STATE OF COLORADO

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COLORADO COMMISSION ON HIGER EDUCATION
2005 RETREAT

Draft Agenda

Friday, September 9
Colorado Department of Labor & Employment
633 17th Street, Denver
12th Floor Conference Room

Financial Aid Discussion
The Effectiveness of Financial Aid on the Recruitment of Students:
How do we Leverage Financial Aid to Improve Access?

1:00-1:15 **Overview of Findings from the 2001 Blue Ribbon Panel**
Diane Lindner

1:15-2:15 **Guest speakers: Define Issues and Problems with the current system**
- Paul Lingenfelter, SHEEO Executive Director
- Art Hauptman, National Policy Expert

2:15-2:30 **BREAK/Discussion**

2:30-3:15 **Institution Experiences**
- Robert Collins, University of Phoenix
- Mary Davis, Former Associate Financial Aid Director, Colorado School of Mines

3:15-3:45 **Provider Information**
- Heather Ficarra and Jim Swanson, ACS
- Tami Trover and Jennifer Thompson, Nelnet

3:45-4:30 **Substantive Policy Discussion on Next Steps**
Briefing Issues
Alternatives

Pros and Cons
Costs
Implementation Strategies

5:00 p.m. **Break & Travel Time**

5:30 p.m. **Reception with Colorado Higher Education Leaders**

- Governor's Executive Residence
  400 East 8th Avenue, Denver

7:00 p.m. **Adjourn**

Saturday, September 10
Colorado Department of Labor & Employment
633 17th Street, Denver
12th Floor Conference Room

9:00 a.m. **Update & Discussion on Strategic Projects**

- Task Force on Success of Minority Students
- College Opportunity Fund Implementation
- College in Colorado Campaign
- General Education Core Curriculum Review
- Blue Ribbon Panel on Aligning Higher Education & K-12 Standards

10:30 a.m. **FY 06-07 Higher Education Budget Discussion**

- General Fund Outlook vis-à-vis Referenda C&D passage or failure
- Tuition Forecasts

12:00 noon **Adjourn**

2005-2006 Colorado Commission on Higher Education Retreat

Improving Access with Financial Aid

Blue Ribbon Panel Recommendations

In August 2001, the Governor instituted a Blue Ribbon Panel to examine funding mechanisms for higher education. The result of the panel's deliberations was the recommendation to pursue the student educational savings account concept that is now implemented as the student stipend. The panel reviewed a concept of centralized financial aid, including:

•Standardized allocations based on need;

•Merit-aid based on index scores;

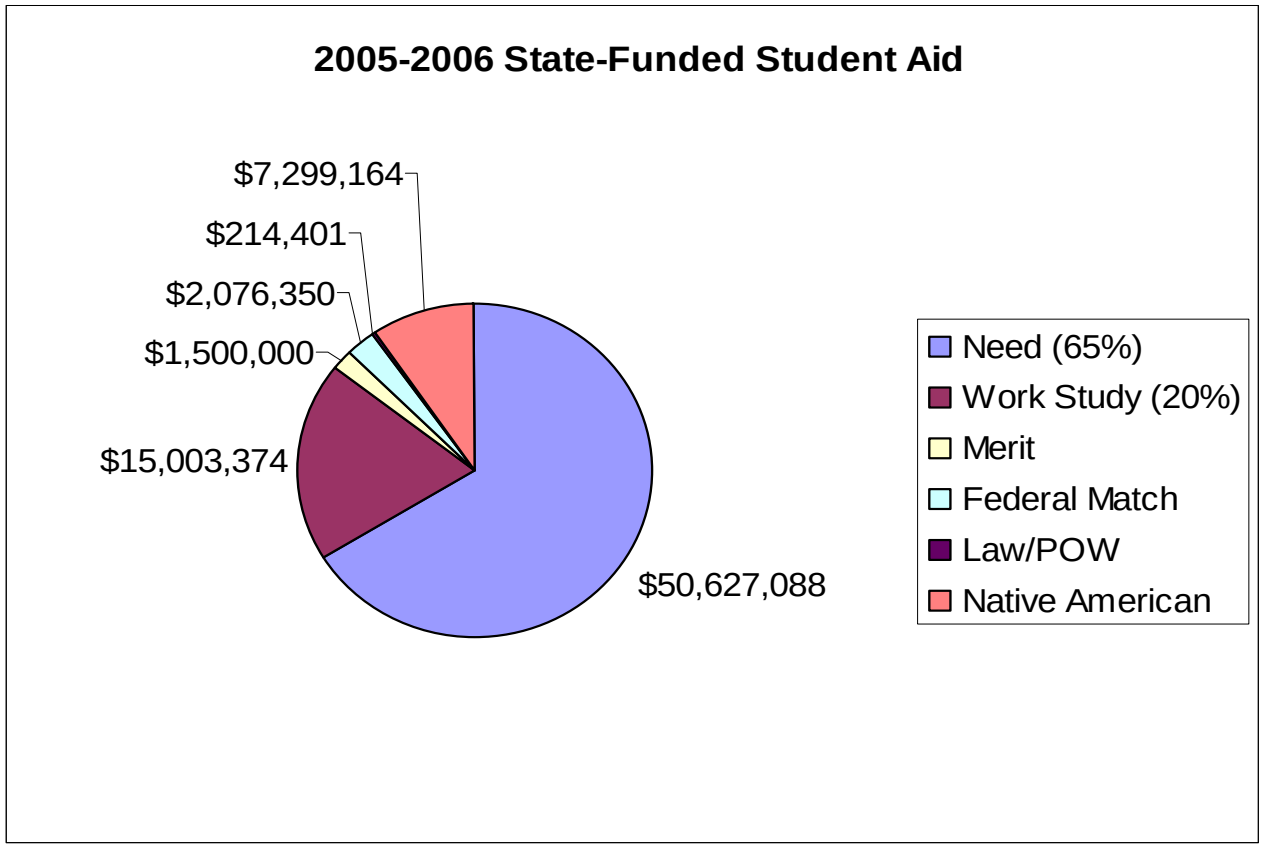
•Funds allocated to students in state-identified career fields; and

•State financial aid and general funds combined and allocated to students

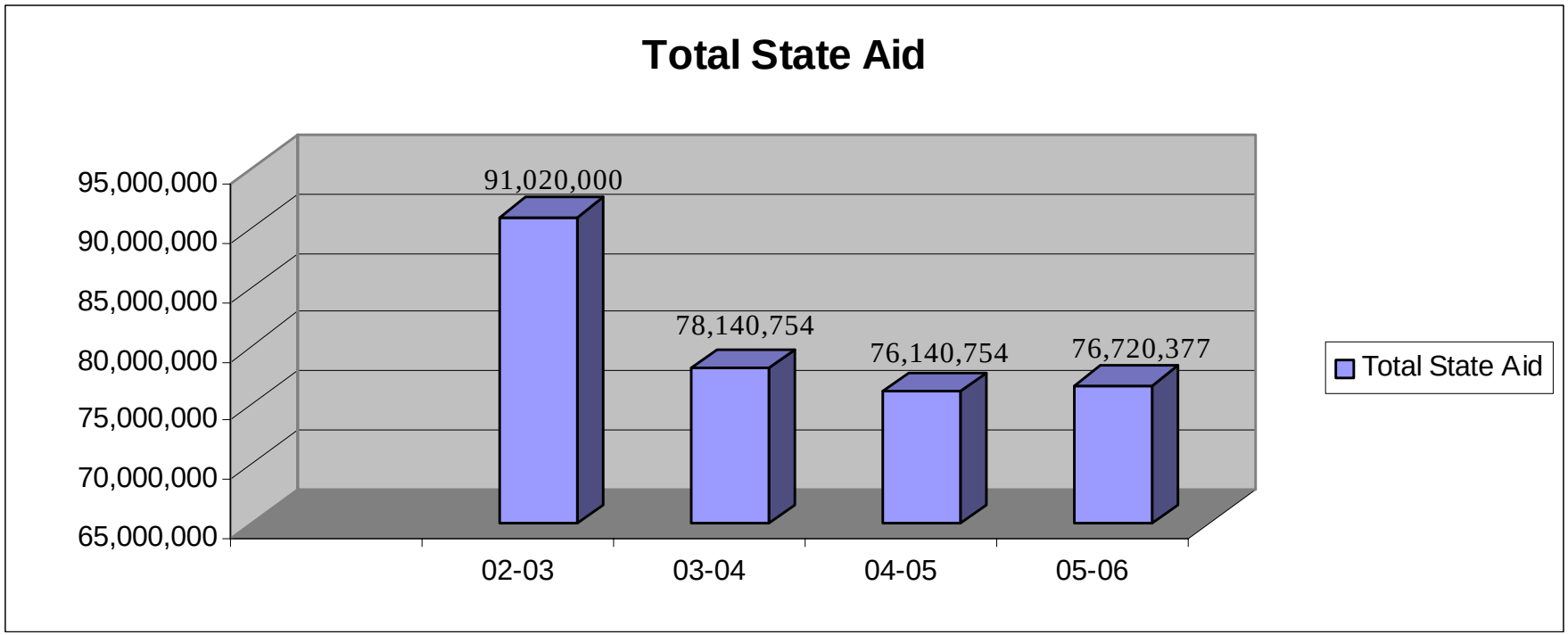
The study on centralized financial aid was not completed due to the complexity of the stipend program

What the state of Colorado Provides

The State of Colorado provides approximately $77M in state-funded student financial assistance, down from $91.0M in 2003. Colorado has 126,000 full time resident students eligible for COF: approximately 38,000 students received state-funded financial aid in 2004, averaging $2,134 per student. Of that average award amount, about 70% is need-based assistance. There are approximately 67,000 students eligible for the Commission's Level 1 need-based aid. In 2006, state aid contains the following components:



Erosion of State Aid



The chart above shows the decline in state-funded aid from 2003 to 2006. Most of the decline was a reduction of merit aid from $14.9M to $1.5M.

Policy Interpretations

The Commission annually approves the formula through which financial aid is allocated to the institutions; Commission staff administer the funds and monitor institutional adherence to policy. Financial Aid is distributed by the institution's financial aid office, based on an institutionally developed packaging policy that determines whether the neediest or lowest income students get the most aid or the aid is spread more equitably to those who are determined to have "some need". The institution's packaging policy determines which students will have the higher loan amounts since loans fill in for unmet need.

An example of the impact of the differences in packaging policies follows:

Institution A: Packages all freshman and sophomore need-based students with minimal or no loans, filling need left after Pell with state grants and institutional aid. When the student becomes a junior, their Pell continues, state grants are reduced and loans are generated at their maximum amounts.

Institution B: Packages all need-based students after Pell at the minimum state grant amounts of $1,000 and maximizes allowable loan amounts at all grade levels. This institution spreads their financial aid among as many students as possible.

Institution C: Packages the neediest students (those with the lowest or zero EFC) at maximum state and institutional awards and then fills in with small loan amounts while middle income students who qualify for Pell may see only merit or talent awards and loans after Pell.

Things to Consider in Policy Discussions

An argument can be made that institutions have **special role and mission** functions that should take priority when students are recruited and that as long as a student has some need, the institution should make decisions on priorities.

When a student who received state awards transfers to another institution, they may not receive state awards at all or if they do, they may receive the award at a very different funding level. **Should a student be able to transfer their state awards?**

The state legislature mandates that institutions set-aside 20% of tuition revenue growth over inflation for need-based aid. There is no **policy on the 20% set-aside** indicating what "need" is; every institution may interpret

State Policy for Student Financial Assistance

Paul E. Lingenfelter

Colorado Commission on Higher Education

September 9, 2005

Overview

- Objectives
- Colorado’s situation
- Policies aligned with objective
- Implementation

Objectives

Typical Financial Aid Program Goals:

Access

Retention

Choice

Reward Talent

Career Choice

Equalize Tuition

Source: Jerry Sheehan Davis, Lumina Foundation

Overview

The 21st century bottom line:

Maximize successful participation in higher education

Overview

Why maximize successful participation?

- Our economy needs it
- Our people need it
- Our society needs it

Colorado's Situation

The Colorado Paradox

How can we improve educational opportunity for our citizens?

