island, Tennessee, Utah, Virginia, Washington, and West Virginia. The website is [<http://www.wiche.edu/statescholars/>].

⁹ The program of study must include four years of English, three years of math (including Algebra I and a higher-level course such as Algebra II, Geometry, or Data Analysis and Statistics), three years of science (including at least two courses from biology, chemistry, or physics), three years of social studies, and one year of a foreign language.

¹⁰ According to guidance issued by ED, the department expects the website to be functional by July 1, 2006. The guidance further states that ED is developing an alternative process for students who do not have Web access. The full notice can be accessed at [<http://ifap.ed.gov/dpcletters/GEN0604.html>].

¹¹ SMART grants are available during the third and fourth years of undergraduate study for students who are full time, eligible for a Pell grant, and majoring in physical, life, or computer sciences; mathematics, technology, or engineering; or in a foreign language determined to be critical to national security. For additional information about the SMART program, see [<http://studentaid.ed.gov/PORTALSWebApp/students/english/SmartGrants>].

(continued...)

process for award years 2006-2007 through 2010-2011. The funding level for each year for both programs combined is below:

2006-2007	\$790 million
2007-2008	\$850 million
2008-2009	\$920 million
2009-2010	\$960 million
2010-2011	\$1.01 billion

Any funds that are not spent in a given award year are carried forward to the next award year.

Grant Amount. Eligible students can receive up to \$750 in their first year of undergraduate education and a maximum of \$1,300 during their second year of study. Although students must be eligible for a Pell Grant, the amount of the AC grant is not influenced by the amount of the recipient's Pell Grant award. The Pell Grant is still considered to be the foundation to which other assistance is added. However, the amount of the AC grant, other student aid and resources, and the amount of the expected family contribution combined cannot exceed the recipient's total cost of attendance.¹² Furthermore, in the event that the aggregate amount students are eligible to receive exceeds the appropriation, the amount of the awards shall be ratably reduced.

Policy Issues

In the weeks following the enactment of the Deficit Reduction Act of 2005 and the establishment of the Academic Competitiveness grant program, many policymakers and education officials criticized the program. Many argued that authorizing the Secretary to determine what was deemed "rigorous" significantly expanded the federal role in high school curriculum and policymaking. In addition to this issue, many supporters of alternative education programs, such as vocational education programs and home-schooling, were opposed to any program eligibility criteria that would disqualify these students simply because the Secretary did not recognize the program as being rigorous. The following section presents a brief analysis of each of these issues.

Expanding the Federal Role? There has been considerable concern expressed regarding the possible expansion of the federal role in high school

¹¹ (...continued)
jsp?tab=funding].

¹² For additional information about the federal student aid need analysis system, including the expected family contribution and cost of attendance, see CRS Report RL33266, *Federal Student Aid Need Analysis System: Background, Description, and Legislative Action*, by Charmaine Mercer.

curriculum and policymaking.¹³ Specifically, many policymakers and education officials have expressed concern about the Secretary's authority to recognize rigorous secondary school curriculum. Many policy groups contend that allowing the Secretary to determine what constitutes rigor is essentially granting the federal government the authority to evaluate the curricular decisions of state and local officials.¹⁴ Several governors reportedly responded by writing a letter to the Secretary expressing their support for the new program; however, they cautioned the Secretary against overextending the federal role. "Governors will be concerned if any regulations or attempts are made to federalize high-school curricula, including the creation of a federal definition of rigor."¹⁵ In response to concerns about the program, Representative Boehner and Senator Enzi wrote a letter to Secretary Spellings, stating

Some concern has arisen that this initiative will allow the Secretary to become involved in establishing high school curriculum. We want to be very clear this was neither the intention nor the effect of the language in this bill. The Secretary's only role in this process is to recognize that states or local educational agencies or other schools, including private, charter and home schools, have, in fact, established what they consider to be a rigorous coursework requirement. Not only does the language in this bill not give the Secretary any authority to establish curriculum, we assert that federal law prohibits this.¹⁶

Section 103 of the Department of Education Organization Act specifically prohibits the Secretary from exercising "direction, supervision or control" over the curriculum of any educational institution, school or school system. As previously discussed, in the Dear Colleague letter dated May 2, 2006, the Secretary issued guidance stating that she has no intention of determining what constitutes a rigorous high school program. "In recognizing these programs, I will respect the authority of each individual State to set graduation requirements, and I will follow the law's directive prohibiting the Department from mandating, directing or controlling State or local curricula, programs of instruction, academic achievement standards or assessments. I will conduct a thorough and transparent review and will be consulting with external stakeholders to aid me in this process."¹⁷

Alternative Education Programs. Many supporters of alternative education programs such as vocational education, concurrent enrollment, and home schooling are apprehensive about the policy guidance being developed for the AC grant program. Most of the concern stems from these programs being viewed as non-rigorous because they are alternatives to traditional high school curriculum.

