

TOPIC: FISCAL YEAR 2009 FINANCIAL AID ALLOCATIONS

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I. BACKGROUND

The Commission’s financial aid policy is designed to achieve four goals:

- Maximize the amount of financial aid funds available for Colorado residents;
- Direct state need-based dollars to all students with the least ability to pay;
- Direct merit-based dollars to students who demonstrate academic achievement; and
- Recognize the student responsibility in paying higher education costs.

II. SUMMARY

The Colorado Commission on Higher Education annually approves the institutional allocations for state-funded student financial aid programs. This agenda item presents the staff recommendation for FY 2009 need-based aid allocations in accordance with the allocation methodology approved in 2007 for the new need-based aid program (Colorado’s College Responsibility Program) adopted by the Commission in November 2006. It also includes the recommendations for the merit-based and work-study allocations.

In the 2008 legislative session, the General Assembly increased need-based aid by \$7,270,600; increased Work Study by \$1,728,057; and left Merit aid at the same amount as last year. The Pre-Collegiate Program was doubled to \$1,600,000. The table below shows the FY 2008 appropriations by program type and compared to the previous fiscal year. Approximately 71 percent of the FY 2009 appropriation goes toward the Colorado College Responsibility Program (CCRP).

FY 2008 and FY 2009 General Fund Financial Aid Appropriations

FY	Need	Merit	Work Study	Pre-Collegiate	Federal Match	LAW/POW	Native American	Total
2008	67,023,546	1,500,000	14,884,300	800,000	1,726,350	364,922	8,063,560	94,362,678
2009	74,294,146	1,500,000	16,612,357	1,600,000	1,726,350	364,922	8,359,421	104,457,196
Dollar Change	7,270,600	0	1,728,057	800,000	0	0	295,861	10,094,518
% Change	10.8%	0	11.6%	100%	0	0	3.7%	10.7%

III. STAFF ANALYSIS

1. Need-Based Aid

In FY 2007, the Commission approved the need-based aid program, Colorado's College Responsibility Program (CCRP), and the methodology for calculating undergraduate and graduate need-based aid allocations for each institution. The following section outlines the allocation methodology previously approved by the Commission.

Program Components

A. Colorado's College Responsibility Grant

This program is the undergraduate component of the CCRP. Need-based grant allocations are based on the number of Level 1 students (students with an expected family contribution (EFC) between \$0 and 150% of the amount necessary to qualify for a Federal Pell Grant) at each institution. Institutions are allocated a flat payment amount from the state for each Level 1 student enrolled. Payment amounts differ by type of institution, and are categorized in Tiers to address the differences in attendance costs at the institutions. Tier 1 includes the Colorado School of Mines, Colorado State University, The University of Denver, University of Northern Colorado, and the three University of Colorado Schools. Tier 2 includes Adams State College, Colorado State University-Pueblo, Fort Lewis College, Mesa State College, Metropolitan State College of Denver, Western State College, Colorado College, and Regis College. Tier 3 includes the thirteen System Community Colleges, Aims Community College, and Colorado Mountain College. Payment per student is based on average cost of attendance for each tier as reported in the financial aid files.

All eligible Level 1 financial aid applicants at state-supported two- and four-year institutions are awarded a minimum standardized CCRP Grant each year they are enrolled, regardless of the type of institution they are attending. For FY 2009, all eligible students will receive \$850 for the academic year regardless of when they apply or where they attend. If an institution has any remaining CCRP Grant funds after all eligible Level 1 students receive minimum grant awards, those funds will go to other aid-eligible student as determined by the institution. The award amount was set and approved by the Commission with last years' allocation and the *base allocation amount* for FY 2009 will set the *base award amount* for FY 2010 as long as the methodology remains the same and sufficient funds are appropriated to the program in the FY 2010 Long Appropriations Bill.

