

**TOPIC: COLORADO PROMISE SCHOLARSHIP: DRAFT
GUIDELINES**

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I. SUMMARY:

This item presents draft guidelines to implement the Colorado Promise Scholarship (CPS), if Amendment 58 (formerly Initiative 113) is approved by the voters in November. The guidelines have been developed based on the policy framework approved by the Commission at its July 10 meeting. These guidelines are for discussion only.

II. BACKGROUND:

In order to have processes in place for institutions to incorporate CPS funding in financial awards for FY 2009-2010, Department staff was charged by the Commission with developing a policy framework. That framework was approved by the Commission at its July 10 meeting and is the basis for draft guidelines for the proposed CPS program. This agenda item presents draft guidelines, attached as Appendix A, for discussion by the Commission. Aspects of the policy framework that may require some further adjustment by the commission are highlighted. In preparing these guidelines, Department staff met frequently with financial aid staff at institutions to discuss the various eligibility and administrative factors implicit in the ballot language of Initiative 113 and identified in the policy framework.

III. STAFF ANALYSIS

Many of the eligibility and administrative components of the framework are similar to existing financial aid processes and so will not likely be difficult to implement. For example, state aid currently is allocated to institutions using a tiered award amount by institution type (research, four year or community college) based on the average cost of attendance by tier, which is the same approach suggested by the policy framework for the CPS guidelines. Also, state financial aid guidelines include a minimum course load requirement of at least half-time enrollment, as would the proposed CPS program. And currently, financial aid offices consider federal aid prior to applying state aid, which again is the approach recommended for the CPS program.

The institutions' financial aid staff raised concerns about two issues in the policy framework: the academic eligibility component and the maximum credit hour eligibility component. In addition, a question remains whether the proposed CPS program, if approved, should be merged with the existing need-based financial aid program (as the policy framework proposes), or administered separately. These issues are discussed briefly.

Academic eligibility. Amendment 58 includes “academic performance” as a criterion for the CPS. The policy framework adopted by the Commission suggests a 2.5 grade point average (GPA) after the 60th credit hour. This requirement might exclude students from receiving the CPS even though they remain otherwise eligible for federal aid, which has a 2.0 GPA requirement. In particular, the 2.5 GPA requirement could affect economically disadvantaged students who are working their way through college and could discourage students from academically-challenging majors, especially in the STEM fields. DHE staff is evaluating whether granting institutional flexibility for implementing this aspect of the CPS, through appeals and “professional judgment,” would mitigate this concern. Alternatively, administering the CPS program as a second program while retaining the existing financial aid program (discussed below) would eliminate this concern.

A related concern is that implementation of the “academic performance” standard using a credit hour approach may not achieve the intended result. Community colleges note that students who exceed 61 credits (the usual marker for becoming a “junior” at a 4-year school) and do not maintain a 2.5 GPA will be ineligible for CPS under this limitation, even though they would otherwise qualify for federal aid. Community colleges have argued to impose the 2.5 GPA requirements only after a student achieves “junior” status.

A related issue concerning the GPA requirement is period and frequency for determining GPA eligibility. Many institutions verify a student’s GPA annually for purposes of eligibility for financial aid; other institutions do so on a term basis. An alternative for the CPS guidelines would be to allow institutions to use a term or a cumulative GPA, provided that was done uniformly within each institution.

Maximum credit hour eligibility. The policy framework adopted by the Commission set a maximum credit hour eligibility of 145 credit hours. Based on discussions with institutions, DHE staff believes that for some programs, a credit hour maximum may not be practical because programs vary in length at different institutions. An alternative approach suggested by institutions is to use Satisfactory Academic Progress (SAP) from federal guidelines, which allow for a maximum limit of 150% of credits for program completion while requiring students to complete a minimum of 67% of coursework attempted and maintain a 2.0 GPA to remain in good standing.

Merged or separate financial aid programs. The policy framework directed a combined program. DHE staff continues to evaluate this policy. A combined approach would likely be easier to administer; retaining the existing need-based program as well would protect current need-eligible students from the effect of a GPA requirement and could allow CPS funds to reach further into the middle income brackets. The attached draft guidelines would apply to either approach.

Income Parameters

In addition to the administrative and eligibility factors discussed above, the guidelines permit income parameters to be estimated for the allocation of CPS funds among students from low and middle income families, depending on the type of institution attended. The following chart portrays an estimate of the levels of CPS award that would go to different income categories at different types of institutions, assuming the guidelines are not modified to deal with the three policy issue discussed above (GPA; maximum hours; retaining the current need-based program). It is important to understand that individual awards would vary based on actual family circumstances.