Key factors:

- **Tuition and fees**
- **Financial aid**
- **Total resources (tuition plus state support)**
- **Preparation and existing adult capacity**

Colorado's Situation

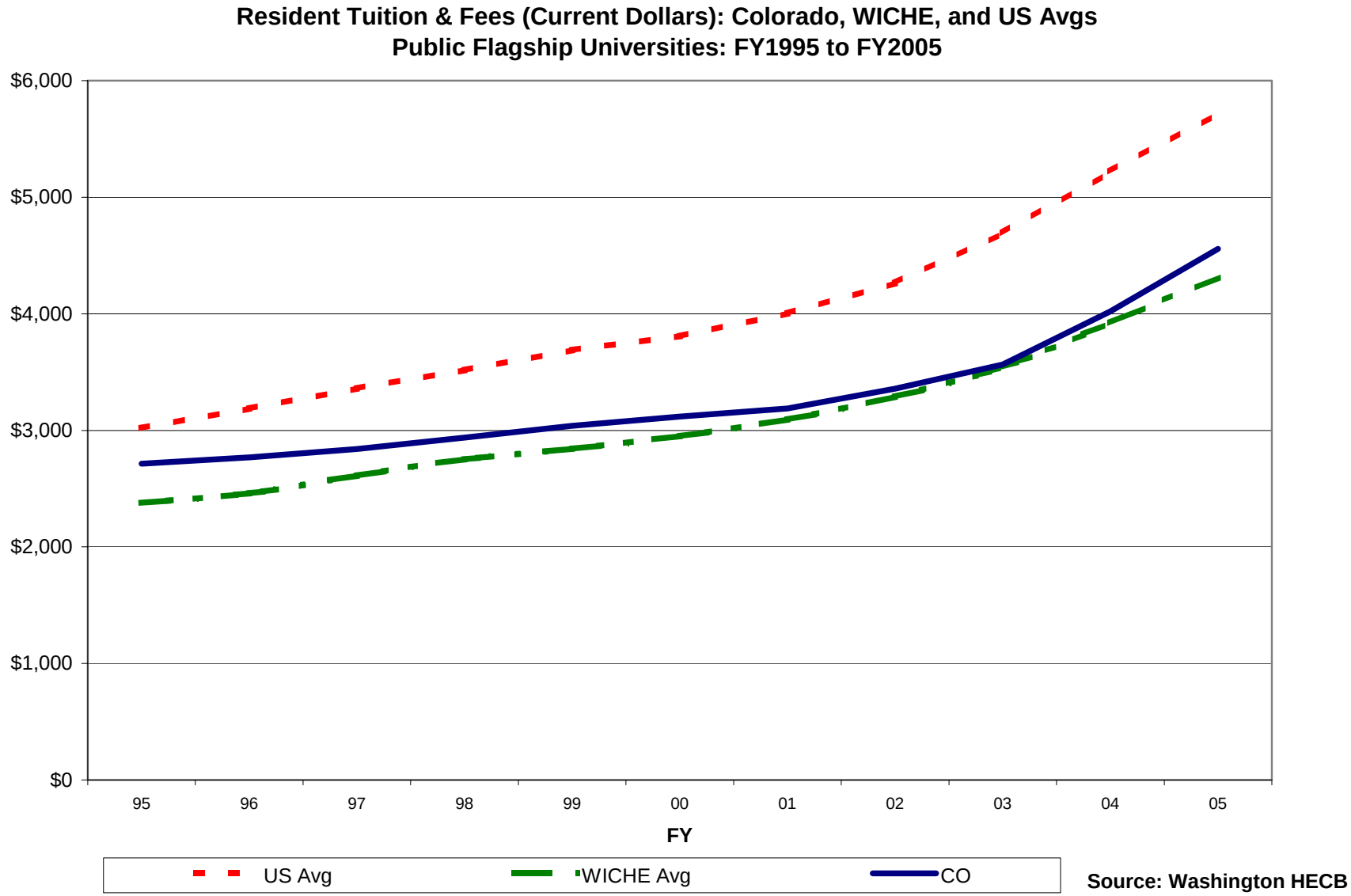
Tuition and fees –
moderately low, but rising

Financial aid – low

Total resources – low

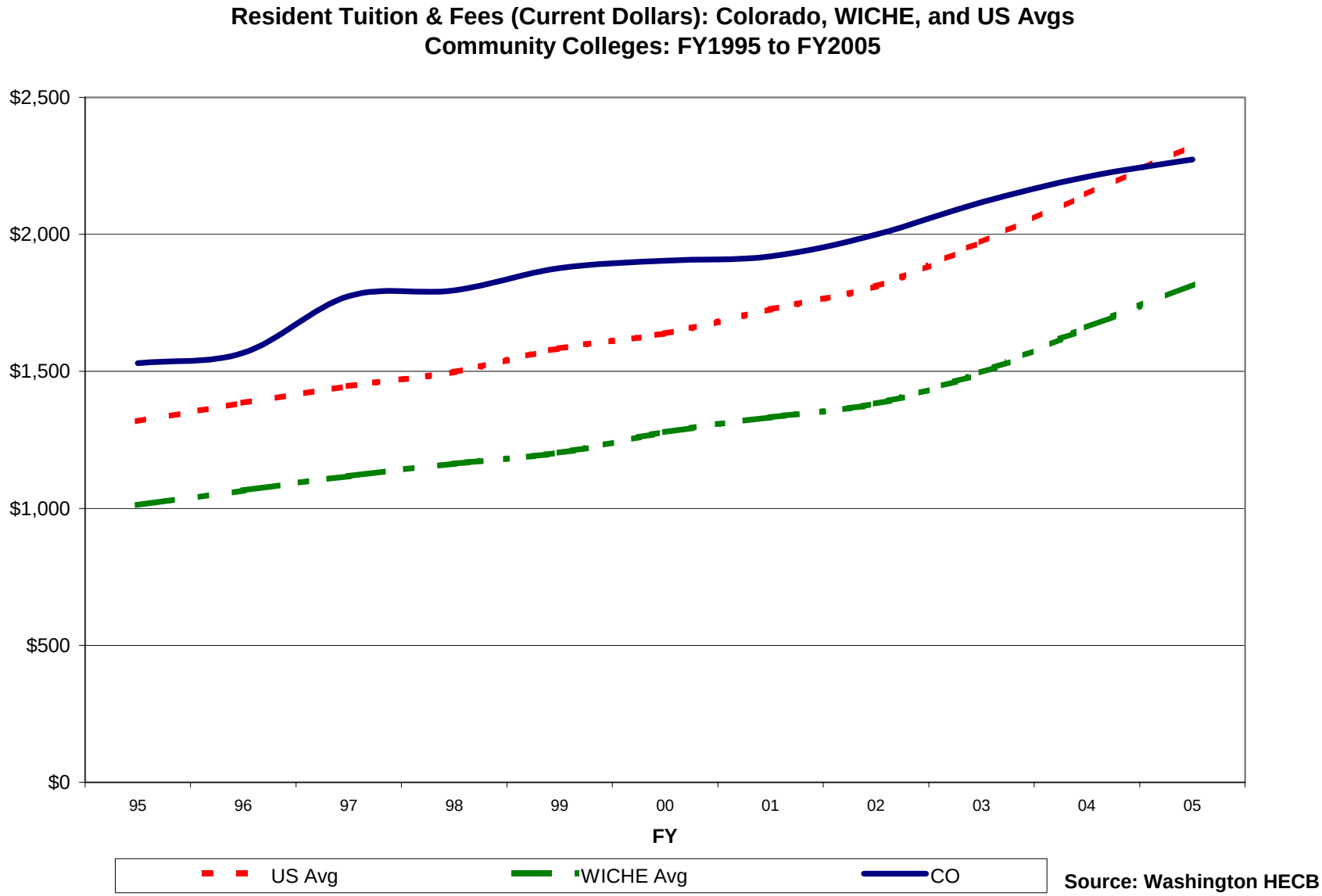
Preparation and
existing adult capacity – mixed

Colorado's Situation



Source: Washington HECB

Colorado's Situation



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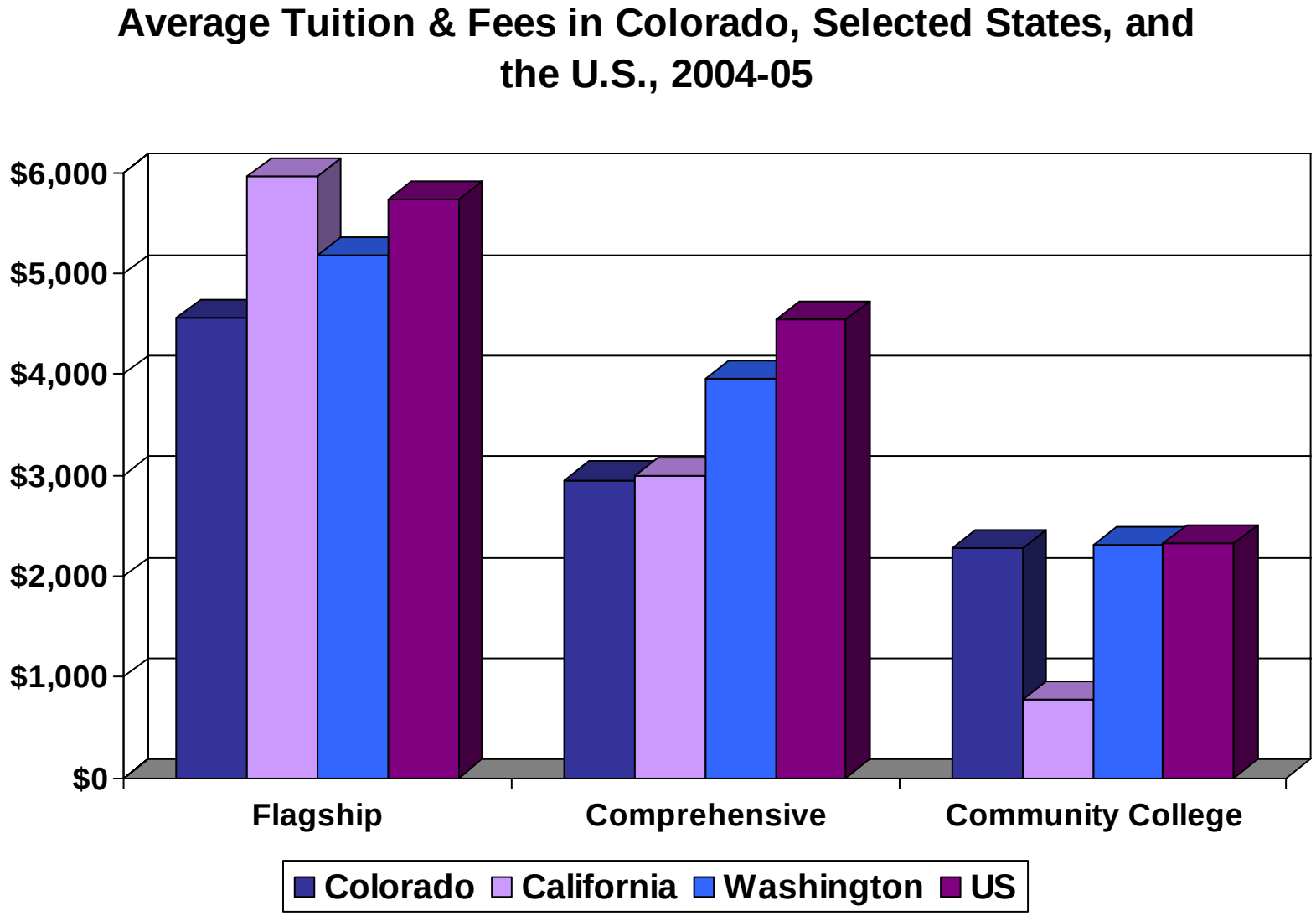
Colorado's Situation