B. Critical Careers Funding for Graduate Students

This program focuses graduate need-based financial aid funding to students in critical career programs as identified by National Science and Mathematics Access to Retain Talent (SMART) Grant Program. Critical Career Grant allocations are based on the number of Level 1 graduate students in the list of approved programs. The amount of funding set aside for graduate grant programs is increased by 21.47% over the prior fiscal year. Each institution's allocation is indexed individually to the need using the lowest need as a base. The minimum required award is \$1,000 to each eligible student, and the maximum award is \$5,000.

2. Governor's Opportunity Scholarship

The Commission voted in 2007 to phase out the Governor's Opportunity Scholarship (GOS) program over a period of several years. During that phase-out period, funds are rolled into the Need-Based Aid allocation. Allocations for GOS recipients are based on the institutions self-reporting the number of students remaining in the program. The maximum award for a GOS student is \$10,700 annually and cannot exceed the cost of attendance. Schools reported estimates based on prior year awards for continuing students.

There is a reserve of \$53,307 for unanticipated changes in the GOS phase-out estimates and the transition to the CCRP Program. If not used by Nov. 15th, these funds will be added to undergraduate need-based formula and distributed to the institutions. For FY09, \$4,956,419 has been set aside for GOS students based on the number of current participants. It is anticipated that the GOS program will end in 2012.

3. Merit-Based Financial Aid

Merit Aid had reached almost \$15 million in FY 2004 and was reduced annually in subsequent years. This year, the General Assembly kept the appropriation for merit-based financial aid at \$1.5 million, the same level as in FY 2008. At the peak of its funding, Merit Aid was allocated based on FTE at each institution. As the appropriation decreased, the allocation was reduced proportionately. The allocation will be revisited for FY 2010 with the review of the methodology noted above. Staff recommends no change from FY 2008 in merit allocations at the institutional level.

4. Work-Study Financial Aid

In FY 2005, the appropriation for Work-Study Aid was approximately \$15,000,000. In FY 2007, Work-Study was reduced, but with the use of carry-forward funds the

allocations have remained consistent. The allocation was distributed based upon Level 1 FTE at each institution

This year, the General Assembly increased the appropriation for Work Study aid by \$1,728,057. Staff recommends that the FY 2009 increase be distributed proportionally to the FY 2008 allocation. By law, 70% of the appropriation must be used by need-based students, while the remainder can be awarded without regard to need. Any unused allocation amounts are re-allocated if not used in a timely manner

5. Categorical Financial Aid

Categorical Financial Aid covers the Native American Tuition Assistance program and Law/POW grants, which are entitlements that go directly to eligible students. Funding for these programs increased in FY 2009 to reflect actual utilization. Below is a table detailing these categorical financial aid appropriations. The Native American Tuition Assistance Program pays tuition for all eligible students under a U.S. government treaty at Fort Lewis College.

Summary of Categorical Programs

Type	Required Federal Match	Law/Fire	Native American
2008	1,726,350	364,922	8,063,560
2009	1,726,350	364,922	8,359,421

6. Colorado Leveraging Educational Assistance Partnership (CLEAP)

The amount of the state and federal share of CLEAP funds in FY 2009 remained equal to prior year levels. The allocation for CLEAP is based on need. Students must have “substantial need” as evidenced by a minimum need of \$900 after PELL is considered as outlined in the guidelines. Staff recommends that the CLEAP allocations be awarded based on FY 2008 allocations.

7. Supplemental Leveraging Educational Assistance Partnership (SLEAP)

The SLEAP program is typically allocated proportionally based on student/teacher head counts at each applicable institution. The General Assembly appropriated the same amount in FY 2009 as in FY 2008. Staff recommends that the FY 2009 SLEAP allocation be awarded based on FY 2008 allocations.

8. Scholarships for Pre-Collegiate Programs (PACG)

The General Assembly increased the appropriation for the PACG program this year by \$800,000. Allocations for PACG recipients are based on institutions self reporting the

number of students identified as eligible for the program. Five additional schools have reported eligible students and will receive allocations in FY 2009.

IV. STAFF RECOMMENDATION

That the Commission approves the Fiscal Year 2009 financial aid allocations in ATTACHMENT A.

STATUTORY AUTHORITY

C.R.S. 23-3.3-102

C.R.S. 23-3.5-103