Estimated CPS Awards in 2009-10 Based on Draft Guidelines*

		Family Income \$0-\$54,000; average of \$35,000	Family Income \$48,000-\$79,000; average of \$64,000	Family Income** \$60,000-\$102,000; average of \$81,000
Community College	Minimum	\$1,500	\$1,250	\$1,000
	Maximum	\$5,000	\$4,500	\$3,500
Four-Year College	Minimum	\$1,750	\$1,500	\$1,250
	Maximum	\$5,500	\$5,000	\$4,000
Research University	Minimum	\$2,000	\$1,750	\$1,500
	Maximum	\$6,000	\$5,500	\$4,500

* Assumptions used to determine estimated award amounts: \$120 million in new CPS funds in FY09-10, to be combined with \$60 million in current funds appropriated for state need-based aid; applies to resident undergraduate enrolled full-time with pro-rated awards for half-time; FTE projections for all levels using 3-yr average, adjustments for increased enrollment, as reported in SURDS; estimated standardized COAs for FY09; funds withheld to hold harmless private institutions currently receiving state financial aid whose students will not be eligible for CPS. Income levels are based on a family of four with one dependent attending college; family income levels correspond to EFC levels 1, 2 and 3 needed to qualify.

**The number of students included in this income level are estimated based upon current enrollment data from the financial aid files.

Integrating CPS Guidelines with Current Financial Aid Guidelines

CPS would be one program covered by the Department's "Guidelines for Administering State-Funded Student Assistance Programs" which prescribes the responsibilities of the institutions' financial aid offices, including procedures required to participate in state funded financial aid, an overview of state funded programs and award processes, ethics, student eligibility requirement guidelines, and accountability requirements. Guidelines are reviewed annually by the Department to reflect any programmatic changes or new legislation. In addition to the draft CPS guidelines in appendix A, the following existing financial aid guidelines would also apply to the CPS program.

3.08 Student Eligibility

The following eligibility criteria must be met; there may be more specific eligibility guidelines stated in specific program sections:

<i>1. Be a citizen or national of the United States, be in the United States for other than a temporary purpose and intend to become a permanent resident according to federal regulations, or be a permanent resident of the Trust Territory of the Pacific (Palau)</i>
<i>2. Be a Colorado resident student</i>
<i>3. Be an undergraduate or graduate student based upon program guidelines (see below)</i>
<i>4. Be enrolled at least half-time, and in an eligible program</i>
<i>5. Be in good standing and demonstrate academic progress according to the institution's published policy regarding Standards of Satisfactory Progress for financial aid purposes</i>
<i>6. If required, be registered with the Selective Service System</i>
<i>7. Satisfy the verification requirements in C.R.S. §24-76.5-103.</i>

Section 4.04 "Packaging Policy" would be amended to include the following:

Institution staff will package federal Pell grants, Veteran's benefits, ROTC scholarships and other federal aid prior to CPS funds in order to maximize state dollars.

Appendix A

DRAFT GUIDELINES FOR THE CPS

5b.00 Colorado Promise Scholarship (CPS)

5b.01.00 Colorado Promise Scholarship Program Overview

The Colorado Promise Scholarship fund will enable more resident undergraduate students to have increased access at lower net cost to public institutions of higher education. Colorado Promise Scholarships must be awarded based on eligibility limits established in section 5b.01 of the financial aid guidelines.

5b.01.01 Student Eligibility

Beginning in academic year 2009-10, resident undergraduate students may be eligible to receive the Colorado Promise Scholarship once admitted to an eligible public institution, defined by section 23-18-102 (10) (a), (C.R.S.), or local district college defined by section 23-72-121.5, (C.R.S.).

In addition to eligibility requirements set forth in this section, the student must meet the minimum eligibility requirements of section 3.08.

To receive the guaranteed minimum CPS scholarship applicable to a particular category of institution and to the student's EFC, the student must be enrolled in a full-time degree seeking program (first baccalaureate), or qualified certificate program. Pro-rata awards for less than full-time students are subject to the provisions of section 5b.01.02.

A student will be eligible for a CPS scholarship through 145 credit hours, not including preparatory (remedial) courses.

Awards will be given each academic semester enrolled as long as the student has completed the requirements for disbursement of federal student aid prior to the last day of the semester. Students enrolled at least half-time may be awarded at a pro-rated amount as funds permit.

