BY THE COMPTROLLER GENERAL

Report To The Chairman, Committee On Labor And Human Resources United States Senate OF THE UNITED STATES

Students Receiving Federal Aid Are Not Making Satisfactory Academic Progress: Tougher Standards Are Needed

The Federal Government provides billions of dollars in student aid each year under programs administered by the Department of Education, the Veterans Administration, and the Social Security Administration. These agencies have widely varying policies regarding satisfactory academic progress of students receiving assistance.

In reviewing the academic progress standards applied to students at 20 institutions of higher education, GAO found that these standards were often inadequate and not always enforced. Although each of the schools had established standards, they were often poor measurements of academic progress. Some schools had not enforced the standards they had established, resulting in overpayments of more than $1.2 million in Department of Education programs.

More stringent Federal requirements would alleviate many of the problems resulting from poor academic progress by students receiving aid.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-205293

The Honorable Orrin G. Hatch
Chairman, Committee on
Labor and Human Resources
United States Senate

Dear Mr. Chairman:

Pursuant to your February 20, 1981, letter, we are reporting on academic progress requirements of federally funded student aid programs. The report contains recommendations to the Congress, to the Secretary of Education, the Secretary of Health and Human Services, the Administrator of the Veterans Administration, and the Director of the Office of Management and Budget.

We asked the Departments of Education and Health and Human Services, the Veterans Administration, and the Office of Management and Budget to submit comments on the matters discussed in this report. These agencies, with the exception of the Department of Education, provided comments, which have been incorporated in the report where appropriate. The Department of Education had not provided comments when the 30-day statutory comment period expired and the report was finalized.

We are sending copies of this report to the President of the Senate, the Speaker of the House of Representatives, the Secretaries of Education and Health and Human Services, the Administrator of Veterans Affairs, and the Director of the Office of Management and Budget. Copies will be made available to other interested parties who request them.

Sincerely yours,

Charles A. Bowsher

Comptroller General
of the United States

COMPTROLLER GENERAL'S REPORT TO THE CHAIRMAN, SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES

STUDENTS RECEIVING FEDERAL AID ARE NOT MAKING SATISFACTORY ACADEMIC PROGRESS: TOUGHER STANDARDS ARE NEEDED

D I G E S T

Each year the U.S. Government provides billions of dollars in financial aid to students seeking a postsecondary education. While a wide array of assistance is available, the major programs are administered by the Department of Education (ED), the Veterans Administration (VA), and the Social Security Administration (SSA). These programs provided about $7.8 billion in student aid during fiscal year 1980. (See p. 1.)

There are no uniform requirements among the three Federal agencies regarding satisfactory academic progress of students receiving financial aid. VA requires an institution to establish and enforce a reasonable policy on satisfactory progress and meet specific requirements set by law and regulation. ED also requires that an institution set and enforce a policy, but does not provide specific criteria. SSA does not impose standards for academic progress in its program since there is no requirement set by law. (See pp. 2 to 8.)

In visits to 20 institutions of higher education and a review of more than 5,800 randomly selected student transcripts, GAO found that many students receiving financial aid were not making satisfactory progress. Mainly this resulted from school standards that allowed students to remain eligible for aid without proving that they were moving toward a definite goal with adequate grades and at a reasonable rate. Some of the institutions were not even enforcing their own standards. (See p. 9.)

GAO conducted its review in response to concerns raised in previous reviews of student aid programs on the adequacy of standards for determining satisfactory academic progress. After this review began, the Chairman of the Senate Committee

on Labor and Human Resources expressed an interest in the issue and requested GAO to prepare a report on its findings for the Committee. (See p. 8.)

STANDARDS ARE NOT ADEQUATE

An effective academic progress standard should consider all factors which affect a student's academic performance. However, many of the schools visited did not have reasonable requirements concerning such factors as minimum grade point averages (GPAs), nonpunitive grades, and the rate of movement toward completion of a program of study. (See p. 9.)

While the schools visited uniformly required a 2.0 GPA (on a 4.0 scale) for graduation, they normally set their standards for determining academic progress at considerably lower levels. This resulted in large numbers of students on financial aid with low grades. Overall, 19.9 percent of the ED aid recipients, 23.1 percent of the SSA aid recipients, and 12.4 percent of the VA recipients in GAO's samples had cumulative GPAs below 2.0. In many cases, the averages were below 1.5, or the equivalent of a "D-plus." (See pp. 9 to 12.)

The performance of many students in GAO's samples was distorted by their schools' overuse of nonpunitive grades--grades which have no effect on the GPA or do not count toward program completion. The schools often offered wide ranges of grades which had no effect on the measurement of progress. At two schools, nonpunitive grades accounted for more than 40 percent of all grades assigned during a recent term. (See pp. 12 and 13.)

A common example of a nonpunitive grade is that assigned for a course withdrawal. The schools visited often allowed students to withdraw from a course without penalty far into the term. GAO found many examples of students who had withdrawn from courses, allowing them to maintain higher GPAs, but also adding to the time necessary to complete a course of study. During the spring term of 1980, more than 20 percent of the ED and SSA aid recipients in GAO's sample withdrew from courses so that the number

of hours they took was less than the number of hours required under their aid programs. (See pp. 13 and 14.)

Other nonpunitive grades were given for courses not completed or later repeated. Incomplete grades were often carried on a student's record for an extended time and, in some cases, were never converted. This resulted in higher GPAs than would have otherwise been the case. In some instances, students were allowed to repeat the same course numerous times. (See pp. 15 and 16.)

Only 10 of the 20 schools visited had specific requirements concerning the rate of a student's academic progress, and these requirements were often ineffective. This led to instances where students stayed in school and on financial aid for inordinate lengths of time. Among the ED aid recipients sampled, 56.3 percent of those attending school on a quarter system and 61.5 percent of those on a semester system were behind in their studies. (See pp. 18 to 20.)

In general, fewer instances of poor progress were noted among VA aid recipients than either ED or SSA aid recipients. GAO believes that this is due to the more stringent requirements set by VA, including (1) prior VA approval of a school's academic progress standard and a student's course of study and (2) refusal to pay for courses outside of an approved course of study, from which the student withdrew, or which did not count toward program completion. Neither ED nor SSA has such requirements. ED officials said they do not believe ED has the statutory authority to issue regulations setting specific requirements. There are no statutory requirements for academic progress in the SSA program. (See pp. 3 to 8.)

STANDARDS ARE NOT ENFORCED

Nonenforcement of academic progress standards is a major problem. Nine of the schools visited were not enforcing their published standards. Three schools were not enforcing their standards for ED or VA aid recipients, five schools were not for ED aid recipients

only, and one school was not for VA aid students only. SSA had no academic progress requirements. (See pp. 22 and 24.)

For the schools which had not enforced their standards for ED aid recipients, GAO estimated overpayments of about $1.28 million. GAO did not project overpayments for VA recipients because the schools did not have information on the amount of financial aid paid by VA. (See pp. 22 and 23.)

CONCLUSIONS

Weak and nonspecific Federal requirements on academic progress have led to abuse of the student aid programs, particularly those administered by ED and SSA. A uniform Federal policy is needed. Although VA standards set by existing legislation and regulations are generally adequate, standards are needed for the rate at which a student is progressing. GAO believes that ED and SSA requirements should be essentially the same as those set by VA. This would require changes to both authorizing legislation and program regulations. (See pp. 25 and 26.)

These changes would accomplish the following objectives:

--Tighter academic progress standards would save Federal funds now being paid to students not making satisfactory progress.

--Schools would encounter fewer differences in the requirements for administering the three agencies' programs.

--Federal agencies would be able to better coordinate their efforts in setting academic progress requirements and monitoring their enforcement.

Also, students might be encouraged to enroll in programs which are more suited to their abilities and which they are more likely to complete. (See p. 26.)

RECOMMENDATIONS TO THE CONGRESS

In a previous report (see p. 7), GAO recommended that SSA student benefits for postsecondary students be discontinued. The Congress has provided for the discontinuance of these benefits in the Omnibus Budget Reconciliation Act of 1981. Since the program will be phased out over a 4-year period, however, GAO believes there is a need for academic progress requirements for students who continue to receive SSA benefits. Therefore, GAO recommends that the Congress amend the Social Security Act to require students receiving postsecondary education benefits to maintain satisfactory progress in the course of study pursued, according to the standards and practices of the school attended. GAO also recommends that the Congress amend the Social Security Act and the Higher Education Act of 1965 to authorize SSA and ED to issue regulations setting forth general requirements for institutions of higher education to follow in establishing academic progress standards. (See p. 27.)

RECOMMENDATIONS TO THE SECRETARY OF EDUCATION AND THE SECRETARY OF HEALTH AND HUMAN SERVICES

If the Congress amends the legislation as GAO recommends, the Secretaries should issue regulations setting forth general requirements that institutions must meet in establishing academic progress standards for postsecondary students receiving ED and SSA financial aid.

These regulations should specify that an institution establish, publish, and enforce academic progress standards for students receiving aid, subject to the agencies' review and approval. While the regulations should allow each institution discretion in setting its own standard, the school's standard should provide for

--a reasonable relationship between the minimum proficiency levels or GPAs required and the requirements for graduation or program completion;

--movement toward graduation or program completion at a reasonable rate;

--limitations on excessive withdrawals, repeated courses, courses for which nonpunitive grades are assigned, and courses that do not count toward graduation or completion of a program; and

--application of the standard on a timely basis, preferably at the end of a grading period.

The school should also be required to show (1) how the academic progress standard relates to the school's probation/suspension policies and (2) what a student has to do to have aid reinstated. (See p. 28.)