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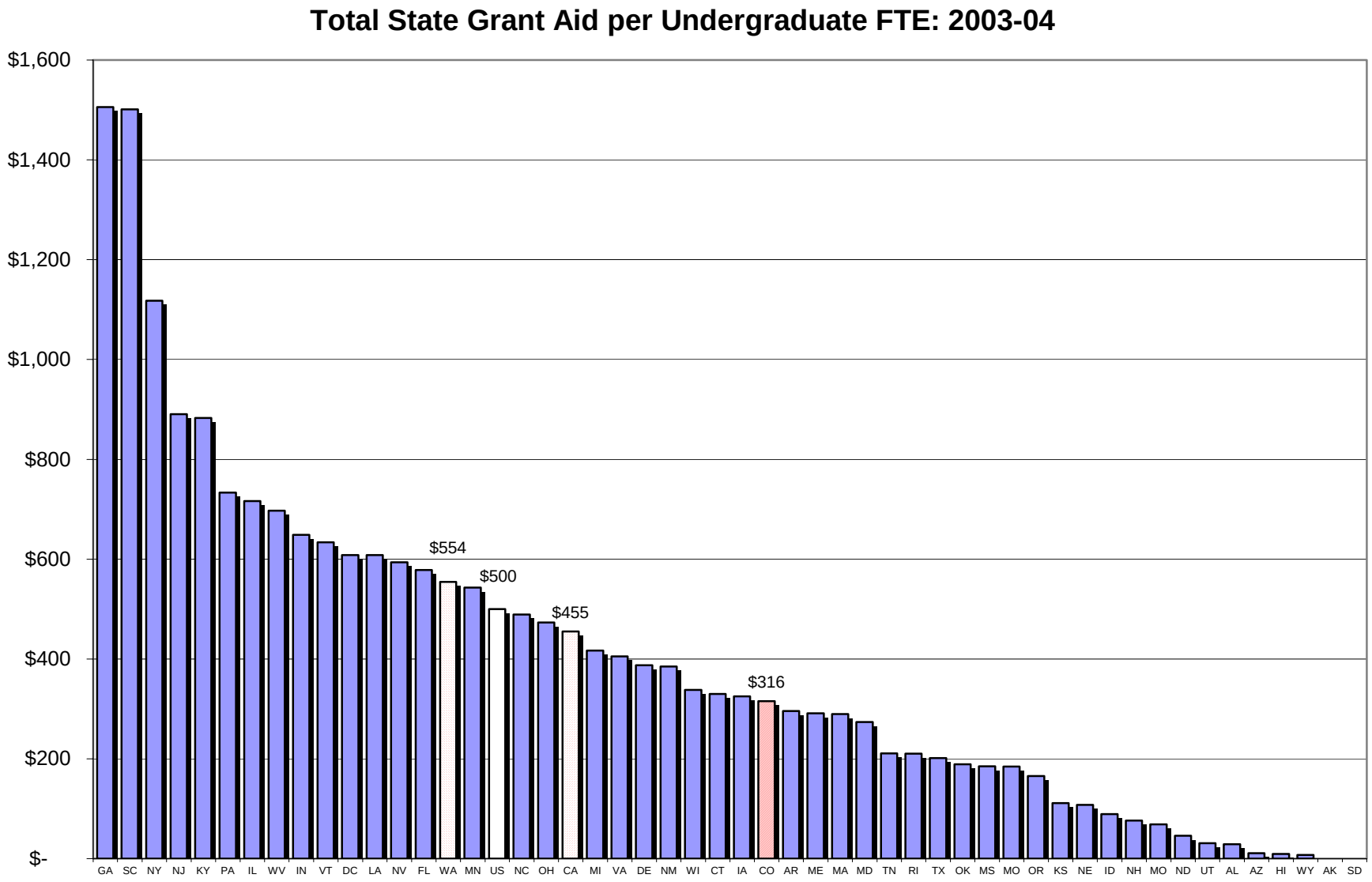
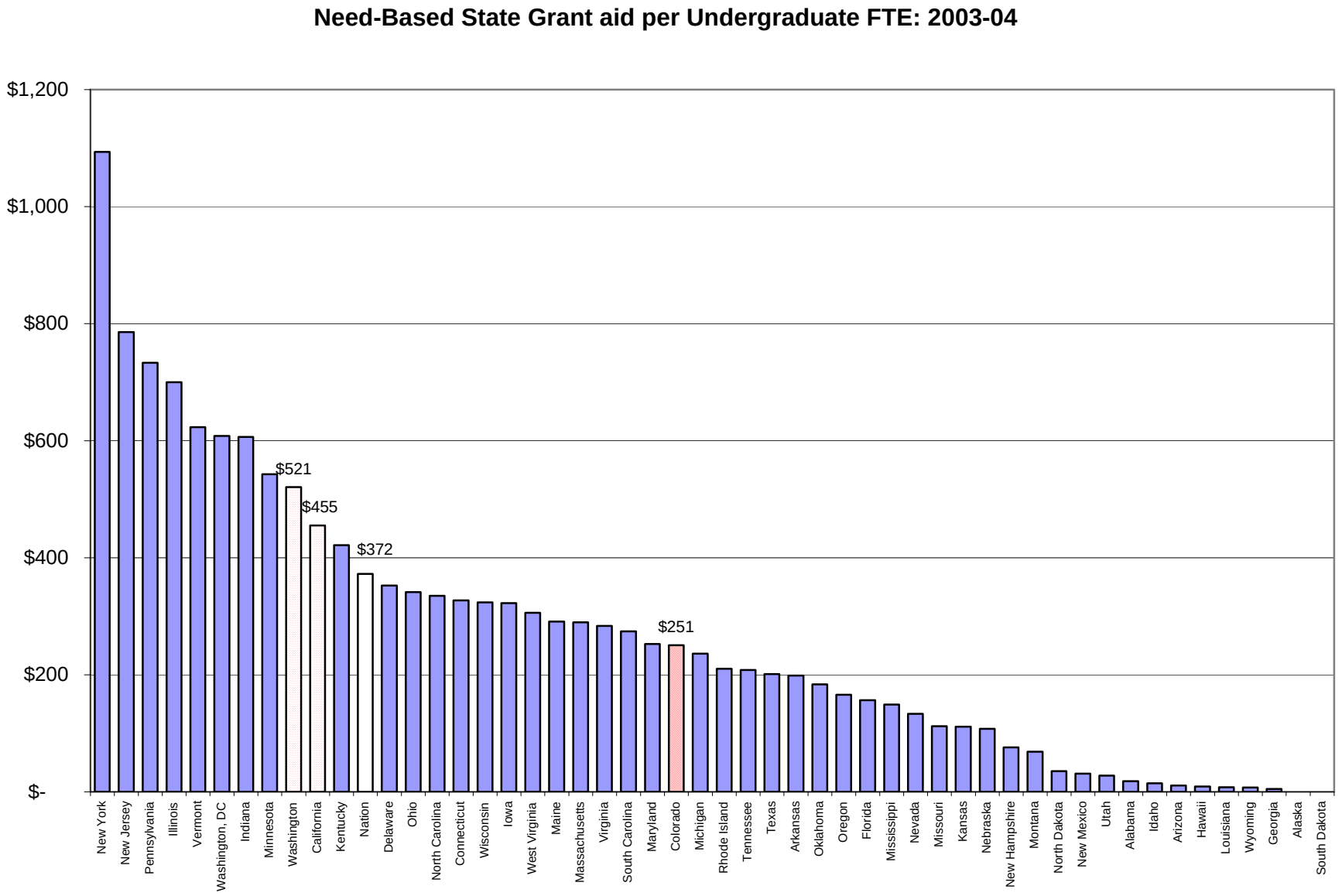
Colorado's Situation



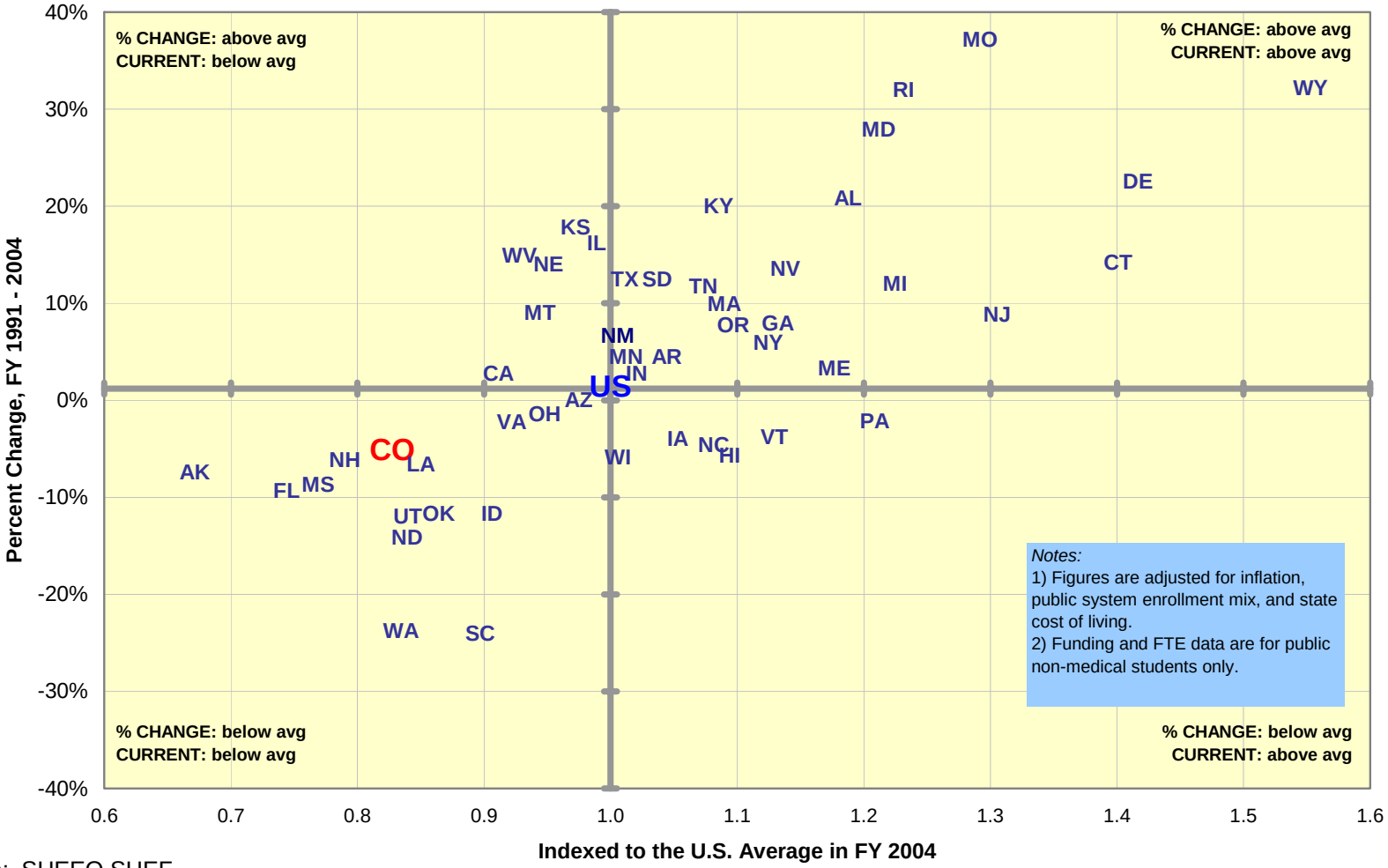
Colorado's Situation



Colorado's Situation

State Support Plus Tuition per FTE:

Percent Change and Current Standing Relative to U.S. Average



Source: SHEEO SHEF

Colorado's Situation

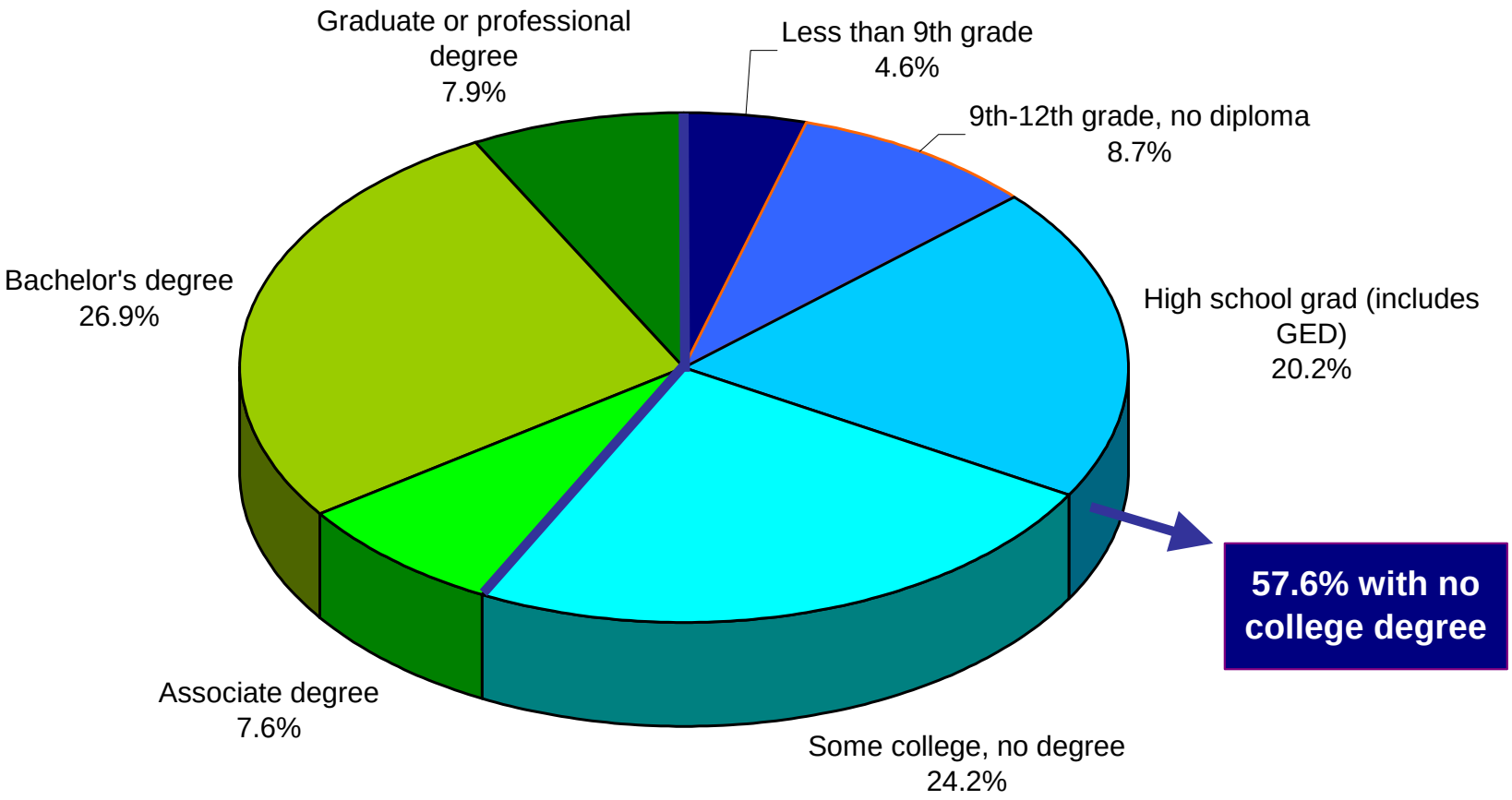
College Participation in Colorado

PARTICIPATION	COLORADO		Top States 2004
	A Decade Ago	2004	
Young Adults (60%)			
Chance for college by age 19	39%	37%	52%
18- to 24-year-olds enrolled in college	31%	28%	40%
Working-Age Adults (40%)			
25- to 49-year-olds enrolled part-time in any type of postsecondary education	5.5%	4.7%	5.4%