¹³ See Anne K. Walters and Stephen Burd, "Education Department Races to Set up a Student Grant Program Without a Clear Mandate," *Chronicle of Higher Education*, Apr. 21, 2006.

¹⁴ See "The Gift Colleges Don't Want," Doug Lederman, *InsideHigherEd.com*. The article is available at [<http://insidehighered.com/news/2006/01/24/smart>].

¹⁵ Ibid. As cited.

¹⁶ The full text of the letter is available at [http://www.house.gov/ed_workforce/press/press109/second/02feb/edletter020106.htm].

¹⁷ For the full text of the letter, see [<http://www.ifap.ed.gov/dpcletters/attachments/GEN0608Attach.pdf>].

However, with the exception of concurrent enrollment programs (discussed below), the program guidance does not appear to disqualify students who pursue either vocational education or those who are home-schooled from being eligible for an AC grant, as long as they complete the course work for an Advanced or Honors diploma or pursue one of the options previously discussed. Students who live in a state that does not offer an Advanced or Honors diploma program and does not participate in the SSI program, or who do not complete either AP or IB courses (and the respective exam), could demonstrate their completion of a rigorous secondary school program by completing a set of courses that are comparable to the SSI program to become eligible to receive the AC grant.

Concurrent Enrollment Programs. Concurrent enrollment programs are programs that enable high school-aged students who have not received a high school diploma to take college-level courses and receive college credit.¹⁸ In many of these programs, the students are also enrolled in high school and seeking a high school diploma — thus the phrase “concurrent enrollment.”¹⁹ The eligibility criteria for the AC grant program do not permit students who have previously enrolled in an undergraduate program to receive a grant. Thus, under the guidance issued, students who are concurrently enrolled in both a high school and college program may not be eligible for an AC grant. However, supporters of these programs, including the National Governors Association (NGA), disagree with this interpretation of the act. They maintain that the purpose of the AC grant program is to encourage students to pursue rigorous courses that prepare them for college, which is the same purpose of concurrent enrollment programs. In a letter to the Secretary, the NGA wrote

Governors are deeply concerned that the U.S. Department of Education has indicated that for legal reasons “dual enrollees” or “dual credit students” will not be eligible for AC grants. This interpretation is contradictory and inconsistent with the basic intent of the program. Dual enrollees are public, private, or home school high school students who are pursuing a rigorous secondary program of study, while obtaining college-level credit that also counts towards high school graduation. Dual enrollment programs offer students an opportunity to pursue challenging courses that may not be available at their high school or for those without access to Advanced Placement or International Baccalaureate courses. Lastly, many dual enrollees do not pay tuition to the institution of higher education, nor are these students enrolled in a program of undergraduate education or degree granting program.²⁰

David Bergeron, Director of Policy and Budget Development, Office of Postsecondary Education, indicated that taking a “few classes” would be permissible; however, the student could not be admitted into an undergraduate program and be

¹⁸ Concurrent enrollment programs are also frequently referred to as dual enrollment and/or dual credit programs.

¹⁹ For additional information about concurrent enrollment programs, see CRS Report RS21898, *Concurrent Enrollment Programs*, by Charmaine Mercer.

²⁰ The full text of the letter is available at [<http://www.nga.org/portal/site/nga/menuitem.cb6e7818b34088d18a278110501010a0/?vgnextoid=fef0611fcfe3b010VgnVCM1000001a01010aRCRD>].

eligible for an AC grant.²¹ Because concurrent enrollment programs are diverse in their makeup, it appears as though concurrent enrollment programs that **do not** require students to be admitted into a postsecondary academic program could be recognized as rigorous programs. The guidance issued by the Secretary indicated that if a state wanted to establish an alternative rigorous program to be recognized by the Secretary, the program needed to be submitted by June 1, 2006, for the 2006-2007 award year.²²

²¹ The comments were made at a webinar (web-based seminar) hosted by the American Association of Collegiate Registrars and Admissions Officers on May 11, 2006. The archive of the presentation is available at [<http://webinar.aacrao.org/>].

²² The plan should describe how completion of the program will ensure that students will be exposed to a rigorous secondary program that will prepare them for college. In addition, it should also contain evidence that a state university in the state's system will consider students college-ready if they complete the program. Finally, the program must be reviewed by the Governor, state educational agency, and other higher education officials. States desiring to submit plans for the 2007-2008 award year should submit plans to the Secretary no later than Nov. 1, 2006.