RECOMMENDATION TO THE ADMINISTRATOR OF VA

The Administrator should issue regulations, supplementing those now in effect, to require institutions of higher education to include provisions in their academic progress standards which would require students to move toward graduation or program completion at a reasonable rate. (See p. 28.)

RECOMMENDATION TO THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

The Director should ensure that ED, SSA, and VA coordinate their efforts in setting and enforcing requirements for academic progress standards under student financial aid programs in an effort to improve administration at both the Federal and institution levels. (See pp. 28 and 29.)

AGENCY COMMENTS AND GAO'S EVALUATION

HHS and OMB generally agreed with GAO's recommendations. HHS questioned, however, the usefulness of implementing standards for its program, which is being phased out. VA did not agree with GAO's recommendation, claiming it would be unworkable and an administrative burden. (See apps. VI, VII, and VIII.) GAO did not agree with either agency. (See p. 29.) ED was given the opportunity to provide comments on a draft of this report. It had not done so when the 30-day statutory comment period expired and this report was finalized.

Contents

ABBREVIATIONS

BEOG	Basic Educational Opportunity Grant
CWSP	College Work Study Program
ED	Department of Education
GAO	General Accounting Office
GPA	grade point average
HHS	Department of Health and Human Services.
NDSL	National Direct Student Loan
SEOG	Supplemental Educational Opportunity Grant
SSA	Social Security Administration
VA	Veterans Administration

CHAPTER 1

INTRODUCTION

The Federal Government provides financial aid to students seeking a postsecondary education through a wide assortment of grant, loan, work-study, and other benefit programs administered by various departments and agencies. Three large, traditional sources of funds have been the Department of Education (ED), the Veterans Administration (VA), and the Social Security Administration (SSA). Programs administered by these agencies provided about $7.8 billion in funding for student aid during fiscal year 1980.

An undergirding principle of federally sponsored student financial aid is that a recipient should make "satisfactory academic progress." While requirements are often nonspecific and vary widely among the agencies providing aid, the general aim is that a student move toward an educational goal at a reasonable rate while making satisfactory grades. The final decision on whether a student is making progress is normally the responsibility of the institution of higher education where the student is enrolled.

FEDERAL PROGRAMS PROVIDING STUDENT FINANCIAL AID

There are many federally sponsored or supported programs which provide financial assistance to students attending institutions of higher education. ED 1/ has identified 61 student aid programs administered by Federal agencies.

This report concerns student aid programs which accounted for nearly $6.8 billion of the $7.8 billion provided by VA, ED, and SSA during fiscal year 1980. These programs are shown in the following table, with a more detailed description in appendix II.

1/On October 17, 1979, the President signed the Department of Education Organization Act (Public Law 96-88), creating ED to administer all education programs that had been previously administered by the Department of Health, Education, and Welfare (now the Department of Health and Human Services (HHS)). On May 4, 1980, responsibility for the activities discussed in this report was given to ED.

Agency/type of aid	Funding fiscal year 1980 (millions)	
ED:		$2,924
Pell Grants (note a)	$1,718	
Supplemental Educational Opportunity Grants (SEOGs)	370	
National Direct Student Loans (NDSLs)	286	
College Work Study Program (CWSP)	550	
VA		2,262
SSA		1,600
Total		$6,786

a/Previously Basic Educational Opportunity Grants (BEOGs).

We limited our review of ED programs to Pell Grants and campus-based aid because they are commonly under a college's direct control. Schools use these programs to design a needy student's financial aid package and are responsible for disbursements made under each program. The other large ED programs available to students attending an institution of higher education include the (1) Guaranteed Student Loan program, under which federally insured loans are made directly to the student by a State agency or private lending agency and (2) State Student Incentive Grant program, under which grants are made directly to States to encourage and support the development of State grant programs for needy students. Federal appropriations for these respective programs were about $960 million and about $77 million in fiscal year 1980.

Payments under the VA and SSA programs are made directly to the student. The school does not determine the amount of aid for which a student is eligible, handles no disbursements, and maintains no record on the amount of aid awarded to the students. At the schools visited, the financial aid offices normally had little or no involvement in the VA and SSA programs. These programs were generally the responsibility of the school registrar.

ACADEMIC PROGRESS STANDARDS

There is no uniform standard for satisfactory academic progress among the various Federal programs providing student aid. According to an Office of Management and Budget official, the agency has not specifically required Federal agencies providing student aid to coordinate their efforts in this area or to develop a common standard.

Among the three agencies included in our review, VA and ED had academic progress requirements set by law and regulation. Both agencies rely heavily on the institution's ability to set and enforce standards. VA also requires adherence to certain specific requirements. (See below.) There is no academic progress standard set by SSA, since the Social Security Act requires only that eligible students attend school full time.

Veterans Administration

While VA education program funds are often considered an entitlement, they are in fact a conditional benefit. First, a veteran or his or her dependent must be found eligible for benefits. Then he or she must enroll in an approved course of study; have a specific educational, vocational, or professional objective; and make satisfactory progress toward that objective.

Satisfactory academic progress is required by law under the VA education programs. Sections 1674 and 1724 of 38 United States Code, as amended, state that benefits will be discontinued when a recipient's progress is unsatisfactory "according to the regularly prescribed standards and practices of the educational institution." Sections 1775 and 1776 of the law require both accredited and non-accredited schools to have and enforce standards of progress for their programs to be approved for VA benefits. The standards for progress must define

--the school's grading system,

--the minimum satisfactory grade level,

--conditions for interruption of training due to unsatisfactory grades or progress,

--any probationary period, and

--conditions for a student's readmission following dismissal or suspension for unsatisfactory progress.

While a school may set its own academic progress standards, VA requires that they bear a reasonable relationship to final attainment of graduation requirements or successful completion of a program of study. The school must inform VA when a student fails to meet the progress standards so that benefits can be terminated. VA will not resume benefits until it finds the cause of the unsatisfactory progress has been removed and the program of study pursued is appropriate for the student.

In addition to meeting the progress standards of the school, a VA student can receive benefits only for courses leading to the completion of his or her course of study. Section 1780 of

38 United States Code, as amended, prohibits payments for a course which is not used in computing graduation requirements, including course withdrawals. VA's regulations preclude payment for (1) withdrawals past a reasonable (not to exceed 30 days) drop-add period, (2) any course for which no credit toward graduation is given or which has no effect on a student's grade point average (GPA), and (3) a course for which an "incomplete" grade is not converted to a regular grade within 1 calendar year.

In October 1976, the VA legislation was amended to require that students progress at a rate to graduate within the approved length of study for the program pursued. Essentially, VA stipulated that benefits would be terminated when the student fell behind in his or her work at least one full term. This requirement proved to be difficult for schools to administer, since schools had to make separate evaluations for VA students. Also, VA found that students making excellent progress otherwise sometimes failed to meet this requirement. Thus, Public Law 96-466, enacted in October 1980, deleted the time requirement in favor of reliance on the schools' own standards of progress.

VA State-approving agencies are responsible for approving the academic progress standards set by the schools and the courses of study pursued by recipients. The adequacy of schools' enforcement of their standards is monitored through periodic site reviews by the State-approving agencies and VA regional offices.

Department of Education

Student aid programs administered by ED are authorized by title IV of the Higher Education Act of 1965 (20 U.S.C. 1070, et seq.), as amended. Section 497(e) of the act states that a student must be

> "* * * maintaining satisfactory progress in the course of study he is pursuing, according to the standards and practices of the institution at which the student is in attendance."

This requirement, enacted as a part of the Education Amendments of 1976 (Public Law 94-482), reflected congressional concern that institutions should set and enforce their own standards. The academic progress standard was subsequently included in program regulations for each title IV program. According to ED's General Provisions relating to student assistance programs (34 CFR 668.16), an otherwise eligible institution must prove that it is able to adequately administer student aid programs. One requirement is that it:

"Establishes, publishes, and applies, reasonable standards for measuring whether a student receiving aid under any Title IV program is maintaining satisfactory progress in his or her course of study."

ED does not specify the content of an institution's academic progress standard. Unlike VA, ED does not approve the standard before implementation, and it does not require recipients to pursue courses within an approved program of study. There are no specific requirements which prohibit payments for course withdrawals, other nonpunitive grades, or courses which do not count toward graduation.

In its 1979-80 Student Aid Handbook, ED advised institutions that they must establish, publish, and enforce an academic progress standard. Without such a standard, the institution cannot commit or disburse title IV funds because it has no means of complying with the ED regulation. The handbook gives the following advice on setting standards:

"Satisfactory progress is an evaluation of a student's efforts to achieve an educational goal within a given period of time. In establishing its standards, an institution should take into account--

"1. the normal time frame for completing the course of study, and

"2. use measurements, such as grades or work projects completed, which can be measured against a norm."

Monitoring of schools' efforts to set and enforce academic progress standards is the responsibility of ED's Division of Certification and Program Review. This is done through periodic site visits to review a school's compliance with all title IV program requirements. ED officials told us that they frequently encounter problems with the schools' establishment and enforcement of standards; however, they could provide no statistics on the significance of the problem.

We have pointed out problems in the area of satisfactory academic progress standards under ED programs in two previous reports. 1/ In our report on the eligibility process in student loan and grant programs, we noted that schools had grading policies which allowed students with poor grades to qualify for

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1/"Inconsistencies in Awarding Financial Aid to Students Under Four Federal Programs" (HRD-79-16, May 11, 1979) and "What Assurance Does Office of Education's Eligibility Process Provide?" (HRD-78-120, Jan. 17, 1979).

Federal funds. We recommended that the Congress require the Commissioner of Education to develop regulations which define more specifically "good standing" and "academic progress" to insure that students and schools are not abusing the availability of Federal financial aid.