Source: Measuring Up 2004

Colorado's Situation

Colorado Young Adults (age 25-34) by Highest Education Level



Source: 2000 Census

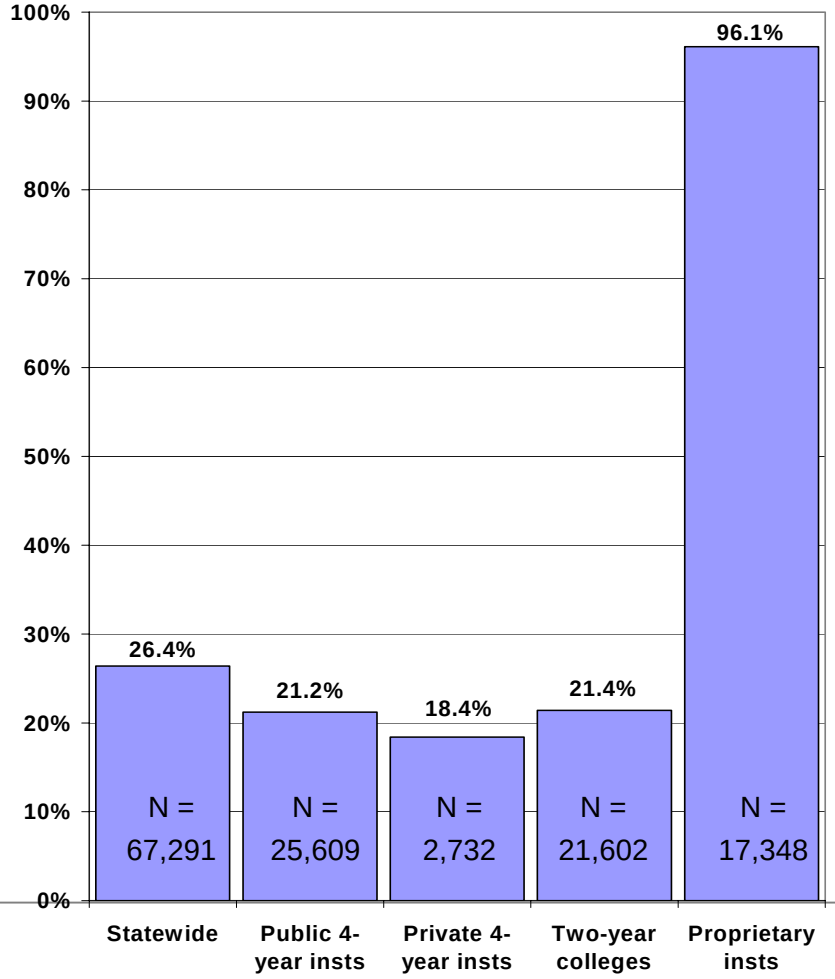
Colorado's Situation

Attendance Costs, Pell Grant, and Remaining Need (Colorado Residents with $0 Expected Family Contribution)

	2005-06		2004-05	
	CU-Boulder	Colorado State University	Other 4-Year	Community Colleges
Tuition & Fees	$5,372	$4,652	$2,951	$2,274
Living expenses, transportation, books & supplies, etc.	$12,814	$9,515	$9,000	$9,000
Total Attendance Costs	**$18,186**	**$14,167**	**$11.951**	**$11.274**
Pell Grant (maximum)	$4,050	$4,050	$4,050	$4,050
Remaining Need (to be met from loans, other grants, and student self-help	**$14,136**	**$10,117**	**$7,901**	**$7,224**

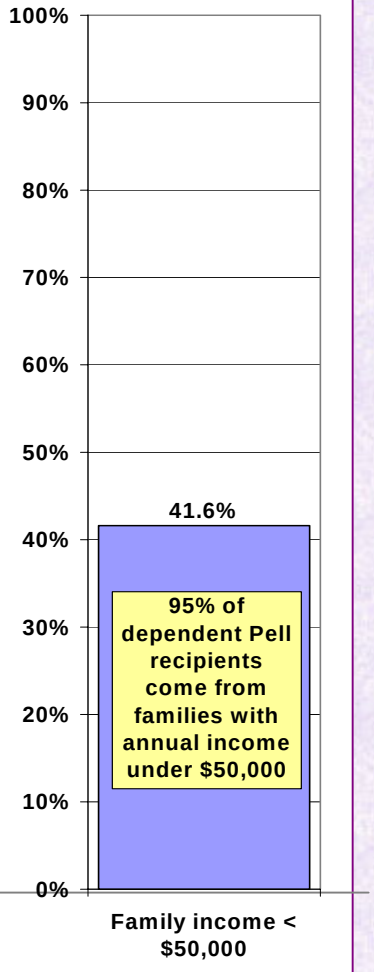
Colorado's Situation

Low income representation among higher education institutions in Colorado…



Pell Grant recipients as a percentage of Colorado undergraduate enrollments, by sector

… and in the state population at large.



Families with annual income under $50,000 as a percentage of Colorado's population

Policies Aligned with Objective

Requirements to maximize success in higher education

- **Affordability,** ***which is required for . . .***
- **Aspiration and effort,** ***leading to . . .***
- **Adequate preparation,** **which requires . . .**
- **Effective instruction,** ***and when the system fails***
- **Remediation**

Policies Aligned with Objective

Affordability – does financial aid matter?

College Participation By Achievement Test and Socioeconomic Status Quartile		SES Quartile	
		Lowest	Highest
Achievement Quartile	Highest	78%	97%
	Lowest	36%	77%

Source: Access Denied, Department of Education, February 2001

Policies Aligned with Objective

Aspiration and effort

- **Early outreach, visible pathway to college**
- **Dependable, predictable affordability**

Requires transparent state grant aid

Policies Aligned with Objective

Adequate preparation –
policies and incentives
(Rigorous curriculum, not high GPA)

Effective instruction
(Both practice and support must improve)

Remediation
(It will be necessary – it must become more successful)

Policies Aligned with Objective

Proper balance among priorities

- Aid to low income
- Tuition that doesn’t discourage enrollment
- Adequate support for instruction
- Other state needs

Implementing Financial Aid

Federal Role

Pell Grants –

- **Foundational aid for low-income students**
- **Principally offsets living costs / foregone income**

Student loans –

- **Choice for higher cost options**
- **Increasingly used when grant aid/ family resources inadequate**

Implementing Financial Aid

State Role

Need-based grant assistance –

- **Essential to offset tuition costs for low- and moderate-income students**
- **Should be routine, entirely dependable**

Merit or blended need/merit grant assistance –

- **Useful for motivating preparation**

Outreach and transparency –

- **Improves aspiration and preparation**

Implementing Financial Aid

Institutional Roles

Customized packaging –

- **Financial counseling**
- **Supplemental aid**
- **Addressing individual needs**
- **Monitoring and responding to change**

Overview

- Objectives
- Colorado’s situation
- Policies aligned with objective
- Implementation

Paul E. Lingenfelter
President
SHEEO

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Paul@sheeo.org

Issues in Designing a State Student Aid Program

Arthur M. Hauptman

prepared for the Colorado Commission on Higher Education

9 September 2005

In designing a student aid structure and policies, state policy makers ought to consider the following two questions:

- What is the current level of effort and direction of student aid in the state
- What are the issues that states should consider in designing their student aid programs and structures in the future

I. An assessment of the current state student aid structure should include:

- the mix between institutional support and student aid
- the amount of aid provided per student and per recipient
- the mix between need-based and merit-based aid
- the current role of the state in funding tuition fees and living expenses
- the relationship of state aid to federal, institutional, and private aid efforts

One state's efforts can compared to that of other states

- State student aid is typically less than 10 percent of what states spend in institutional support
- Need-based state aid on average is about three times larger than what is provided in merit-aid although the merit aid share is growing over time and there is large variation among states
- Most states provide aid to help meet both tuition and living expenses
- Most states do not do a good job of coordinating their aid policies with federal policies and with institutional packaging practices

How much aid is provided and what kind of aid help to define whether a state is pursuing market-based financing strategies

- The higher the proportion of state dollars are provided as student aid, the more market-based the strategy is
- The more aid is merit-based or provided as loans, the more market-based the approach
- The higher the tuition and the more aid is provided for tuition, the more market-based the state strategy is

By creating demand side vouchers, Colorado has established itself as a leader in adopting market-based strategies

- Now the question is whether it will pursue a market-based strategy with regard to the student financial aid it provides its citizens
- Will the student aid system in the state reinforce the demand side vouchers or move in another direction?

II. Issues in designing state student aid structures for the future

- With the introduction of demand side vouchers in Colorado, an important issue is how the state student aid program should relate to them
- One of the weaknesses of demand side vouchers is that they provide uniform benefits to all students
- Combining demand side vouchers with a well targeted state student aid program could be a powerful tool
- **Student aid could allow for the differentiation that the demand side vouchers fail to provide**

In determining the structure of student aid in Colorado, a number of issues should be addressed, including:

- How the state program relates to the federal Pell Grants program?
- Whether the state program should be need-based, merit-based or both?
- Whether the state program should be run as a voucher program or institutionally administered?
- Whether the state program should be provided for tuition, living expenses, or both?
- What should be the aid eligibility of Colorado students attending private institutions in state and out of state institutions?
- How state policies might influence institutional aid packaging?

How should the state program relate to the federal Pell Grants program?

- Pell Grants are the foundation federal aid program on which other federal, state, and institutional aid is supposed to be built
- States must decide whether to incorporate the Pell award in their calculation of state grant awards
- Many states do build Pell into their award calculation by including a student's Pell award in the calculation of need
  - the downside is that this may be a factor in states moving their aid up the income scale - "substitution effect"
- An alternative is to assume that Pell replaces family contribution for living costs and that state aid can be used to meet a portion of unmet tuition costs
  - this would reduce the potential substitution effect of Pell as well as targeting state dollars more on lower income students

Should the state aid programs be need-based, merit-based or both?

- The tradition in the U.S. at both the federal and state level is to separate need-based and merit-based aid programs
  - Need-based program eligibility is usually measured as a precise dollar amount of need, whereas merit-based aid is related to numerical academic or other standards
- It is worthwhile to consider the possibility of providing aid for students who have demonstrated merit AND who have substantial need
- One way to do this would be calculate both need and merit as a numerical index and then weight the two indices into one measure of eligibility

Should the state program be run as a voucher or institutionally administered?

- Most states, including Colorado, rely on institutions to administer their aid programs
  - institutional-based student aid program tend to be easier to administer, but reduce the degree of market forces and choice in the system
- Student aid provided as vouchers increases competitive forces just as demand side vouchers do for institutional support
  - But student aid vouchers can be more difficult to administer than institution-based aid programs

Should the state program be provided for tuition, living expenses, or both?

