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## **DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **Health Resources and Services Administration**

#### **Proposed Changes to the Scholarships for Disadvantaged Students Program**

**AGENCY:** Health Resources and Services Administration (HRSA), Department of Health and Human Services (HHS).

**ACTION:** Notice.

**SUMMARY:** On May 22, 2019, HRSA published a 30-day notice in the **Federal Register** soliciting feedback on a range of issues pertaining to the Scholarships for Disadvantaged Students (SDS) Program to assist the agency in updating certain SDS policies. HRSA requested feedback on adjusting funding allocations to respond to projected workforce shortages, transitioning data collection from 1 year of data to a 3-year average to demonstrate eligibility, and increasing the maximum scholarship award from \$30,000 to \$40,000. As a result of HRSA's comprehensive review of existing policies, and taking into consideration the comments received, HRSA is issuing this final notice.

**ADDRESSES:** Further information on SDS Program is available at <https://bhw.hrsa.gov/loansscholarships/schoolbasedloans/sds>.

**FOR FURTHER INFORMATION CONTACT:** Denise Sorrell, SDS Project Officer, Division of Health Careers and Financial Support, Bureau of Health Workforce, HRSA, 5600 Fishers Lane, Room 15N78, Rockville, Maryland 20857, phone (301) 443-2909, or email [SDSProgram@HRSA.gov](mailto:SDSProgram@HRSA.gov).

**SUPPLEMENTARY INFORMATION:** SDS Program is authorized by Public Health Service Act (PHS Act) section 737 and administered by HRSA. On May 22, 2019, through a **Federal**

**Register** Notice (Volume 84, Number 99, pp. 23571-23572), HRSA solicited input on proposed SDS policy changes. HRSA received comments on the proposed funding allocation and 3-year data requirement in response to the solicitation for feedback.

**Comments on the Proposed Changes to the SDS Program:**

HRSA received four comments from two nursing associations, one physician assistant association, and one primary care physician assistant program.

**FUNDING ALLOCATION**

*Summary of Comments*

Commenters provided a variety of input on funding allocations among health profession disciplines. One commenter suggested that funding allocated to schools of nursing should be reduced or eliminated. Others expressed concerns that reductions in funding to schools of nursing would reduce opportunities for associate and bachelor's degree nurses, reduce funding to registered nurses (RNs) to Bachelor of Science in Nursing degree programs, and negatively affect nursing shortages. Additionally, one commenter expressed concern that awarding funding based on projected shortages could be less effective in placing SDS graduates in underserved communities.

*Response*

Section 740(a) of the PHS Act requires that schools of nursing receive at least 16 percent of SDS funding. The SDS program may fund students pursuing a broad range of health professions careers under its statutory eligibility provisions. HRSA's National Center for Workforce Analysis (NCHWA) which provides HRSA with national health workforce projections, highlights that the inequitable distribution of RNs causing some states to experience an

oversupply and others a shortage.<sup>1</sup> Although most states have enough or an oversupply of RNs, seven states will have a shortage of RNs.<sup>2</sup> To address the maldistribution of nurses, HRSA continues to provide funding to academic institutions, community-based organizations, nursing students, and clinicians and faculty through other workforce programs, such as the Nurse Corps Scholarship and Loan Repayment Programs; Nurse Education, Practice, Quality and Retention Program; and the Nursing Workforce Diversity Program. These programs also provide educational opportunities to RNs with associate and bachelor's degrees in nursing. Specifically, the Nurse Corps Scholarship program provides financial assistance to RNs seeking to obtain an associate, bachelor's, or master's degree in nursing. Since the SDS statute authorizes funding a wide range of health professions programs, the SDS program must balance the workforce needs of the nursing professions with those of other health professions. Consequently, allocating funding based on projected health professional shortage data allows SDS to support all health professions as equitably as possible, as demand for certain professions changes over time. HRSA also remains committed to supporting clinicians in rural and underserved communities. SDS applicants with a record of placing students in medically underserved communities are still eligible to receive a funding priority, and the policy changes outlined in this notice related to funding allocations will not impact the funding priority.

### **3-YEAR DATA EXCEPTION**

#### *Summary of Comment*

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<sup>1</sup> U.S. Department of Health and Human Services, Health Resources and Services Administration, National Center for Health Workforce Analysis. 2017. National and Regional Supply and Demand Projections of the Nursing Workforce: 2014-2030. Rockville, Maryland. Available at: [https://bhw.hrsa.gov/sites/default/files/bhw/nchwa/projections/NCHWA\\_HRSA\\_Nursing\\_Report.pdf](https://bhw.hrsa.gov/sites/default/files/bhw/nchwa/projections/NCHWA_HRSA_Nursing_Report.pdf)

<sup>2</sup> Ibid.