In our review on the four Federal programs, which discussed various problems in the BEOG (now Pell Grant), SEOG, CWSP, and NDSL programs, we found schools (1) without standards, (2) with questionable or inadequate standards, and (3) that did not enforce their standards. We recommended that ED establish minimum standards of progress for financial aid recipients. Such standards should require a minimum GPA, a minimum number of credits per term, and the loss of subsequent aid for students not meeting the standards. ED officials responded that they believed the requirements then in effect would be sufficient and imposing a definite standard would constitute Government interference in academic affairs.

It appears that, despite this confidence in the institutions and the requirements in effect, the basic problem persists. A November 1979 report on a study contracted by ED identified the lack of academic progress as a major contributor to $24 million in award errors in Pell Grants from December 1978 to May 1979. The report noted that, while schools generally have published policies, "they fall short of providing an accurate basis on which to assess whether students were making satisfactory progress." The report recommended that schools be required to implement policies which describe quality standards; basic quantity standards; and the method of determining status, probation policy, and whether a student on probation is making the progress necessary to receive financial aid. The report further recommended that ED develop minimum standards for satisfactory academic progress.

In response to this report, ED noted that proposed legislation to require a student on aid to complete at least one-half of the courses taken had not been passed by the Congress. ED said it was considering issuing regulatory guidelines under the current statute, outlining what institutions should consider in setting standards. However, ED officials later told us that they do not believe the current statute gives ED the right to question the adequacy of a school's standards.

Social Security Administration

Created in 1965 as part of the legislation that enacted Medicare, SSA's student benefit program gives children of deceased, disabled, or retired Social Security contributors payments to enable them to finish high school and/or obtain a postsecondary education. To be eligible, a contributor's child must be unmarried, 18 through 21 years of age, and attending an eligible school on a

full-time basis. The SSA law does not address the issue of academic progress; in effect, the student remains eligible as long as he or she remains in school.

The institution must certify that the student is enrolled on a full-time basis. This certification is based on a school's assessment of a student's full-time status, and there are no minimum credit hour requirements set by SSA. SSA does not attempt to monitor students' progress through periodic site visits, since there is no academic progress requirement under the program. SSA education program officials told us that even if SSA had such a requirement, the agency does not presently have the staff to review academic progress of students.

We reported on the absence of academic progress standards for SSA recipients in an August 30, 1979, report entitled "Social Security Benefits for Postsecondary Students Should Be Discontinued" (HRD-79-108). Since there was no academic progress requirement, we were unable to gather sufficient grade data to estimate the cost to the program of nonprogressing students. However, we noted that, if "the behavior of students receiving benefits from Social Security is similar to that of other students, it is likely the trust funds are paying students who are not making reasonable academic progress."

In our report, we concluded that benefits for postsecondary education students should be discontinued for several reasons. These included the following:

1. Payments to student beneficiaries are an unnecessary burden on SSA's trust funds.

2. The student benefit program contributes to other Federal education aid programs, paying unneeded benefits.

3. Social Security is an inequitable system for dispensing education aid.

4. ED is willing to provide aid to most students who are now or in the future would be eligible for benefits, at great savings to the trust funds and taxpayers.

We recommended that the Congress:

"Enact an amendment to the Social Security Act which will discontinue student benefits for postsecondary students and take the necessary steps to assure OE [now a part of ED] will have sufficient financial resources to meet any increased demand for aid arising from discontinuance of these benefits."

HHS officials supported this recommendation. Discontinuance of these benefits was included as a part of the administration's budget request for fiscal year 1982. The Congress provided for a phasing out of benefits for postsecondary students in the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), enacted August 13, 1981. Under the act, the level of benefits will decrease substantially each year, with the last payments made in 1985.

OBJECTIVE, SCOPE, AND METHODOLOGY

We initiated our work on the academic progress issue because we saw it as a serious problem, affecting all types of federally sponsored student aid, that had been addressed only peripherally in our previous reports on specific programs. Our objective was to determine the severity of the problem, its causes, and the corrective action required. Subsequently, the Chairman of the Senate Committee on Labor and Human Resources expressed an interest in our review and asked us to prepare a report on our findings for his Committee.

Our review involved visits to 20 institutions of higher education in 12 States. These institutions consisted of seven public 4-year schools, four private 4-year schools, six public 2-year schools, one private 2-year school, one public vocational school, and one proprietary school. (App. I lists the schools we visited.)

At the schools visited, we reviewed the transcripts and grant awards for randomly selected students receiving Pell Grants during fiscal years 1979 and 1980. In cases where we identified problems, we also determined the amount of SEOG, CWSP, and NDSL funds each student received. Where the information was readily accessible, we reviewed randomly selected transcripts for students receiving VA and SSA benefits. However, we did not determine the amounts received by these students because the institutions did not have this information. In total, we reviewed 5,805 transcripts out of a universe of 49,250 aid recipients at the 20 schools.

We compared the student transcripts with the academic progress standards of the schools to determine whether these standards were effective measures of performance and adequately enforced. Since we used statistical samples, we were able to project our findings to all students receiving aid at the individual schools.

We did not project our findings to all of the Nation's institutions of higher education because we (1) did not take a statistical sample of all schools which had students receiving Federal aid and (2) purposely avoided institutions which had highly competitive admissions standards. We selected schools which would give us a broad cross-section of the Nation's colleges and universities, considering type, support, and geographical location.

CHAPTER 2

ACADEMIC PROGRESS STANDARDS OFTEN ARE INADEQUATE AND STANDARDS ARE NOT ALWAYS ENFORCED

The failure of schools to set and enforce meaningful academic progress standards has become a major problem of federally supported student financial aid programs. This problem is resulting in the unnecessary expenditure of millions of dollars and threatens to undermine the integrity of the financial aid programs.

While visiting 20 institutions of higher education, we found that each school had established some type of standard for academic progress. However, we considered these standards inadequate in many cases because they were low or excluded certain factors in measuring progress. Some schools did not enforce the standards they had established, leading to overpayments of at least $1.2 million.

STANDARDS ARE NOT ADEQUATE

An effective academic progress standard should, in our view, consider all the factors which affect a student's progress. This requires accurate measurement of both the quality of the student's work and the rate of progress toward a definite educational goal. To do this, schools must have reasonable and consistent requirements for such factors as GPA, nonpunitive grades (see p. 13), the rate of movement toward completion of a course of study, and related elements. In our opinion, an academic progress standard which does not consider these factors does not adequately measure progress, even though it is in technical compliance with Federal regulations.

The standards in effect at the schools we visited were often not adequate because they did not consider all the elements discussed above. Many students' grades were low and often inflated by the overuse of nonpunitive grades. Progress toward educational goals was slow and, in some cases, virtually impossible to determine.

Grade point average

Institutions generally use the GPA as a key indicator of academic progress. To graduate, a student would normally have to attain a "C" average, or a GPA of 2.0 on a 4.0 scale. 1/ Strictly

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1/While schools sometimes use other GPA scales, we have converted all the GPAs discussed in this report to a 4.0 scale, where "A" = 4.0, "B" = 3.0, "C" = 2.0, and "D" = 1.0.

speaking, it could be argued that a student with less than a 2.0 GPA is not making academic progress when this is the requirement for graduation. Minimally, the student should demonstrate an ability to eventually raise his or her average to the graduation requirement.

In setting academic progress standards, institutions frequently allow students to maintain a GPA at something less than a 2.0 average, particularly during the first few terms of enrollment. The actual requirements vary considerably among institutions and are usually tied to other factors, such as the number of credit hours a student has attempted or the number of years he or she has been in school.

VA instructs institutions, in setting their academic progress standards, to set GPA or other minimum proficiency requirements at a level consistent with graduation or program completion requirements. We found fewer cases of low GPAs among VA students than either ED or SSA students in our samples.

From an analysis of randomly selected student transcripts at the schools visited (see apps. III, IV, and V), we found that many students receiving financial aid had a cumulative GPA well below the requirements for graduation. For example, 19.9 percent of the Pell Grant recipients and 23.1 percent of the SSA recipients had cumulative averages below 2.0. About 9.5 percent of the Pell Grant recipients and 10.8 percent of the SSA recipients had averages below 1.5, the equivalent of a "D-plus." We noted fewer instances of low averages among VA students in our samples, with 12.4 percent having GPAs below 2.0 and 3.5 percent below 1.5.

These figures are especially significant considering the fact that our sample was taken from all students on financial aid who had enrolled in at least 20 credit hours of courses. Thus, it contains no first-term students, but does include many students who have been in school for a number of terms or years.

The following examples from the schools visited are illustrative of low GPA requirements.

--A public community college had no minimum GPA requirement for the first 30 credit hours, which would allow a student to be enrolled at the minimum full-time level for three semesters (1-1/2 years) before the standard is applied. After 30 hours, the student must have attained a 1.5 GPA. This standard remains the same regardless of the number of terms the student stays in school; however, to graduate with an associate degree from the 2-year school, a student must have a 2.0 GPA. Theoretically, a student could remain in school and receive financial aid for years without ever attaining the necessary GPA to graduate.

--A private 2-year college tied minimum GPAs to credit hours completed as follows:

Credit hours	GPA
1 to 24	1.5
25 to 48	1.6
49 or more	1.7

A student failing to meet these standards is placed on probation for the following term and remains there until he or she meets the GPA requirement. A student on probation who fails to raise his or her GPA by 0.2 or maintain a cumulative GPA of at least 1.0 is suspended. Students can stay in school and continue to receive financial aid without meeting the 2.0 graduate requirement.