- Most states provide aid to cover both tuition and living costs, that is, the total costs of attendance
- One problem with using total costs of attendance to define the need of students, though, is that it broadens eligibility for aid up the income scale
  - thus increases the possibility of ‘substitution’
- An alternative approach is to make covering tuition costs the primary focus of state grants, while relying on Pell Grants to meet the living costs of low income students, and use loans to meet the cash flow needs of middle income students

Should Colorado students attending private institutions or institutions out of state be eligible for state aid?

- A big policy issue for states is whether to make aid portable for students attending private sector insts and out-of-state insts eligible for aid
- Portability conforms to market-based principles more than restricting aid eligibility to public sector
- But aid policies should not encourage higher tuition levels by meeting full cost of attendance
- One way to deal with this problem is to peg aid eligibility for these students to the highest in-state tuition charged at public institutions

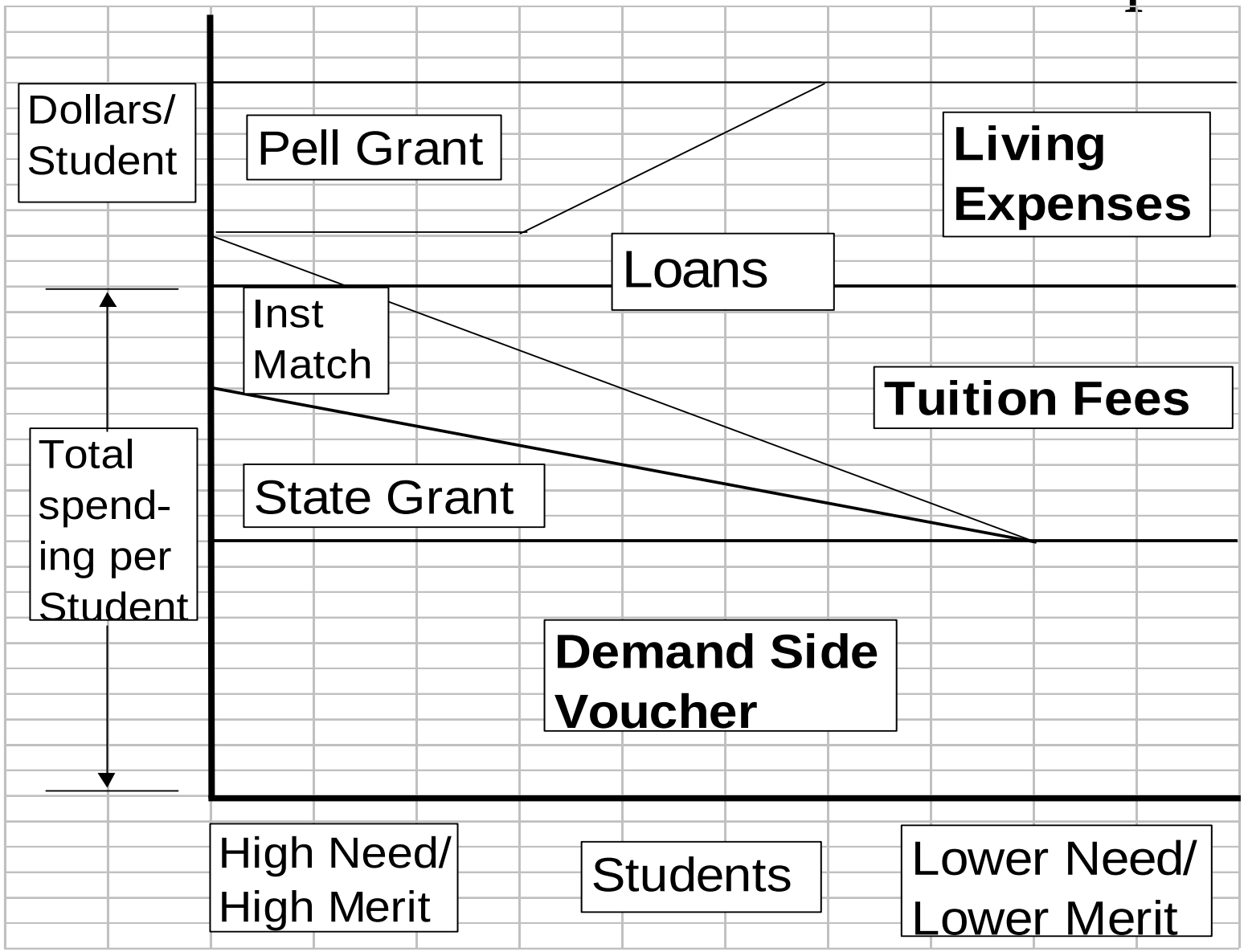
How might state policies influence institutional aid packaging practices?

- How institutions package aid is a key point in the student aid process, one that is often ignored in policy debates
  - concern is that institutions may be substituting public sources of aid for what they otherwise would have provided to disadvantaged students, and moving more of their aid and discounts up the income scale
- Policies can be designed that will minimize substitution through better targeting of public dollars
  - for example, institutions could be required to match the aid that the state provides

So how might Colorado design a student aid program to complement its demand side vouchers

- Use state student aid voucher to meet a portion of the tuition not covered by the demand side voucher
  - use CU tuition to measure eligibility of private sector students
- Base grants on both the need and merit of students by developing a need/merit index
- Rely on Pell Grants to meet the living costs of low income students
- Require an institutional match for students to receive a state grant
- Use loans to meet the cash flow needs of middle income students, i.e., the tuition and living expenses unmet by other forms of aid

Possible Colorado Student Grant Proposal



Colorado Commission on Higher Education

Bob Collins
VP Student Financial Aid
University of Phoenix
9/9/05

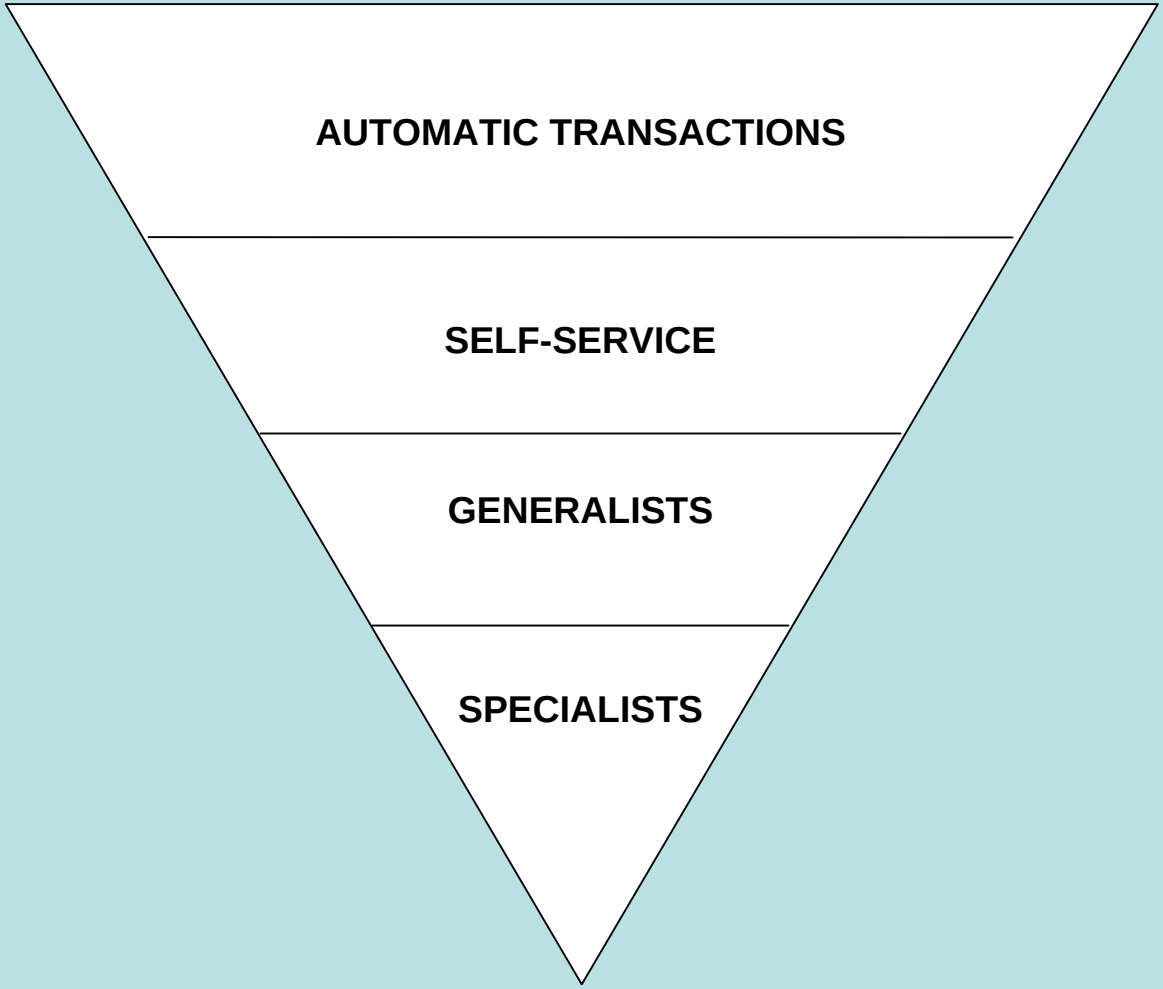
Presentation Overview

- University of Phoenix (UOP)
  - Organizational overview
  - Academic delivery model (Online and Local)
  - SFA student profile
  - Guiding principles
- Outsourcing in Education
  - Operational experiences
- State Grant Program Participation

UOP Academic Delivery Model

- **Working adults, collaborative learning, practitioner faculty w/post bach degree**
- **Student centric award years**
- **Non-term vs. standard or non-standard**
- **Sequential coursework**
- **One course at a time**
- **Five weeks for undergraduate programs**
- **Six weeks for graduate programs**

The Inverted Pyramid



Outsourcing in Education

History of the UOP - ACS Relationship

- Established 1999
- Initial Motivation
- Initial Scope
- Current Scope
- Current Relationship

Outsourcing in Education

A typical day…

- **Review Key Performance Indicators (KPI)**
  - Operations Processing Status report
- **Weekly Client Meeting**
  - Operational performance discussion
  - Project resource discussion
  - Planning and delivery checklist
- **Removal from day to day operating issues allows:**
  - Manager to remain focused on overall vision.
  - Campus to remain focused on core competencies.

Outsourcing in Education

Key attributes of a successful outsourcing partnership include…

- **Good cultural fit**
- **Open relationship**
- **Flexibility**
- **Shared incentives**
- **Shared vision**
- **Joint Oversight Committee**

Outsourcing in Education

Potential pitfalls and advice…

- **Choose a partner with:**
  - dedication
  - knowledge, skills and abilities
  - sufficient bandwidth
  - a customer focus
  - value added services
  - a regulatory compliance focus
- **Have sufficient visibility into the operation**
- **Be prepared to deal with competition for limited development resources**
- **Determine efficiency and cost benefits of an outsourcing partnership**

Outsourcing in Education

Benefits of financial aid outsourcing to University of Phoenix…

- **Improved productivity and efficiency.**
- **Better service to students.**
- **Regulatory compliance.**
- **Allows us to focus on core competencies.**
- **Access to scalable operations to support expected growth.**

State Grant Programs

- **UOP participating in these states:**
  - **AZ, CA, FL, NV, PA, RI, VT**
- **States currently under review:**
  - **MN, KY and many others**
- **Selection criteria pros and cons**
- **One size does not fit all**
- **Questions and Answers ???**

Colorado Commission on Higher Education

The Effectiveness of Financial Aid on the Recruitment of Students: How do we Leverage Financial Aid to Improve Student Access?

September 8, 2005

Discussion Overview

- Who is ACS?
- What is outsourcing?
- What is the state of outsourcing in Higher Education?
- How can ACS' Higher Education services be leveraged?
- What results have other ACS clients achieved?