HRSA received one comment regarding allowing an exception to the 3-year data requirement for new health professions programs that have fewer than 3 years of enrollment data but that are otherwise able to demonstrate success in recruiting disadvantaged students.

*Response*

HRSA has considered this comment and agrees that it could give an unfair advantage to established programs to require 3 years of data from all applicants. To address this concern, as outlined below, the SDS program will allow an exception to this requirement for newly established schools with less than 3 years of data.

**SDS Policy Update**

The following final policy describes the updates HRSA will be making to the SDS program in order to increase the impact of the program.

1. In an effort to combat workforce shortages, HRSA will distribute SDS funding to award recipients consistent with promoting health professions careers projected to experience the most severe shortages as determined by the NCHWA. Professions that have shortage projections may receive an increased share of SDS, while professions with an oversupply may receive a reduced share of funds. Precise distributions for each competition will be announced in the relevant Notice of Funding Opportunity, which will allow HRSA to ensure program funds are supporting the professions most in need of these awards. Section 740(a) of the PHS Act requires HRSA to distribute at least 16 percent of SDS funding to nursing schools. Section 737 permits the SDS program to fund a broad range of health professions programs. This adjustment of funding will allow HRSA to support the broad range of health professions included in section 737 and to target strategically SDS funding for the health professions with a current or projected workforce shortage. This new policy allows the SDS program to be responsive to changing workforce

needs, as well as support programs with a strong record of placing graduates in medically underserved communities.

2. To be eligible for SDS at least 20 percent of the school's full-time enrolled students and graduates must be from a disadvantaged background. Applicants are currently required to provide 1 year of data to demonstrate this eligibility requirement. Beginning with the next grant funding cycle, applicants must provide the average for the most recent 3-year period to demonstrate their eligibility. A 3-year average is a more accurate portrayal of school enrollment patterns than 1 year. This change will allow SDS to support the grantees who have demonstrated a commitment over time to serving students from disadvantaged backgrounds.

The SDS program will allow an exception for newly established schools, that is, schools that have not been in existence long enough to have 3 years of enrollment and graduation data.

However, these schools will be required to demonstrate that at least 20 percent of the school's full-time students are students from disadvantaged backgrounds, through providing data from 2 years of student enrollment, and at least 1 year of graduation data. Further details about this exception will be provided in the next Notice of Funding Opportunity. Any future changes to the disadvantaged student percentage or data collection period will be announced through the SDS Notice of Funding Opportunity for the relevant grant funding cycle.

3. HRSA has analyzed SDS award data, compared it with performance measures, and discovered that providing amounts to students to cover a substantial portion of their education costs positively correlates with better graduation rates, consistent with the statutory aims. Data suggests the lack of availability or low amounts of scholarships, especially for disadvantaged

students, continues to limit educational opportunities for students<sup>3</sup>. SDS last increased its scholarship amount in 2016. Without sufficient financial support, disadvantaged students are much more likely to be unable to complete successfully their education. Based on this understanding and the steady increase in tuition rates nationally, HRSA will increase the maximum scholarship award to \$40,000 per student, to ensure the SDS program will continue to impact students who receive the awards and ensure their success in completing the program. HRSA also reserves the right to adjust the scholarship award amount as necessary to reflect future increases in tuition rates nationwide and will announce any such changes in the Notice of Funding Opportunity for the relevant funding cycle.

HRSA will announce any future administrative changes to the SDS program through the relevant Notice of Funding Opportunity.

Dated: September 30, 2019.

**Thomas J. Engels,**

*Acting Administrator.*

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<sup>3</sup> “Indicators of Higher Education Equity in the United States.” The Pell Institute for the Study of Opportunity in Higher Education, Penn Ahead-Alliance for Higher Education and Democracy (2015): 1-60.  
[http://www.pellinstitute.org/downloads/publications-Indicators\\_of\\_Higher\\_Education\\_Equity\\_in\\_the\\_US\\_45\\_Year\\_Trend\\_Report.pdf](http://www.pellinstitute.org/downloads/publications-Indicators_of_Higher_Education_Equity_in_the_US_45_Year_Trend_Report.pdf)

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