--A private, 4-year college required a student to have a 2.0 GPA by the end of the second semester, or be placed on scholastic warning. If the GPA continued below 2.0 the following semester, the student was placed on probation. If the GPA remained below 2.0 for the fourth semester, the student was suspended. Thus, financial aid was possible for at least 4 semesters (2 years) regardless of the GPA. Because many students were not meeting this standard, the school considered it too harsh and subsequently lowered it on two occasions. The latest standard requires a student to have a 0.5 ("F-plus") GPA after the first year, a 1.4 after the second year, a 1.7 after the third year, and a 2.0 after the fourth year. While this new standard would require a student to eventually attain a 2.0 GPA to meet graduation requirements, it could be very difficult to obtain if students achieved only the minimally acceptable 0.5 or 1.4 GPAs their first or second year. A student with a 0.5 GPA after the first year would have to maintain a GPA of 2.3 during the second year to meet the 1.4 requirement. This means his or her grades would have to improve more than fourfold during the second year. Similar improvements would be needed the last 2 years.

--A public university based its academic probation and suspension policies on the following cumulative GPAs:

Semester hours	Probation	Suspension
7 to 16	Below 1.2	-
17 to 32	" 1.5	Below 1.2
33 to 48	" 1.6	" 1.5
49 to 80	" 1.7	" 1.6
81 to 96	" 1.8	" 1.7
97 to 111	" 1.9	" 1.8
112 and above	" 2.0	" 1.9

A student cannot be suspended until he or she has been on probation at least one semester (thereby making it possible to receive at least two semesters of financial aid regardless of the GPA). Also, students may receive aid to attend summer school to improve their GPAs.

The low GPA standards resulted in numerous instances of students who had continued in school and received financial aid with GPAs far short of the 2.0 required for graduation. The following are examples:

--A student at a public community college received $2,215 in Pell Grants over five semesters, successfully completing only 3 of 58 credit hours attempted with a 0.11 GPA.

--A student at a public, 4-year college received $2,438 in ED aid over 3 quarters, during which his cumulative GPAs were 0.44, 0.28, and 0.63.

--A student at a private, 4-year college received $7,771 in ED aid over 4 semesters, with a cumulative GPA of 0.76.

--A VA student at a public university attended school for three regular semesters and one summer term before he was dismissed, successfully completing no credit hours for a 0.0 GPA.

--A student at a public university received $1,284 in Pell Grants over four quarters, with quarterly GPAs of 0.67, 0.0, 1.0, and 0.0.

--A student at a public community college had received SSA benefits over eight quarters, with a cumulative GPA of 0.92.

In addition to some schools' GPA standards being low, the effectiveness of some standards is questionable because of the way they were applied. For instance, some institutions applied their progress standards only at the end of the year rather than at the end of each grading period. Some institutions overlooked a poor cumulative GPA if the student had a satisfactory average for the term or if he or she was "progressing" from term to term. Schools often have probation/suspension policies that allow a student to remain in school and receive financial aid long after having been identified as not making satisfactory progress.

Nonpunitive grades

A student's GPA should be an average of the grades received for the courses taken. In some cases, however, schools assign "nonpunitive" grades which are not figured into the GPA. Common

examples of these are grades for course withdrawals, courses not completed, and courses later repeated. The basic problem with assigning nonpunitive grades is that the grades often are not reflected in a student's GPA (and therefore, it gives a distorted measurement of academic progress), but enable a student to stay in school and receive Federal financial aid. At the schools visited, the policies on assigning nonpunitive grades often allowed students on financial aid to maintain GPAs that were not truly indicative of their academic progress.

Withdrawals

Among institutions we visited, the practice was to allow students to withdraw from a course without penalty of a failing grade. Actual practices vary among schools, but most establish a point during the term past which a student cannot withdraw without failing.

The treatment of grades for course withdrawals can have a significant effect on a student's GPA. If a student receives grades of B, B, C, C, D, and F for six 3-hour courses, for example, his or her GPA would be 1.83. If, however, he or she had withdrawn from the "D" and "F" courses without penalty, his or her GPA would be 2.5. Since he or she would have been taking 12 hours even after the withdrawals, he or she still would have been considered a full-time student.

While allowing students to withdraw from courses without penalty is an acceptable practice in itself, it can lead to abuse by students on financial aid if the policy is too permissive. Students can withdraw from courses where their grades are lowest, keeping their GPAs higher and extending the time necessary to complete degree or program requirements.

The withdrawal policies at many of the schools we visited were lenient. Some schools allowed students to withdraw from courses without penalty two-thirds of the way through the term. One school permitted withdrawals through the 14th week of a 16-week semester. Two other schools allowed withdrawals, with approval, up to the end of the term. One of these schools allowed some students to withdraw after they had taken the final examinations.

Even more of a problem were institutional policies which permitted "unofficial withdrawals." Essentially, this happens when a student simply stops showing up for class. Some schools do not penalize students for this by giving them failing grades. The registrar at one school said some of the school's instructors felt it was not fair to give a grade unless the student had "challenged the course" by taking the final examination.

The extensive use of withdrawals was common among ED and SSA students included in our samples. The following examples show what can happen when students are permitted excessive withdrawals without penalty.

--A student received more than $5,400 in ED aid during four semesters of enrollment at a public university, completing only 20 credit hours with a 2.29 cumulative GPA. This GPA does not include 27 credit hours (57 percent of hours attempted) from which the student officially withdrew.

--A student at a public community college received more than $3,000 in Pell Grants over six regular and three summer semesters, earning only 31 of 95 credit hours attempted with a 1.29 cumulative GPA. The 31 hours is the equivalent of two semesters work. For the last four semesters, the student officially withdrew from 34 of 42 hours attempted and received failing grades for the remaining 8 hours. The aid received for these four semesters, during which the student made no progress, was over $1,500.

--A student at a private university received more than $6,900 in ED aid over 4 academic years (eight semesters). The student enrolled for 115 credit hours, 5 less than required for graduation, but officially withdrew from 57. Through the use of these withdrawals, she was able to keep her GPA near a 2.0 until the end of her fourth year.

--A student receiving SSA benefits attended a public community college for six quarters, with a cumulative GPA of 3.33. However, he withdrew from 49 of the 75 hours he attempted during this period.

Another problem created by excessive withdrawals is that students often withdraw from courses so that the number of hours they take is less than the number of hours required under their aid agreements. ED considers a student as full time if he or she enrolls for at least 12 hours, three-quarters time if he or she enrolls for 9 hours, and half time if he or she enrolls for 6 hours. SSA, which provides benefits to full-time students only, permits the school to decide whether a student is full time. In both cases, "full time" is essentially a function of credit hours for which the student is enrolled, rather than hours completed.

At the schools visited, we reviewed the transcripts for ED and SSA students to determine how many students withdrew from courses so that the number of credit hours they completed during the school term was less than the number required under their financial aid agreements. For the spring term of 1980, 20.5 percent of ED students and 20 percent of SSA students completed fewer credit hours than called for by their financial aid agreements.

Incomplete grades

When a student has not met all of the requirements of a course by the end of the term, the institution will normally allow the instructor to assign a temporary grade of "incomplete." After the student has met course requirements (or after a suitable length of time), a traditional grade is assigned.

A school's academic progress standard is weakened by a policy on incomplete grades that is too permissive. In some of the schools visited, incomplete grades were often assigned liberally, they were not always reconciled promptly, and occasionally the stated policies were not being followed. This had the effect of producing higher GPAs than the students deserved, thereby distorting the measurement of academic progress.

The following examples show the potential problems created by inadequate policies on incomplete grades.

--A public community college permitted students an entire year to make up incomplete grades; however, even this policy was not enforced. In attempting 55 quarter hours, one student receiving ED aid had accumulated 19 hours in incomplete grades, none of which had been converted to a traditional grade. If she had been given failing grades for the incomplete grades, her average would have been 1.4; instead of her official GPA of 2.5. Another student receiving VA benefits at the school had received incomplete grades for 32 of 48 hours attempted during his last four terms of enrollment.

--A public university required that students make up incomplete grades by midterm of the following quarter. The policy was ineffective, however, since students were not penalized if the incomplete grade was not made up. An incomplete grade was not considered in computing the GPA. A student receiving ED aid at the school had eight incomplete grades that were never converted to a regular grade.

Repeated courses

Institutions may allow students to repeat courses in which they have received failing or poor grades. The effect of a repeated course grade on a student's GPA varies among schools. In some cases, all the grades appear on the record, but the student receives credit for only the highest grade received. In other cases, the previous grade is removed from the record. In still others, a grade for a repeated course is simply another grade used in computing the GPA.

The following examples show students from our samples whose academic progress could be questioned because of the number of repeated courses:

--A student at a public community college had received almost $9,000 in ED aid over 4 years. She had enrolled for 108 credit hours but, because of the school's policies on withdrawals and repeats, had officially "attempted" only 63 hours, completing 60 of these with a 1.71 GPA. In repeating courses, she had attempted five courses three times each and two courses twice each. Only the last grades received were included in computing her GPA.

--A student at a second public community college had passed only 35 of 215 credit hours attempted over a 7-year period, receiving more than $8,400 in ED aid. She had taken the same Speech course (Oral Communication) eight times and the same Sociology course (Family) five times without passing either.

--A student at a private 4-year college had received $6,000 in ED aid over a 5-year period (11 semesters), officially completing only 81 credit hours with a 1.03 GPA. A business major, the student had taken the same Accounting Principles course five times, earning three F's and two D's, and the same Quantitative Analysis course four times, earning three F's and one D. Although all of these grades were included in computing his GPA, the school apparently did not enforce its published policy on repeats, which stated that a course could be taken only twice.