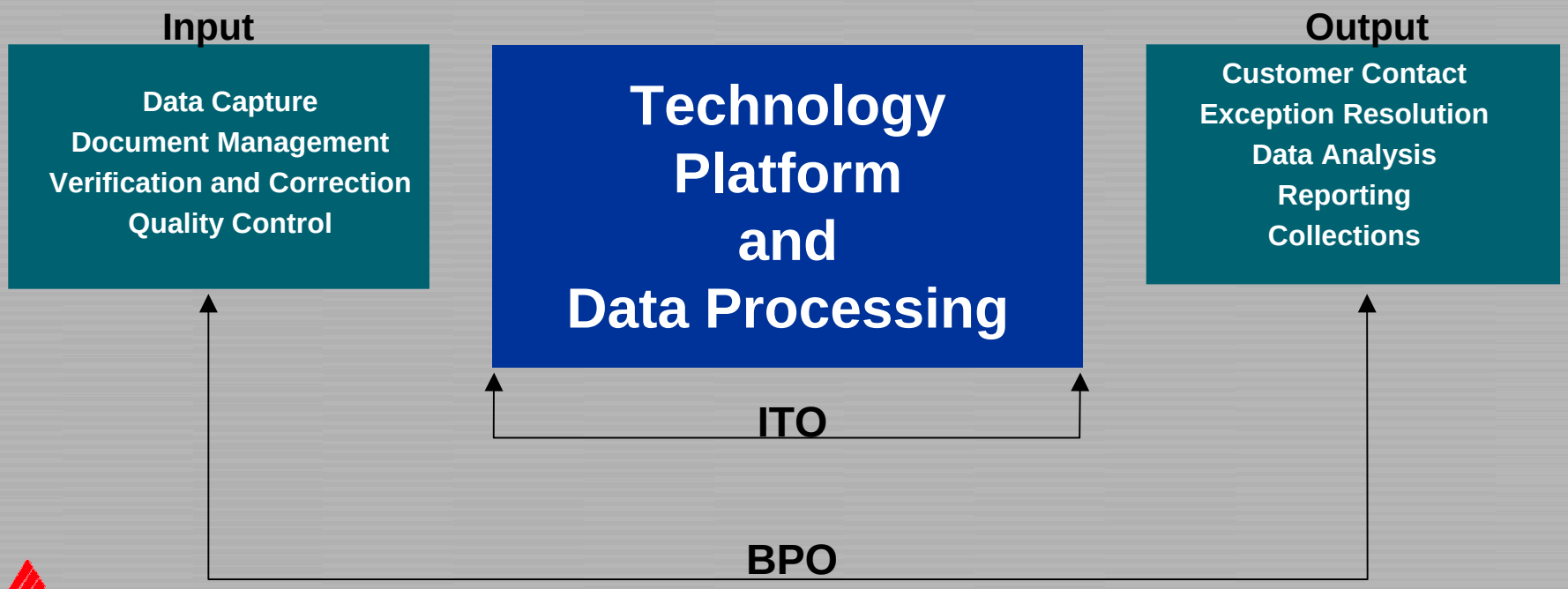
About ACS

ACS provides business process and information technology solutions to education, government, and business clients worldwide:

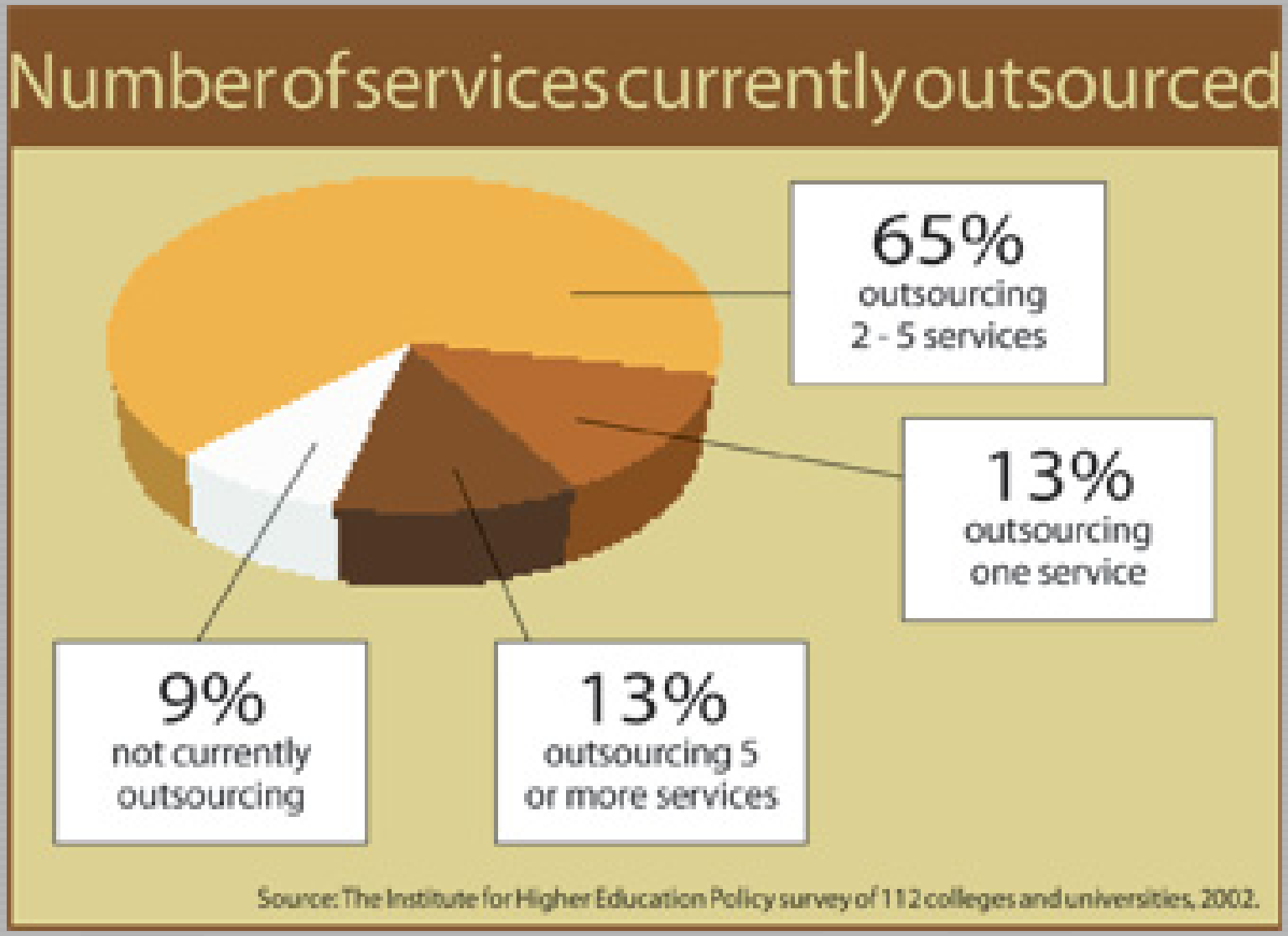
- Founded in 1988
- $5 billion in annual revenues
- Fortune 500 Company
- Diverse clients and industries
- 50,000 employees

Information Technology Outsourcing versus Business Process Outsourcing

Typically, IT outsourcing is focused on the computing platform and processing of data. BPO is focused on the business processes that are supported by the technology platform.



Outsourcing in Higher Education

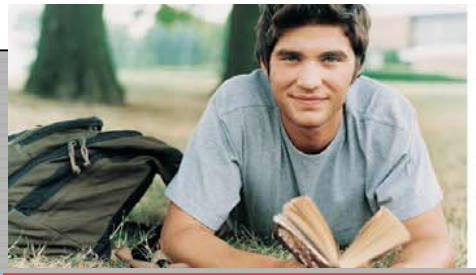


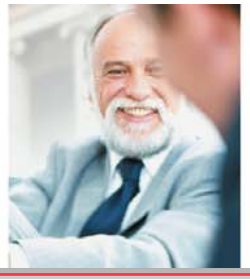
ACS Higher Education Services

ACS offers a variety of services to higher education clients:

- Enrollment optimization
- Financial aid administration
- Student contact centers
- Information technology management
- Loan origination and servicing
- Imaging, data entry, workflow
- Receivables management

ACS Financial Aid Capabilities





Front Office Processing Services

Enrollment Optimization

- SFA Advisement Scheduling
- Contact Students
- Counsel
- Advise
- Fulfillment

Intake

- Online Application & Counseling
- Institutional Forms
- ISIR
- Verification Document
- C-Code Documents
- Entrance Interview
- MPN
- Alternative Loan Application
- Plus Approval/Denial
- Plus MPN

Back Office Processing Services

Packaging / Certification

- File Review - QA
  - Student Eligibility
  - Verification/ C-Code Review
  - Budget Determination
- Package
- Award
- Certification

Disbursement

- Review Student Eligibility
- Cancel/ Reschedule Funds
- Approve Rosters for Posting

Refunds

- Complete federal, state and institutional refund calculations
- Inform Accounting office of funds to be returned
- Complete exit interview process
- Cancel funds in appropriate systems

Technology:
Imaging / Workflow / Outbound & Inbound Call Centers / Online Aid Application & Counseling Software/ Prospect Advising Scheduling Tool

A C S®

ACS Solution Overview

	Identify Prospect Pool	Student Outreach	Student Counseling/ Advisement	Document Management	Financial Aid Processing	Student Starts Classes
School Responsibility	•					•
ACS Responsibility						
Call Center		•	•	•	•	
Email		•	•	•	•	
Direct Mail		•	•	•	•	
Web Tools		•	•	•	•	
Imaging/Workflow				•	•	
Other					•	

Student Life Cycle

Thank You

Heather Ficarra

Vice President, Sales & Marketing

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Inspired by students . . .

Inspired by students...

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nelnet®

...powered by Nelnet

Inspired by students . . .

Vision

- Making educational dreams possible.

Core values

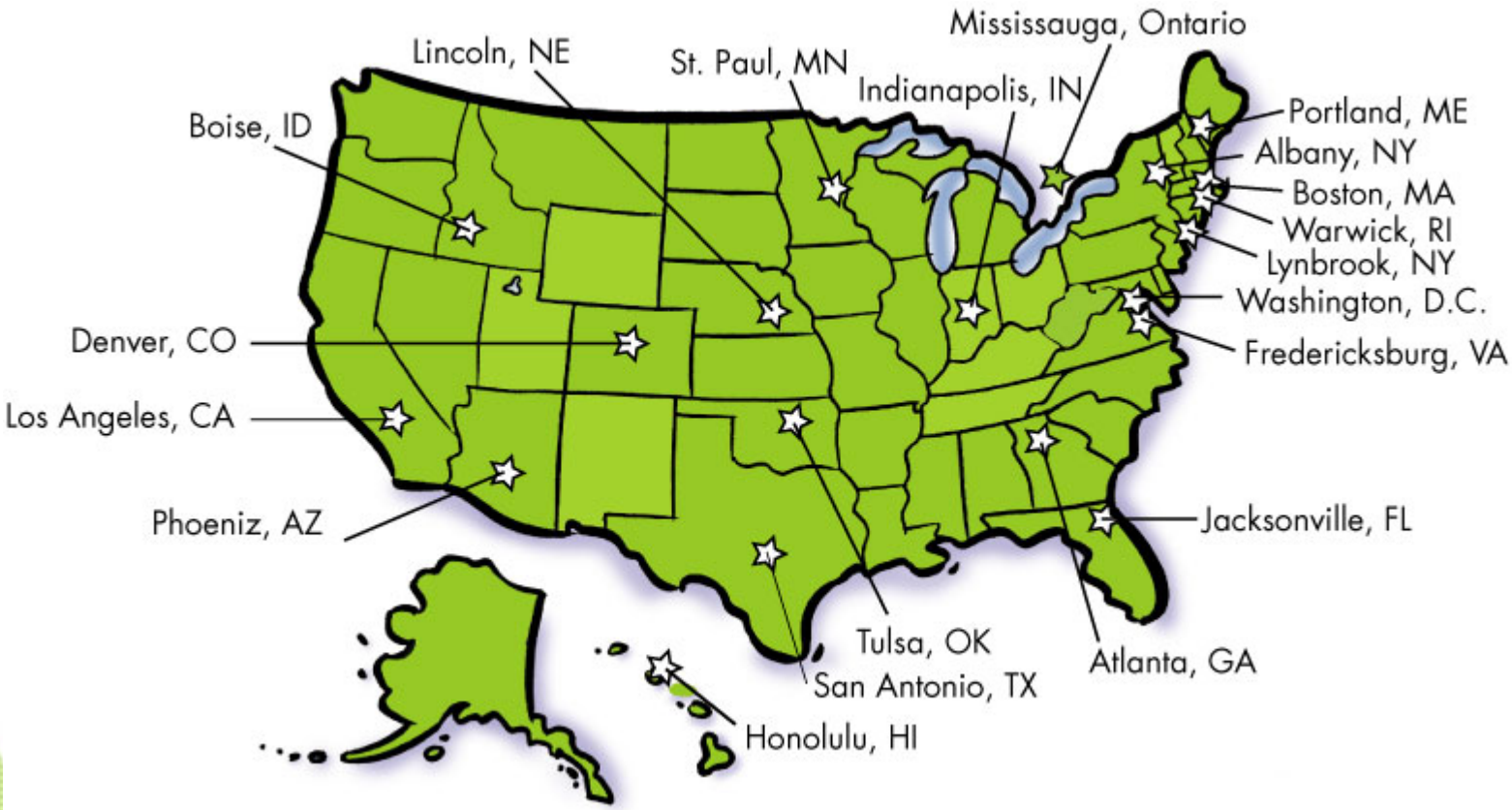
- Customers are number one.
- We will create an environment in which employees can succeed and are treated with dignity and respect.
- Truth, honesty, integrity, and clear, open communication are fundamental to our success.
- Our goal is to create a diversified educational services company that preserves intellectual capital.