Other nonpunitive grades

In addition to the above common grading practices, the schools visited offered a wide range of other nonpunitive grades that often gave a distorted picture of a student's progress. A public community college offers an excellent example of the potential problem. During the 1979-80 school year, the school offered the following range of grades:

A (Excellent)	Z (Noncredit)
B (Above average)	W (Official withdrawal)
C (Average)	K (Satisfactory noncredit)
D (Below average)	U (Unsatisfactory)
E (Failing)	Y (Ongoing program)
G (Credit granted)	V (Unofficial withdrawal)
I (Incomplete)	R (Repeat)
N (Audit)	

Only the first five grades have an impact on a student's GPA. Yet, during the spring quarter of 1980, these five grades accounted for only 52.8 percent of all grades assigned. The remainder were nonpunitive grades.

A student at the above-mentioned school had received over $4,200 in Federal aid over four quarters. During this time, the student attempted 15 courses, earning only 18 credit hours (the equivalent of one full quarter's work). Only five courses were assigned grades which were used in computing the GPA. The student received nonpunitive grades for the other 10 courses, including 1 "G," 2 "Z's," 1 "Y," 1 "V," and 5 "W's." Another student, who received about $1,200 in aid over five quarters, earned only five credit hours--two in karate and three in typing. She received nonpunitive grades for 10 courses (32 hours), including 4 "I's," 2 "W's," 3 "V's," and 1 "Y."

Another school had a similar policy on nonpunitive grades. During the fall quarter of 1979, more than 40 percent of the grades issued had no effect on GPAs. More than 10 percent of all grades assigned were "X" grades (or unofficial withdrawals), which represent students who simply stopped attending classes.

The two schools required students to maintain a 2.0 GPA, one of the highest standards among the schools we visited. The standards were not always an accurate measurement of a student's progress, however, because of the grades not included in computing the GPA.

We did not find problems with excessive nonpunitive grades among VA students. This is probably because VA will not pay for courses for which such grades are received. For example, VA will not pay for any course from which the student withdrew after a reasonable (not to exceed 30 days) drop-add period. Incomplete grades must be made up within a year. Courses for which the

student received a nonpunitive grade or which did not count toward graduation are not eligible for VA benefits. A VA official said the policy on withdrawals was an extremely valuable aspect of the agency's requirements, since students are encouraged to complete all courses in which they enroll.

Rate of progress toward educational goals

The concept of satisfactory academic progress should include the principle that a student should make quantitative as well as qualitative progress. That is, the student should be moving toward some definite educational goal at a reasonable rate. We found that school standards do not always include adequate quantitative measures and that many students are not making reasonable progress toward definite goals.

The concern that a student should make quantitative progress has been an inherent part of each of the Federal programs in our review. The SSA program will not provide aid to a student beyond the age of 21, for example, thereby encouraging the student to complete his or her schooling in about 4 years. Until the 1981-82 school year, a student could receive Pell Grants for the maximum equivalent of 4 years' full-time enrollment. There is no longer a limit on the length of time a student may receive Pell Grants. VA requires that a student pursue courses within a specified program and limits benefits to a maximum of 48 months.

While all of these restrictions were not specifically defined as academic progress requirements, they did let the student know there was a limit to the amount of time that he or she could take to pursue educational goals. ED has pointed to the need for quantitative requirements, noting in its Student Aid Handbook provided to institutions that they should set satisfactory progress standards which consider the "normal time frame for completing the course of study." However, ED has not required schools to set standards for the rate at which a student should progress.

VA has also shown concern that students were not progressing at a reasonable rate. This led to an October 1976 change to the law which essentially stipulated that students could not fall behind more than one term in their studies. This requirement was difficult to administer and, in some cases, led to termination of benefits for students with high grades. Thus, in October 1980 the requirement was removed from the law in favor of the schools' own standards. However, VA does not require schools to establish their own standards for the rate of student progress.

Only 10 of the 20 schools visited had specific requirements for quantitative academic progress. These requirements varied widely. For example:

--A public community college required students to complete half the courses attempted each term. A private university had this same requirement on an annual basis.

--A private, 4-year college required students to complete 24 hours in two terms or 36 hours in three terms.

--Three public institutions required students to complete 12 hours per term.

--A public university limited underclasspersons to 7 quarters of financial aid and all students to 14 quarters of aid.

The absence of quantitative academic progress standards can lead to students remaining in school and on financial aid for a long time, particularly under the Pell Grant program where there is now no limitation on the number of school terms for which financial aid can be provided.

We noted numerous instances where students appeared to be making slow progress toward their educational goals. The following examples were identified during our review of student transcripts at the schools visited.

--A student had been enrolled at a public university for 5 years (14 quarters) receiving 12 Pell Grants totaling more than $4,200. To have received these grants, he would have had to enroll for at least 144 credit hours. His transcripts showed only 63 credit hours earned, making him a second quarter sophomore. He had apparently withdrawn unofficially from a large number of courses by not going to class.

--A student at a private, 4-year college received $11,645 in ED aid over a 3-year period. During the six semesters in school, she earned a total of 14 credit hours with a 0.62 GPA. While she received full-time Pell Grants for each term, she completed 12 hours in only one term because of extensive withdrawals.

--A student at a public community college received $938 in Pell Grants for two semesters, during which he earned only 3 of the 27 credit hours attempted. Since the school's standard does not allow dismissal until after 30 hours are attempted, the student received a Pell Grant of $327 for a third semester.

At the schools visited a student must average 15 to 16 credit hours per quarter or semester to graduate within 4 years. However, full-time enrollment at each school and under the ED and VA programs was 12 credit hours. Thus, a student could be a full-time

student in good standing with a high GPA for 4 full years and still fall three semesters or four quarters short of graduation requirements.

To determine the potential effect of low quantitative requirements, we compared terms in school completed to terms of full-time aid received by Pell Grant recipients in our samples. Assuming that a student should earn 15 hours per term to graduate within 4 years, the following tables show the percentage of students on aid who were not making sufficient progress toward graduation.

Terms behind	Percent of students on financial aid	
	Semester schools	Quarter schools
Less than 1	35.9	27.6
1 but less than 2	17.3	17.9
2 " " " 3	4.6	7.0
3 " " " 4	2.1	2.7
4 or more	1.6	1.1
Total	61.5	56.3

These statistics show that less than half the students in our samples were progressing at a rate to graduate within 4 academic years. The figures include many students at the freshman and sophomore levels. We found some students who had been in school up to 8 academic years. Many students made no apparent attempt to complete a program within 4 years, often enrolling for only 12 hours or withdrawing to 12 hours or less at some point during the term.

Other factors affecting academic progress

VA requires recipients to identify a program of study and to enroll in courses that will lead to the successful completion of that program. There is no such requirement in the ED and SSA programs. At the schools visited, we noted numerous instances of students who were taking courses that had little relationship to the completion of a definite program, as shown in the following examples.

--A student at a public community college received an associate degree in nursing in December 1979, having received more than $5,000 in ED aid while pursuing this course of study. After receiving the degree, the student remained in school for two more quarters, receiving an additional $2,003 in ED aid. Most of the courses taken during these two quarters appear to be of general interest, including classes in automotive electric systems, automotive chassis, architecture construction, beginning snow skiing, beginning yoga, and archery.

--A student at a 4-year public university received more than $4,200 in ED aid over 5 years. During the seven semesters he was on aid, he received 4 "F's," 11 "D's," and 8 "W's." By using withdrawals liberally and taking many physical education activity courses, however, he was able to maintain a GPA near 2.0. The courses he took were wide ranging and he eventually obtained a degree in social sciences, a general curriculum. Some of the courses in which he received his better grades were independent study courses entitled "Sexuality and the Male Athlete" and "Behavior of the Christian vs. Non-Christian Child." He took 13 physical education activity courses, including "Coed Billiards," "Coed Bowling," "Advanced Weight Training," and "Coed Jogging." According to the school standards, he was not eligible to graduate because he had too many credits in physical education. The school waived this requirement and approved his application for graduation.

--Over a period of 14 quarters, a student received $3,827 in ED aid while attending a 2-year public college. The student enrolled for 169 credit hours (the graduation requirement was 95 credit hours earned), and she earned 62 hours with a 2.21 GPA. During the 14th quarter (the 5th year in school), she enrolled for developmental courses in "Fundamentals of Reading," "Fundamentals of English," and "Math Essentials." She had already received satisfactory grades in two of these courses during her first quarter at the school.

--A student attended a public community college for five quarters, receiving Pell Grants totaling $574 for three of these quarters. During the five quarters, he took the same physical education course 28 times (18 while receiving aid). Twenty-four of the 28 classes were disco/modern jazz dance. Three other classes were ballet and tap dance and the fourth was fencing. He enrolled for a total of 49 credit hours while at the school. None of these were in core courses, such as English or science, required in any program of study at the school. The remaining hours were in other physical education courses and performing arts.

STANDARDS ARE NOT ENFORCED

An academic progress standard is only as good as its enforcement. There is no benefit to setting qualitative and quantitative standards if an institution does not enforce them. We found, however, that some schools are doing just that.

Eight of the 20 schools visited were not fully enforcing their published standards for ED programs. Five of these had major enforcement inadequacies. At each of these institutions,

we determined the point at which students in our sample should have been denied financial aid according to the schools' standards and identified all subsequent aid received through the fall term of 1980. We then projected these amounts to the universe of students receiving aid at the schools to estimate total overpayments. We estimate that the five schools had made overpayments of about $1.28 million, as shown in the following table.

Institution (type/support)	Students receiving Pell Grants	Percent of students on which standards were not enforced	Projected overpayments
4 year/private	1,135	17.6	$ 432,400
4 year/public	1,170	11.2	105,700
2 year/public	1,195	8.2	69,800
4 year/public	439	12.5	79,700
2 year/public	2,645	13.8	590,500
Total			$1,278,100

Two of the schools identified as having substantial enforcement problems had made frequent use of waivers in cases where students should have otherwise been denied financial aid. While waivers may occasionally be warranted under extenuating circumstances, their extensive use can negate the effectiveness of academic progress standards. The use of waivers at each of these schools was so great that we concluded that the schools were not enforcing their academic progress standards.

Three other schools failed to enforce their ED program standards in a limited number of cases. While we did not project overpayments at these schools, we found that the published standards were not applied for 2.7 percent of the students in our samples.

The nonenforcement of published standards for ED financial aid recipients led to numerous cases where students received aid far beyond what they should have. The following examples were taken from our samples of student transcripts at schools which did not enforce their standards.

--A student at a private, 4-year college received $15,587 in ED aid over a 5-year period (10 semesters), earning 65 semester hours with a 1.35 cumulative GPA. During the 5 years, the student's cumulative GPA was above 1.5 in only two terms. At the end of the second year, the student's GPA was 1.58, and during the last 2 years, the student passed only one course. The school's academic progress standard, which required a student to have a 2.0 GPA by the end of the second year, should have resulted in termination of financial aid after 2 years, saving $9,136.

--A student at a public 4-year college received $3,482 in ED aid over five quarters, with quarterly GPAs of 1.87, 1.38, 1.56, 1.47, and 1.37. She completed 47 credit hours before being dismissed at the end of the fifth quarter. According to the school's standard, she should have been dismissed after the fourth quarter because she had neither a 1.6 cumulative GPA or a 2.0 quarterly GPA; however, she was given a waiver to continue. The savings that would have resulted from her not receiving financial aid for the fifth quarter were not readily determinable from school records.

--A student at a public community college had earned only 30 of 64 credit hours attempted over a period of five quarters, with a 1.94 cumulative GPA. During her second quarter, she passed none of the courses attempted. Since the school required a 2.0 quarterly average, she should have been denied financial aid after this point. The school did not enforce its standard, however, resulting in payments of $2,530 which could have been avoided.

--A student received $12,964 in ED aid over a 5-year period at two campuses of the same community college. During the first 3 years, when the student received $7,040 in aid, he was placed on probation twice and failed to meet probation requirements each time, yet he continued in school and received financial aid. After the third year, he enrolled at another campus of the same college. After 1 year, during which he received another $2,971 in ED aid, he was dismissed for unsatisfactory academic progress. He was then readmitted to the main campus for the next year, even though the school had been notified of the dismissal for poor performance. He received an additional $2,953 in aid for the fifth year. For the 12 quarters at the main campus, the student completed 80 credit hours (about 1-2/3 years) with a 2.33 GPA. However, the GPA did not reflect that the student received 1 "Y" (ongoing program), 4 "I's" (incompletes), 1 "G" (credit granted), 2 "Z's" (noncredit), and 12 "W's" (withdrawals) because these grades were not used in computing the average.

Four of the 20 schools visited had not enforced academic progress standards for VA aid recipients. Three of these were also among the group which did not enforce standards for ED aid recipients. We did not develop information on VA overpayments because VA aid is paid directly to the students and the institutions did not have information on how much aid the students received. The following table shows the percentage of students on which the standards were not enforced.

Institution (type/support)	Students receiving VA benefits	Percent of students on which standards were not enforced
4 year/private	46	17.4
2 year/public	263	15.3
4 year/public	119	11.8
2 year/public	150	10.5

The following examples are of VA students for which academic progress standards were not enforced.

--A student at a public, 4-year college was dismissed for academic deficiencies on five separate occasions, but was given a waiver to continue each time. At the end of 11 quarters, he had earned only 113 of 143 credit hours attempted with a 1.48 cumulative GPA. According to the school standard, he should have had a 1.8 GPA to remain in school.

--A student at a public community college earned 32 of 127 credit hours attempted over an 8-quarter period, with a 1.22 cumulative GPA. He should have been dismissed after the fourth quarter, when he had attempted 65 credit hours and had a 1.06 cumulative GPA. The school standard requires a 1.8 GPA at this point.

--A student at another public community college was enrolled for eight quarters, with a 1.1 cumulative GPA. He should have been dismissed at the end of the third quarter when his cumulative GPA was 1.0. The school standard at this point was a 1.7 cumulative GPA.

There is no requirement for maintaining satisfactory academic progress under the SSA program.

CHAPTER 3

CONCLUSIONS AND RECOMMENDATIONS

The Federal Government has an interest in helping its citizens obtain education and training beyond the high school level and provides billions of dollars in student financial aid each year. In return for Federal assistance, a student should demonstrate the ability to reach educational objectives within a reasonable amount of time. Insuring that only students making "satisfactory progress" continue to receive financial aid is the joint responsibility of the agency administering the aid program and the institution the student is attending.

Many students attending school with Federal financial aid are not making satisfactory academic progress. In some cases, this results from the failure of institutions to enforce their published standards and terminate students from financial aid. In other cases, however, the standards themselves allow students to remain eligible without making reasonable progress.

It seems to us that Federal agencies providing student financial aid should have consistent requirements for academic progress. While each program has its own focus and target population, the overall objective--to insure access to a postsecondary education--is the same. Yet, students receiving financial aid under different Federal programs may sit in the same classroom and be subject to different standards of academic progress.

VA requires each participating institution to have VA-approved standards of progress and to enforce certain requirements set by law and regulation. GPA standards, for example, must bear a reasonable relationship to graduation requirements. Also, VA will not pay a student for courses outside an approved program of study, from which he or she withdrew, or which do not count toward graduation. However, VA does not require institutions to establish standards concerning the rate at which a student should progress.

The requirements for ED programs essentially leave the determination of academic progress to the institutions. While each school must establish, publish, and enforce a standard, there are no requirements on what the standard must include. Thus, the institutions have great leeway in setting standards. This has resulted in significant differences in the standards established by various schools. ED officials say that ED has no statutory authority to question the adequacy of an institution's standards.

To remain eligible for SSA benefits, a student must be enrolled full time, as certified by the school. However, there is no statutory requirement for satisfactory academic progress for an SSA recipient.

Weak and nonspecific Federal requirements have led to abuse of the student financial aid programs, particularly those administered by ED and SSA. At the schools visited, we found students often had GPAs far below graduation requirements, were progressing toward completion of a program at a slow rate, and received aid for courses which did not count toward graduation. Some schools were applying their standards at the end of the school year instead of at the end of each grading period. In general, inadequate requirements and probation/suspension policies allowed many students to stay in school and receive financial aid far beyond the point they stopped making satisfactory academic progress.

Academic progress is a critical issue for the Pell Grant program. At one time, a student could receive these grants for only 4 years. A student can now receive Pell Grants for as long as it takes to get an undergraduate degree. If academic progress standards are not set at reasonable levels and adequately enforced, a student could receive financial aid for years beyond a reasonable time to complete a program. At the schools visited, some students had been in school up to 8 academic years.

A uniform Federal policy is needed regarding satisfactory academic progress for students receiving financial assistance. VA standards set by the existing legislation and regulations are generally adequate, although there is a need for some standard for the rate at which a student is progressing. ED and SSA requirements should be essentially the same as those set by VA. This would require changes to both the authorizing legislation and program regulations.

These changes would accomplish the following objectives:

--Tighter standards would save Federal funds now being awarded to students not making satisfactory academic progress.

--Schools would encounter fewer differences in the requirements for administering the three agencies' programs.

--Federal agencies would be able to better coordinate their efforts in setting requirements and monitoring their enforcement.

Also students might be encouraged to enroll in programs which are more suited to their abilities and which they are more likely to complete.

RECOMMENDATIONS TO THE CONGRESS

In a previous report (see p. 7), we recommended that SSA student benefits for postsecondary students be discontinued. The Congress has provided for the discontinuance of these benefits in the Omnibus Budget Reconciliation Act of 1981. Since the program will be phased out over a 4-year period, however, we believe there is a need for academic progress requirements for students who continue to receive SSA benefits. Therefore, we recommend that the Congress amend the Social Security Act to require students receiving postsecondary education benefits to maintain satisfactory progress in the course of study pursued, according to the standards and practices of the school attended.

To implement this, we propose that section 202(d) of the Social Security Act be amended by adding paragraph (10)(A) at the end thereof:

> "(10)(A) Any individual who (1) has attained the age of 18, (2) is not under a disability (as defined in section 223(d) of such Act), and (3) is entitled to a child's insurance benefit under section 202(d) and section 2210(c) of Public Law 97-35; shall be entitled to receive payments only if that student is maintaining satisfactory progress in the course of study he is pursuing, according to the standards and practices of the institution at which the student is in attendance.

We also recommend that the Congress amend the Social Security Act and the Higher Education Act of 1965 to authorize HHS and ED to issue regulations setting forth general requirements for institutions of higher education to follow in establishing academic progress standards.

HHS could effect these changes by adding subparagraph (B) to 202(d)(10):

> "(B) The Secretary may by regulation set forth general requirements for institutions of higher education to follow in establishing academic progress standards provided in 202(d)(10)(A)."

To implement the recommendation to authorize the Secretary of Education to issue regulations pursuant to subsection 497(e) of the Education Amendments of 1976, Pub. L. 94-482, Title I, section 132, we propose the following language amending subsection 497A(a) of the Higher Education Act of 1965 by adding at the end thereof clause (5):

"(5) general requirements for institutions of higher education to follow in establishing academic progress standards."