Mission

- Nelnet, a diversified educational services company, will consistently deliver premier solutions and quality services. Schools and their students are our primary focus.

Geographic breadth

Expanding national footprint



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Nelnet's Integrated Value Chain

Pre-college

Elementary and secondary →

- 529 Plan Savings Plan Administration
  - → Nebraska 529 Plan
- Tuition Payment Plan Administration
  - → FACTS
- College Planning Center
  - → Call Center
- FAST Financial Aid Solutions Team
  - → Outsourcing solutions
- Direct Marketing and Student Recruiting
  - → SMG
  - → National Honor Roll

In-college

Undergraduate, graduate/professional →

- Enrollment management
  - → Foresite Solutions
- E-commerce
  - → infiNET
- School channel
  - → Union Bank
  - → UFS
  - → Nebhelp, Inc.
  - → CAN
- Direct to consumer channel
  - → Nelnet developed
- Software Solutions
  - → IFA
  - Charter
  - → 5280
- FAST Financial Aid Solutions Team
  - → Outsourcing solutions

Post-college

Loan repayment period

- 3rd Party Loan Servicing
  - → Unipac
  - → InTuition, Inc.
- Private Loan Servicing
  - → Firstmark
- Canadian Loan Servicing
  - → Edulinx
- Guarantee Agency Servicing
  - → GuaranTec
- Collection Agency Services
  - → Premiere Credit
- Debt Management Solutions

...powered by Nelnet

A link in the Value Chain: A co-source partnership

Financial Aid Solutions Team….

Mission is to provide efficient, low cost, consistent information that is customized to the institution and student.

- An external team that has proven to handle over 95% of financial aid office inquiries made by students and parents
  - ✓Status of Financial Aid Package
  - ✓FAFSA Process Questions
  - ✓Loan and Grant Origination Process
- Economy of scale…one solution for multiple campuses

Methodology

- Nelnet utilizes institutions SIS system
- Project team creates process maps and documents unique procedures
- Simply routes unique FAO campus telephone numbers to the Colorado team, based in Aurora, Colorado
- Phased Approach

Metrics

- Consistent high quality service
- Consistent productivity and efficiency
- Frequent feedback from the voice of the customer

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Ultimate Results

- Lower overall cost
- Increased operational office efficiency

  "Thanks to Nelnet, our staff is now able to focus on students who walk in and the paperwork students would like processed for 2005-2006. We are able to process paper faster and see far more students due to the reduced phone calls. Students are able to get their questions answered faster than ever before. It really is a win win."

  -Fred Carter
  Associate Vice Chancellor, Financial Aid
  Troy State University

- Increased student satisfaction

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Why a Nelnet solution?

- Customized solutions
- Provide immediate and long term efficiencies and cost savings
- Increase student experience and staff satisfaction
  - Providing consistent information
  - Faster service
  - Student focus
- Provides seamless transition
- Understands Colorado higher education institution
  - Retain value and identity
  - Nelnet headquarters are in Colorado

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Phase I

- Select 3 to 4 pilot colleges
  - Select leadership schools
  - Banner converted
- Process map to Banner
  - Customize process to allow for efficiencies and cost savings
  - Provide clear communication to student services
- Co-source student calls to the Nelnet Financial Aid Solutions Team
- Utilize College Planning
  - Provide financial counseling services
  - Outreach campaigns to prospective students
- Other initiatives to consider
  - Dynamic Forms
  - Virtual Counselor
  - infiNET

Phase II

- Co-source other student service functionality
  - Verification processing
  - Packaging
  - School certification
- Other initiatives
  - Foresite Solutions
    - Software solutions for work study
    - Electronic timesheets
    - Web displayed job postings
    - Budget forecasting
  - Debt Management tools

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FINANCIAL AID
Improving Access with Financial Aid

Blue Ribbon Panel Recommendations

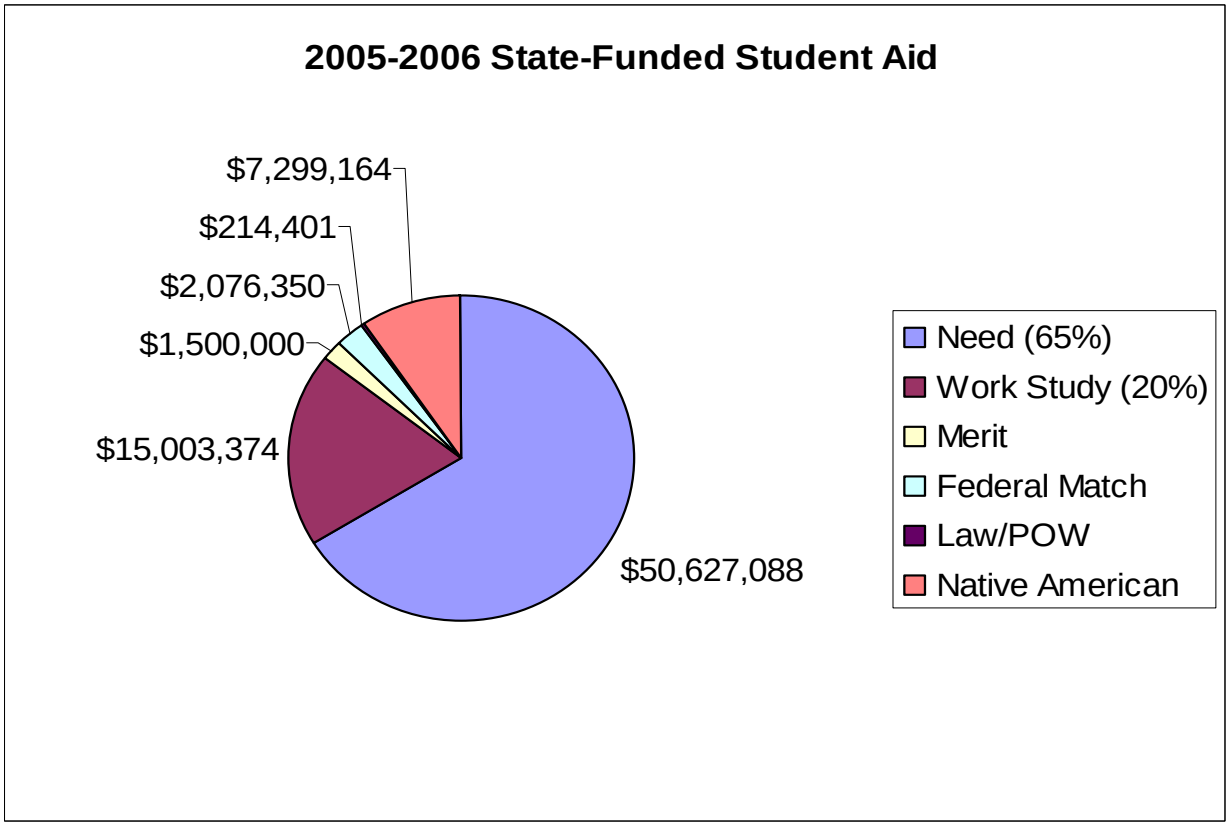
In August 2001, the Governor instituted a Blue Ribbon Panel to examine funding mechanisms for higher education. The result of the panel's deliberations was the recommendation to pursue the student educational savings account concept that is now implemented as the student stipend. The panel reviewed a concept of centralized financial aid, including:

- Standardized allocations based on need;
- Merit-aid based on index scores;
- Funds allocated to students in state-identified career fields; and
- State financial aid and general funds combined and allocated to students

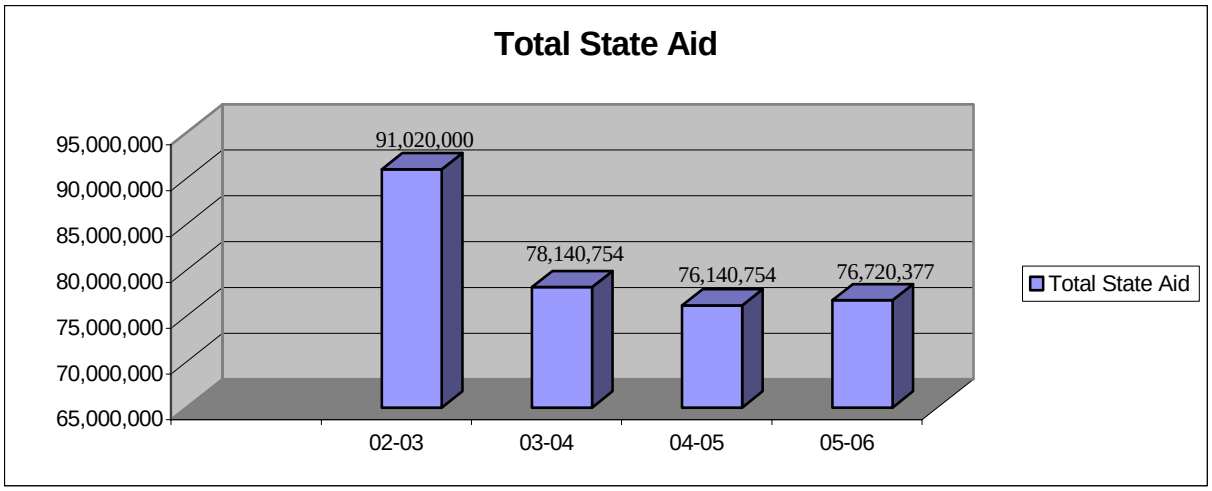
The study on centralized financial aid was not completed due to the complexity of the stipend program.

<u>What the State of Colorado Provides</u>

The State of Colorado provides approximately $77M in state-funded student financial assistance, down from $91.0M in 2003. Colorado has 126,000 full time resident students eligible for COF: approximately 38,000 students received state-funded financial aid in 2004, averaging $2,134 per student. Of that average award amount, about 70% is need-based assistance. There are approximately 67,000 students eligible for the Commission's Level 1 need-based aid. In 2006, state aid contains the following components:



Erosion of State Aid



The chart above shows the decline in state-funded aid from 2003 to 2006. Most of the decline was a reduction of merit aid from $14.9M to $1.5M.

Commission Policies on State-Funded Student Aid

Colorado targets all need-based aid to the lowest income students. The Commission has adopted the following formal policies for allocation of state aid.

Need-Based Aid:

- Colorado Student Grant is for undergraduate students whose Estimated Family Contribution (EFC) is 150% or less of Pell eligibility; adjusted gross income for those students averages $29,700 statewide. The maximum grant size is $5,000.
- Governor's Opportunity Scholarship Program recipients are the highest need students and receive full funding for their educational costs.
- Colorado Work-Study funds need and no-need student employment.

Merit-Based Grants:

- Colorado Centennial Scholar rewards students who demonstrate academic excellence by achieving a 3.75 GPA with at least a 3.5 cumulative college GPA**.**

Policy Interpretations

The Commission annually approves the formula through which financial aid is allocated to the institutions; Commission staff administer the funds and monitor institutional adherence to policy. Financial Aid is distributed by the institution's financial aid office, based on an institutionally developed packaging policy that determines whether the neediest or lowest income students get the most aid or the aid is spread more equitably to those who are determined to have "some need". The institution's packaging policy determines which students will have the higher loan amounts since loans fill in for unmet need.

An example of the impact of the differences in packaging policies follows:

Institution A: Packages all freshman and sophomore need-based students with minimal or no loans, filling need left after Pell with state grants and institutional aid. When the student becomes a junior, their Pell continues, state grants are reduced and loans are generated at their maximum amounts.

Institution B: Packages all need-based students after Pell at the minimum state grant amounts of $1,000 and maximizes allowable loan amounts at all grade levels. This institution spreads their financial aid among as many students as possible.

Institution C: Packages the neediest students (those with the lowest or zero EFC) at maximum state and institutional awards and then fills in with small loan amounts while middle income students who qualify for Pell may see only merit or talent awards and loans after Pell.

Things to Consider in Policy Discussions

An argument can be made that institutions have **special role and mission** functions that should take priority when students are recruited and that as long as a student has some need, the institution should make decisions on priorities.

When a student who received state awards transfers to another institution, they may not receive state awards at all or if they do, they may receive the award at a very different funding level. **Should a student be able to transfer their state awards?**

The state legislature mandates that institutions set-aside 20% of tuition revenue growth over inflation for need-based aid. There is no **policy on the 20% set-aside** indicating what "need" is; every institution may interpret need differently.