RECOMMENDATION TO THE SECRETARY OF ED AND THE SECRETARY OF HHS

If the Congress amends the legislation as we recommend, the Secretaries should issue regulations setting forth general requirements that institutions must meet in establishing academic progress standards for postsecondary students receiving ED and SSA financial aid. These regulations should specify that an institution establish, publish, and enforce academic progress standards for students receiving aid, subject to the agencies' review and approval. While the regulations should allow each institution discretion in setting its own standard, the school's standard should provide for

--a reasonable relationship between the minimum proficiency levels or GPAs required and the requirements for graduation or program completion;

--movement toward graduation or program completion at a reasonable rate;

--limitations on excessive withdrawals, repeated courses, courses for which nonpunitive grades are assigned, and courses that do not count toward graduation or completion of a program; and

--application of the standard on a timely basis, preferably at the end of a grading period.

The school should also be required to show (1) how the academic progress standard relates to the school's probation/suspension policies and (2) what a student has to do to have financial aid reinstated.

RECOMMENDATION TO THE ADMINISTRATOR OF VA

We recommend that the Administrator issue regulations, supplementing those now in effect, to require institutions of higher education to include provisions in their academic progress standards which would require students to move toward graduation or program completion at a reasonable rate.

RECOMMENDATION TO THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

We recommend that the Director ensure that ED, SSA, and VA coordinate their efforts in setting and enforcing requirements for

academic progress standards under student financial aid programs, in an effort to improve administration at both the Federal and institution levels.

AGENCY COMMENTS AND OUR EVALUATION

HHS and the Office of Management and Budget generally agreed with our recommendations (see apps. VI and VIII). HHS questioned, however, the usefulness of implementing standards for its program, which is being phased out. VA did not agree with our recommendation, claiming it would be unworkable and an administrative burden. (See app. VII.) ED was given the opportunity to provide comments on a draft of this report, and it had not done so when the 30-day statutory comment period expired.

HHS agreed with the concept that academic progress standards were needed in the SSA student benefits program, but questioned the use of such an addition when the program is being scaled down and phased out over the next 4 years. The agency noted that the administrative costs of establishing and carrying out a system of monitoring academic progress may make the change not worthwhile.

While we realize that SSA benefits for postsecondary students are to be phased out, the annual funding level was $1.8 billion in fiscal year 1981 and will probably remain at significantly high levels throughout the phaseout. Also, a number of students who would otherwise be terminated could continue to receive aid for the next 4 years. We believe it would be in the best interests of the Government to place academic progress standards on this program while it is being phased out and instruct the schools to enforce them.

VA did not concur with our recommendation that institutions be required to establish standards on the rate at which a student should progress. The basis for this response was that VA had previously been required by law to set a specific standard for the rate of progress toward program completion. VA stated that this had proved to be unworkable and an administrative burden. The requirement was subsequently dropped from the law in favor of a school's own standard.

While we understand VA's concerns in this area, we do not believe the implementation of our recommendation would lead to administrative problems nor be contrary to the intent of the Congress. We are not recommending that VA establish a single quantitative standard, as it did before, but rather require each school to set its own standard for rate of completion as a portion of its overall academic progress requirements. This would allow each school to set an enforceable standard tailored to its own programs. In essence, this is what VA now requires a school to do in setting

GPA standards. Each school may establish its own standards, but these standards must be reasonable and enforced uniformly and consistently.

The Office of Management and Budget shared our concern for the absence of more stringent academic progress standards and said that it was working with the agencies in question to insure adequate enforcement of existing laws and regulations. Also, the Office of Management and Budget noted that while it believed in tightening program administration, "uniform standards run the risk of imposing severe and unnecessary reporting and record-keeping burdens on institutions of higher education." Thus, care must be taken in coordinating the requirements for student assistance.

APPENDIX I

INSTITUTIONS VISITED DURING REVIEW

4-year public

Alabama State University, Montgomery, Alabama.
Boise State University, Boise, Idaho.
Lewis-Clark State College, Lewiston, Idaho.
Northern Kentucky University, Highland Heights, Kentucky.
Southern Illinois University, Edwardsville, Illinois.
University of Florida, Gainesville, Florida.
West Georgia College, Carrollton, Georgia.

4-year private

McKendree College, Lebanon, Illinois.
Morris Brown College, Atlanta, Georgia.
Webster College, Webster Groves, Missouri.
Xavier University, Cincinnati, Ohio.

2-year public

Atlanta Junior College, Atlanta, Georgia.
Miami-Dade Community College, Miami, Florida.
Portland Community College, Portland, Oregon.
Seattle Central Community College, Seattle, Washington.
Sinclair Community College, Dayton, Ohio.
State Community College, East St. Louis, Illinois.

2-year private

Anderson College, Anderson, South Carolina.

Vocational/public

Indiana Vocational Technical College, Columbus, Indiana.

Proprietary

DeVry Institute of Technology, Atlanta, Georgia.

APPENDIX II

DESCRIPTION OF STUDENT AID PROGRAMS IN OUR REVIEW

Agency/program	Description	Appropriations Fiscal year 1980	Appropriations Fiscal year 1981
		(millions)	
Education:			
Pell Grants	Grant program providing the foundation of financial aid for needy undergraduate students. Grants range from $150 to $1,750 a year depending on school costs and family income.	$1,718	(a)
Supplemental Educational Opportunity Grants	Campus-based grant program for undergraduate students with exceptional need. Grants range from $200 to $2,000 a year.	370	b/$370
National Direct Student Loans	Campus-based program providing 4-percent loans to needy undergraduate and graduate students. Maximum loans may not exceed $6,000 for undergraduates and $12,000 for graduates (including amounts borrowed as undergraduates).	286	b/186
College Work Study Program	Campus-based program providing employment designed to help needy students meet the cost of education. Federal/school cost sharing is on an 80/20 basis. Students receive at least minimum wage for work on campus or with approved organizations.	550	b/550

APPENDIX II

Agency/program	Description	Appropriations: Fiscal year 1980	Appropriations: Fiscal year 1981
		(millions)	
Veterans Administration:	Programs providing benefits for the education, training, and rehabilitation of post-Korean and post-Vietnam era veterans. Benefits are also available to eligible dependents of veterans who (1) died or were disabled from service-connected causes or (2) were captured or missing in action. Regular benefit recipients are also eligible for loans, work-study, and tutorial assistance.	$2,262	b/$1,966
Social Security Administration:	Program providing education benefits for the children of qualified contributors. The recipient must be a full-time, unmarried student and is eligible for benefits through the completion of the term in school during which he reaches the age of 22.	1,600	1,840

a/Data are not yet available.

b/Budget request.

APPENDIX III

ANALYSIS OF GPAs OF RANDOMLY SELECTED STUDENTS AT SCHOOLS VISITED (note a)

PELL GRANT RECIPIENTS

School	Number of recipients	Lowest cumulative GPA during academic year (percent of students sampled) Less than 2.0	Less than 1.9	Less than 1.8	Less than 1.7	Less than 1.6	Less than 1.5
1	2,787	26.7	24.1	20.9	20.3	17.6	15.5
2	11,214	17.9	16.9	16.4	13.8	11.3	9.2
3	1,170	46.5	40.0	34.7	28.8	24.1	17.6
4	599	24.2	22.1	14.8	10.7	8.1	6.7
5	1,205	22.8	20.5	17.5	15.8	14.0	10.5
6	315	11.4	10.6	5.7	5.7	4.9	4.9
7	1,195	17.6	15.3	14.1	12.9	11.2	9.4
8	2,714	22.4	20.8	19.7	18.0	16.9	15.8
9	405	3.8	1.5	1.5	1.5	.8	0.0
10	621	14.7	13.3	12.0	6.0	4.7	4.0
11	439	13.2	10.3	8.1	6.6	5.1	3.7
12	1,846	11.9	9.1	6.3	5.7	4.5	4.5
13	609	38.4	35.8	32.5	25.8	23.2	19.9
14	6,583	16.8	14.1	10.5	8.4	6.8	5.8
15	2,645	12.7	12.7	11.6	9.9	8.8	7.7
16	3,089	20.2	16.7	15.2	14.1	9.6	7.1
17	1,135	41.9	38.5	33.8	30.4	28.4	22.3
18	439	13.4	12.4	10.3	10.3	8.2	7.2
19	376	10.0	10.0	5.0	3.0	3.0	3.0
Total	39,386	b/19.9	b/17.8	b/15.7	b/13.6	b/11.4	b/9.5

a/One of the 20 schools visited did not compute GPAs for students and is not included in this table.

b/Weighted average.

ANALYSIS OF GPAs OF RANDOMLY SELECTED STUDENTS AT SCHOOLS VISITED (note a)

VA BENEFIT RECIPIENTS

School	Number of recipients	Lowest cumulative GPA during academic year (percent of students sampled) Less than 2.0	Less than 1.9	Less than 1.8	Less than 1.7	Less than 1.6	Less than 1.5
1	618	10.6	9.3	5.3	4.6	4.0	2.0
2	627	9.3	6.6	5.3	4.6	3.3	1.3
3	217	20.0	17.1	11.4	9.5	9.5	7.6
4	22	40.9	40.9	36.4	27.3	27.3	22.7
5	381	20.3	18.0	14.3	12.8	12.0	9.0
6	41	0.0	0.0	0.0	0.0	0.0	0.0
7	410	12.3	9.2	7.7	7.7	7.7	6.2
8	927	11.5	8.5	6.7	6.1	4.2	1.8
9	234	7.5	5.6	2.8	2.8	2.8	1.9
10	112	11.3	8.5	7.0	4.2	2.8	2.8
11	119	10.1	8.4	6.7	6.7	4.2	4.2
12	1,118	12.8	11.0	7.3	5.5	4.9	3.7
13	150	27.9	26.7	23.3	18.6	16.3	11.6
14	1,294	12.4	10.1	9.0	5.6	3.4	2.8
15	1,231	6.4	5.8	5.8	4.1	3.5	2.3
16	236	17.4	13.0	13.0	8.7	0.0	0.0
17	46	39.1	32.6	26.1	19.6	13.0	13.0
18	236	26.1	19.3	17.0	14.8	12.5	9.1
Total	8,019	b/12.4	b/10.2	b/8.2	b/6.4	b/5.0	b/3.5

a/VA samples were not taken for 2 of the 20 schools visited because student GPA data were not available at one school and our visit to the second school was made in the early stages of our work when only general data on the school's academic progress standard were being collected.

b/Weighted average.

APPENDIX V

ANALYSIS OF GPAs OF RANDOMLY SELECTED STUDENTS AT SCHOOLS VISITED

(note a) SSA BENEFIT RECIPIENTS

School	Number of recipients	Lowest cumulative GPA during academic year (percent of students sampled) Less than 2.0	Less than 1.9	Less than 1.8	Less than 1.7	Less than 1.6	Less than 1.5
1	458	29.4	27.9	23.5	18.4	17.6	13.2
2	98	36.9	35.4	29.2	21.5	16.9	15.4
3	190	13.3	11.2	8.2	6.1	5.1	5.1
4	16	6.3	6.3	0.0	0.0	0.0	0.0
5	133	12.8	12.8	11.5	10.3	9.0	9.0
6	80	21.3	20.0	15.0	15.0	13.8	12.5
7	160	9.3	7.0	4.7	4.7	4.7	2.3
8	96	11.5	9.8	8.2	6.6	3.3	1.6
9	368	18.5	18.5	17.7	12.9	12.1	12.1
10	201	47.5	42.4	34.3	27.3	23.2	20.2
11	45	11.1	8.9	6.7	4.4	4.4	4.4
Total	1,845	b/23.1	b/21.5	b/18.0	b/14.1	b/12.7	b/10.8

a/SSA samples were not taken at 9 of the 20 schools visited because of difficulty in determining recipients or because the school did not compute GPAs.

b/Weighted average.

APPENDIX VI

THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

16 SEP 1981

Mr. Gregory J. Ahart
Director, Human Resources
Division
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary asked that I respond to your request for our comments on your draft report entitled, "Students Receiving Federal Aid Are Not Making Satisfactory Academic Progress: Tougher Standards Are Needed." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,

Richard P. Kusserow
Inspector General

Enclosure

APPENDIX VI

COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE GAO DRAFT REPORT ENTITLED "STUDENTS RECEIVING FEDERAL AID ARE NOT MAKING SATISFACTORY ACADEMIC PROGRESS: TOUGHER STANDARDS ARE NEEDED"

GAO Recommendation to the Secretary of Education and the Secretary of Health and Human Services

If the Congress amends the Social Security Act to require post-secondary students to maintain satisfactory progress--as GAO recommends--then GAO also recommends the issuance of regulations setting forth general requirements institutions must meet in establishing academic progress standards for postsecondary students receiving ED and SSA financial aid. These regulations should specify that an institution establish, publish, and enforce academic progress standards for students receiving aid, subject to the agencies' review and approval. While the regulations should allow each institution discretion in setting its own standard, the schools' standards should provide for

--a reasonable relationship between the minimum proficiency levels or grade point averages required and the requirements for graduation or program completion;

--movement toward graduation or program completion at a reasonable rate;

--limitations on excessive withdrawals, repeated courses, courses for which nonpunitive grades are assigned, and courses that do not count toward graduation or completion of a program; and

--application of the standard on a timely basis, preferably at the end of a grading period.

The school should also be required to show (1) how the academic progress standard relates to the school's probation/suspension policies and (2) what a student has to do to have financial aid reinstated.

Department Comment

We agree in principle that the student benefit program should require academic progress standards and--if Congress enacts the enabling legislation GAO is recommending--we will implement them along the lines GAO suggests. From a practical standpoint, however, we think the utility of such a change has to be looked at carefully. The Omnibus Budget Reconciliation Act of 1981 phases out Social Security benefits to postsecondary students over the next 4 school years and reduces each student's benefit by 25 percent in 1982, 1983 and 1984. Also, postsecondary students will not receive cost-of-living benefit adjustments

APPENDIX VI

during the phase-out period. Because of the rapidly declining number of Social Security student beneficiaries and the reductions in benefit amounts over the next 3 1/2 years, the administrative costs of establishing and carrying out a system of monitoring academic progress may make the change not worthwhile.

Other Matters

The draft report is misleading about an important aspect of the Social Security student benefit program. The draft suggests in several places that the absence of academic progress standards is a matter of administrative laxity, rather than a matter of law. For example, the Digest of the report states on page ii that "SSA has no requirement that a student make satisfactory academic progress." The report should make it clear that it is the Social Security Act--not the Social Security Administration--that does not provide for academic progress standards.

Office of the
Administrator
of Veterans Affairs

Washington, D.C. 20420

Veterans Administration

SEPTEMBER 18 1981

Mr. Gregory J. Ahart
Director, Human Resources Division
U. S. General Accounting Office
Washington, DC 20548

Dear Mr. Ahart:

The August 17, 1981 General Accounting Office draft report, "Students Receiving Federal Aid Are Not Making Satisfactory Academic Progress: Tougher Standards Are Needed," has been reviewed. I cannot concur in the recommendation that I issue regulations requiring higher education institutions to provide standards requiring students to graduate or complete a program at a reasonable rate.

A provision in section 1674 of title 38, United States Code, enacted by Public Law No. 94-502, required a veteran to progress "at a rate that will permit such veteran to graduate within the approved length of the course based on the training time as certified by the Veterans' Administration," unless the VA found mitigating circumstances.

Because the VA and the schools experienced difficulty in administering this provision, the Congress amended title 38 effective February 1, 1978. Public Law 95-202 provided that a student's progress would remain satisfactory if it permitted graduation within any other length of time, exceeding the approved length of the course, that the VA found reasonable. It also provided that implementation of all Public Law 94-502 unsatisfactory progress provisions for accredited schools would be suspended pending completion of a congressionally mandated study on satisfactory progress.

Section 305(b)(2)(B) of Public Law 95-202 required a VA study of the statutory standards of progress requirements. The results of the study are contained in a report to the Congress entitled, "Progress or Abuse--A Choice." (House Committee on Veterans' Affairs Print No. 170, 95th Congress; Senate Committee on Veterans' Affairs Print No. 30, 95th Congress) This study concluded that the standards of progress then enforced by most accredited colleges and universities, together with the other provisions of law, were generally sufficient to avoid abuse.

Public Law No. 96-466, dated October 17, 1980, repealed the requirement for a progress standard based on a completion rate. As the VA indicated in its report to the Congress on the legislation which ultimately became Public Law No. 96-466 (Senate Report No. 96-314, page 99):

> "Title I would further repeal a provision of current law (38 U.S.C. 1674) linking satisfactory progress with course completion time. This was added to the law by Public Law

APPENDIX VII

94-502, but has proved to be unworkable. It has imposed administrative burdens on the schools, led to some anomalous and often unjust results for students, and has been a great source of friction between the Veterans' Administration and the collegiate educational community."

This Senate Report (pages 77-78) also sets forth the position of the Senate Committee on Veterans' Affairs, recommending adoption of VA's proposal which was subsequently enacted in Public Law 96-466. I believe that issuing regulations such as GAO proposes would abrogate the Congress' intent that the matter be left to the discretion of the schools.

I have no objection to the adoption of legislation strengthening the Department of Education and the Social Security Administration rules, as suggested by GAO, as long as the VA's present authority to enforce its standards is not diminished in the process.

Sincerely,

ROBERT P. NIMMO
Administrator

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

SEP 23 1981

Mr. William J. Anderson
Director
General Government Division
General Accounting Office
Washington, D.C. 20548

Dear Mr. Anderson:

I am writing to you in response to your request for comments on the draft GAO report entitled, "Students Receiving Federal Aid Are Not Making Satisfactory Progress: Tougher Standards Are Needed."

The Office of Management and Budget shares your agency's concern for the absence of more stringent requirements in student aid programs. Student assistance programs account for a substantial investment of Federal funds, at a time when the available level of Federal resources is severely constrained. It is the general policy of this Administration to support actions that encourage the most efficient and effective use of those limited resources.

With regard to the specific findings in your agency's report, OMB staff are working with the agencies in question, to ensure adequate enforcement of existing laws and regulations. The Congress has accepted our recommendation to eliminate Social Security payments to adult students.

As your report indicates, the Department of Education does not believe it has the authority under existing law to promulgate regulations tying receipt of student assistance directly to some measure of academic performance. In 1980, the Congress rejected an Administration attempt to amend the Higher Education Act in that manner. Congress did charge the National Commission on Student Financial Assistance to study the matter and issue a report on it. [Public Law 96-374, section 491(c)(5).]

As your report indicates, the standards used by the Veterans Administration cannot be applied by either the Department of Education or the Social Security Administration without changes to existing law.. Although we at OMB believe in tightening the administration of Federal programs, care must be taken in coordinating the requirements for student assistance. Uniform standards run the risk of imposing severe and unnecessary reporting and record-keeping burdens on institutions of higher education.

We will continue to work with the agencies responsible for the student assistance programs to strengthen the administration of those programs.

Sincerely,

Edwin L. Harper
Deputy Director

(104512)

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