According to federal guidelines, only the schools can disburse federal aid; there are several reasons that make this rule valuable:

- Institutions have direct access to the students to get the required information if a student is selected for verification, changes schedule or needs a modified budget.
- There are several fund sources that only campus personnel have access to including SEOG, federal work-study and institutional aid.
- Loans amounts are awarded on-campus and the institution can then provide the student with their bottom line unmet need (typically driving the loan amount).

The **state has the ability to get all student information on federal grant and loan eligibility** submitted through the FAFSA process.

There are options for a higher level of involvement in the awarding money to students that range from setting up a very centralized system administered by a state agency or its designee to taking more control through a stronger policy targeting students who may not go to college without assistance. The Commission may also consider policy regarding the required 20% set-aside.

STATE OF COLORADO

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Governor

Richard F. O'Donnell
Executive Director

MEMORANDUM

To: Colorado Commission on Higher Education

From: Richard Schweigert

Date: September 10, 2005

Subject: College Opportunity Fund Update

Here is the latest on COF:

As of this morning, the database has 212,831 stipend accounts. Of this total, 208,116 were created on line and 4,715 were paper applications.

All of the schools have completed query testing and are accessing information from our production database. Most of the schools have completed invoice and reconciliation testing and have signed off from that process. The schools that have not signed off, and their status are:

Adams State College - still testing

Colorado School of Mines - still testing - will be signing off within the next week

Colorado State University - Pueblo - completed testing - e-mail sign off expected today

Fort Lewis College - completing reconciliation testing this week - will be signing off soon

Lamar Community College - still testing

Morgan Community College - still testing

Otero Junior College - still testing

Red Rocks Community College - still testing

Trinidad State Junior College - still testing

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http://www.state.co.us/cche

The community college system office was allowed to test and sign off query testing for all the community colleges but decided each individual college needed to understand the invoice and reconciliation process (seconded by Kristin Corash the COF project manager at CCCS). We have had positive responses from those doing the testing at the colleges that it helped them understand this process.

We have received invoices from Mesa State, Western, and Regis. Mesa and Western have received funding. Regis' invoice was just processed today and the request for funding sent to accounting. Colleges immediately receive a response to the processed invoice file. CAN has 5 business days to fund.

The following schools have notified us that they have set the following dates for processing invoice files for fall:

Metro - Sept. 9
UNC - Sept. 9
CSU - Sept. 13
CUSYS - Sept. 14
PPCC - Early Oct
FRCC - Mid Oct
DU - Mid Oct

College Access network will be sending out reminders to schools in early October who have not yet sent invoice files reminding them they have until Oct 31 to file.

One other issue to note, we are seeing a small portion of students (3%) who qualify for the stipend but refuse to use it. The department is not sure at this point why this is happening.

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To: Judy Weaver, and Commissioners

From: Richard Schweigert

Date: September 10, 2005

Subject: Budget Update

The Commission on Higher Education is the higher education governing body responsible for developing and submitting a budget request to the Executive and Legislative branches of government. The budget process begins in August, with the submission of funding requests to the Governor's Office of State Planning and Budgeting (OSPB). Upon completion of their review, the budget is then submitted to the Legislative branch through the Joint Budget Committee (JBC).

Decisions are made by the JBC on the amount and type of funding available for the department. General Fund tax money is provided for stipends, fee-for-service, financial aid, and other initiatives in the department. Tuition, fees, and auxiliary revenues generate a larger portion of the funding that is approved. When these figures have been determined, the JBC drafts what is known as the Long Appropriations Bill (Long-bill) and submits it for consideration to the complete body of the General Assembly.

Higher Education Budget Request

The year, the department submitted a funding request to OSPB that provides a range of options for new funding. The major new funding request will be for the unfunded student enrollment from FY2001 to FY2005. In addition, we requested new funds for Financial Aid and other increases. Below is a list of the funding requests:

General Fund Request

	GENERAL FUNDS
College Opportunity Fund	**17.3m**
Financial Aid	**6.2m to 15.9m**
Unfunded Enrollment	**0 to 49.5m**

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Cash Fund Request

In addition to the General Fund request, staff has begun to receive Cash Fund requests from institutions for inclusion in the budget. Cash Fund requests typically are made up of tuition, fees, and certain auxiliary enterprise revenues. Tuition is the item that receives the most attention. Below is summary of what has been submitted to date. One school is missing as we have yet to receive their request.

	05-06 CFE Appropriated Amount	06-07 D.I. Request	Total	% Increase over 05-06 Approp.
CU	605,747,633		605,747,633	11% est.
CSU	273,704,789	29,535,534	303,240,323	11%
FLC	31,569,036	3,843,389	35,412,425	12%
CSM	55,152,413	1,389,200	56,541,613	3%
UNC	82,573,694	7,500,000	90,073,694	9%
ASC	17,557,980	1,105,458	18,663,438	6%
MSC	31,626,940	1,280,000	32,906,940	4%
MSCD	81,230,387	3,714,000	84,944,387	4.5%
WSC	17,317,010	1,364,899	18,681,909	8%
CCCS	237,303,250	9,538,731	246,841,981	4%

Current Funding

APPROPRIATED AMOUNT	FISCAL YEAR 2005-2006
Stipends	**290,536,800**
Fee-for-Service	**208,281,542**
Financial Aid	**77,130,584**
Other	**21,982,185**

Capital Construction

The institutions have also submitted an extensive list of requests for new, and continuing capital construction projects. Below, you will find a complete list. This year, staff instructed the institutions that CCHE would consider "other" projects outside of life/safety projects. Some of the requests are for projects that were previously approved by the Commission and then eliminated during budget reductions in Fiscal years 2001-2003.

Fiscal Year 2006-2007 Requests

Adams State College – 2 projects; 1 general funded; 1 cash funded

General Funded Projects:

1. Plachy Renovation and Addition: CCFE - $469,221
   Out-year costs: CCFE - $10,370,049

Cash Funded Projects:

1. President's Residence Renovation: CFE & FF - $96,100
   Out-year costs: CFE & FF - $994,960

Auraria Higher Education Center – 3 projects; all general funded

General Funded Projects:

1. Science Building/Addition & Renovation: CCFE - $7,704,899
   Out-year costs: CCFE - $57,733,711

2. South Classroom Addition/Renovation: CCFE - $3,417,250
   Out-year costs: CCFE - $25,989,875

3. Arts Building: CCFE - $6,875,504 (this is a continuation project – There was a prior appropriation of $365,367 CCFE & CFE)
   Out-year costs: CCFE - $2,632,666

Colorado Community College System – 6 projects; all general funded

General Funded Projects:

1. Lamar CC – Horse Training Management Facilities Remodel:
   CCFE - $178,380
   Out-year costs: CCFE - $1,377,366

2. Northeastern Junior College
   1. Telecom (Voice Over IP): CCFE - $306,476
   2. ES French Renovation: CCFE - $831,184
      Out-year costs: CCFE - $6,675,236
      This project got caught in the 2001-2002 freeze on CC

3. Otero Junior College – Telephone Request: CCFE - $483,662

CCCS – continued

4. Pueblo CC – Academic Building – Learning Center:
   CCFE - $2,399,295

5. Pikes Peak CC: Phase II of Breckenridge Physical Plant:

CCFE - $1,462,911
Out-year costs: CCFE - $11,984,450

Colorado School of Mines – 3 projects; 1 general funded; 2 cash funded

General Funded Project::

1. Green Center Decontamination, Phase 4: CCFE - $2,165,000;
   CFE - $500,000

Cash Funded Projects:

1. New Campus Dining & Housing Facilities: CFE - $44,700,000

2. New Parking Garages: CFE - $15,200,000

Colorado State University System - 11 projects; 5 general funded;
6 cash funded

General Funded Projects – Colorado State University

1. Vet Teaching Hospital Mech & Fire Sprinklers: CCFE - $3,225,172

2. University Center for the Arts: CCFE - $10,871,938;
   Out-year costs: CCFE - $5.3 million

3. San Luis Valley Research Center: CCFE - $615,606

4. Diagnostic Medicine Center: CCFE - $11,661,484;
   Out-year costs: CCFE $23,808,969

Cash Funded Projects – Colorado State University

1. CETT Building Renovation: CFE - $6,052,619

2. MMAP Building – Atmospheric Science/Multi-State Modeling of
   Atmospheric Processes: CFE - $4,965,627

Colorado State University System – Cash funded projects continued

3. VTH – Food Animal Care Facility: CFE - $13,029,000 (donations)

4. ISTEC Program Plan: CFE - $12,993,100

5. Andrew Clark Building Renewal – Phase 1: CFE - $8 million

6. Rockwell Hall Addition: CFE - $7,971,600

Colorado State University – Pueblo; General Funded Project:

1. H.P.E.R. Remodel, Phase 2: CCFE - $7,050,098; CFE - $1,500,352

Out-year costs: CCFE - $887,900
This is a continuation project; funded in FY 05-06:
CCFE - $3,275,600

Fort Lewis State College: I general funded project

1. Berndt Hall Renovation for Bio/Ag/For, Phase 2: CCFE - $9,222,270 (includes inflation amount).
   Out-year costs: CCFE - $540,384
   (this is a continuation project; prior appropriation was CCFE - $851,668)

Mesa State College – 3 projects: 2 general funded; 1 cash funded
(This is a very fluid request; it will probably change several times in the next few weeks)

General funded projects:

1. CBI Forensics Laboratory: CCFE - $3 million
   Out-year costs: CCFE - $17 million

2. Business Building: CCFE - $13,655,651
   (This request changes the funding source from all cash to general fund; $1,150,000 in CFE was appropriated for the FY 05-06)

Cash funded project:

1. Campus Services Building: CFE - $2,567,775

University of Colorado System – 10 projects: 5 general funded; 5 cash funded

General funded projects:

1. UCCS – Dwire Hall, Phase 2 – CCFE - $3,551,331; CFE - $3,551,331
   (This is a continuation project; $3 million funded in FY 05-06: $1.5 million in CCFE and $1.5 million in CFE)

2. UCB – Visual Arts Complex – CCFE - $2,041,770; CFE - $4,083,540
   Out-year costs: FY 07-08 – CCFE: $12,215,340; CFE: $25,939,460

3. UCB - Ekeley Renovation – CCFE - $2,411,049; CFE - $267,895
   Out-year costs: FY 07-08: CCFE - $10,143,948; CFE - $1,127,108

4. UCB – Ketchum Building Renewal – CCFE - $930,531;
   Out-year costs: FY 07-08: CCFE - $7,402,875

(This project was included on the CCHE Prioritized List for
FY 05-06; it was not funded by the General Assembly)

5. UCB – Hellems – Building Renewal: CCFE - $1,420,078;
   Out-year costs: CCFE - $12,915,990

Cash funded projects:

1. UCCS – Heller Center for the Arts & Humanities: CFE - $5,400,000

2. UCHSC-Denver – North Classroom Lab Remodel: CFE - $3,070,320

3. Fitzsimons – Infrastructure 10: CFE - $1,282,093

4. Fitzsimons – Given Institute: CFE - $4,835,000

5. Fitzsimons – PASCAL II: CFE - $3,633,961

University of Northern Colorado – 3 cash funded projects

Cash funded projects:

1. West Campus Housing Improvements: CFE - $63 million

2. Parking Improvements: CFE - $4 million

3. Faculty Apartments #4 Renovation: CFE - $2 million

Western State College – 2 general funded projects

1. Kelly Hall Renovation: CCFE - $349,133
   Out-year costs: CCFE - $3,795,209

2. Information Technology Infrastructure Improvement Project:
   CCFE - $375,665; out-year costs: CCFE - $2,668,657

Other Higher Education Agencies' Capital Requests

Colorado Historical Society – 1 cash funded project

1. CHS Regional Museums: CFE - $550,000

Cumbres & Toltec Scenic Railroad – 2 general funded projects

1. Track Rehabilitation: CCFE - $1,350,000;
   CFE - $1,350,000 (New Mexico); CF - $1,300,000

(private funding)
Out-year costs:
CCFE: $5,400,000
CFE: $5,400,000 (New Mexico)
CF: $1,300,000
FF (EDA): $3,900,000

2. Locomotive Rehab: CCFE - $650,000; CFE - $650,000 (New Mexico).
Out-year costs:
CCFE: $1,950,000
CFE: $1,950,000 (New Mexico)
FF (EDA): $1,050,000

Total number of requests: 47

General Funded: 28
Cash Funded: 19

Amount of General Funds requested for FY 06-07: $ 99,975,558

Cash Funds requested for FY 06-07: $ 13,203,118

Out-Year Costs:

General Fund: $ 220,792,625
Cash Funds: $ 40,666,568

Cash Funded Project Request for FY 06-07: $ 203,347,195

Out-Year costs: $ 994,960