A student must maintain Satisfactory Academic Progress (SAP) as defined in section 3.02 through the 60th credit hour. For and after the 61st credit hour, a student must will earn a minimum term (or cumulative) GPA of 2.5 to qualify for CPS award renewal.

Students enrolled concurrently in high school and college are not eligible for the CPS program while still in high school.

5b.01.02 CPS Awards:

Beginning in academic year 2009-10, eligible resident students who have an Expected Family Contribution up to \$[] will receive a minimum CPS award.

For academic year 2009-10, the minimum scholarship award amount for eligible students is \$500 per academic semester or \$1,000 annually for full-time enrollment (fall and spring semesters only) and the maximum scholarship award amounts will be determined based on the funds available as estimated by the Office of State Planning & Budgeting in February 2009. Students attending institutions not on a semester system will have the scholarship prorated for quarter terms excluding summer. Institutions may award summer terms as funding permits as long as other eligibility requirements are in sections 3.08 and 5b.01.01 are met.

Estimated Minimum and Maximum CPS Awards in 2009-10

		Family Income \$0-\$54,000; average of \$35,000	Family Income \$48,000-\$79,000; average of \$64,000	Family Income** \$60,000-\$102,000; average of \$81,000
Community College	Minimum	\$1,500	\$1,250	\$1,000
	Maximum	\$5,000	\$4,500	\$3,500
Four-Year College	Minimum	\$1,750	\$1,500	\$1,250
	Maximum	\$5,500	\$5,000	\$4,000
Research University	Minimum	\$2,000	\$1,750	\$1,500
	Maximum	\$6,000	\$5,500	\$4,500

* Assumptions used to determine estimated award amounts: \$120 million in new CPS funds in FY09-10, to be combined with \$60 million in current funds appropriated for state need-based aid; applies to resident undergraduate enrolled full-time with pro-rated awards for half-time; FTE projections for all levels using 3-yr average, adjustments for increased enrollment, as reported in SURDS; estimated standardized COAs for FY09; funds withheld to hold harmless private institutions currently receiving state financial aid whose students will not be eligible for CPS. Income levels are based on a family of four with one dependent attending college; family income levels correspond to EFC levels 1, 2 and 3 needed to qualify.

**The number of students included in this income level are estimated based upon current enrollment data from the financial aid files.

Each student bears substantial financial responsibility for the cost of his or her education. The Colorado Promise Scholarship is intended to provide assistance in meeting the costs of education that exceed that personal financial responsibility, or “student share,” defined to encompass reasonable personal employment earnings, available work-study, subsidized student loans, private scholarships and other sources, whether or not the student elects to work or to apply for work-study or loans. Financial aid officers will take this student share into account in making award determinations.

If a student's unmet need is less than the amount of the minimum CPS award but greater than \$200, or if a student fails to apply by the priority deadline, an institution may award less than the minimum.

Institutions are not required to but may award a Colorado Promise Scholarship at a pro-rated amount to students who are enrolled at least half-time.

Summer Semester:

Institutions may award CPS funds for summer semester with any funds remaining after all eligible incoming students receive the minimum CPS awards.

Current students not eligible for CPS:

Students who have been receiving state funded financial aid prior to the start of the CPS program, but who are not eligible for the CPS program because they are beyond the 61st credit hour and do not have a 2.5 GPA, may continue to receive aid calculated under the previous state-funded financial aid program for a phase-in period through academic year 2010-11 during which they are to be "held harmless."

Treatment of transfer students:

Beginning in Spring 2010, participating institutions will be required to award the minimum CPS amount, \$500 per semester, or unmet need (whichever is less), for eligible Colorado resident students transferring from other participating Colorado institutions.

5b.01.03 CPS Merit Pool

Institutions will receive a CPS merit allocation that may be awarded at an institution's discretion to high performing CPS recipients in the form of a merit bonus not to exceed the cost of attendance. Institutions will exercise professional judgment to establish an award process for CPS merit recipients. The CPS Merit funds will be allocated to institutions based upon the number of Level 1 FTE and available funds as estimated in February of each year. It is expected that the merit pool will not exceed 5 percent of all funds estimated to be available for the CPS program.

5b.01.04 Allocation Process

The Department will allocate Colorado Promise Scholarship funds to participating institutions using a methodology that reaches the greatest number of eligible Colorado resident students. Allocations will reflect the different costs of attendance by tier (type of institution). The Department will project the number of FTE at each institution and allocate based on that projected number of FTE. Institutions will receive higher

allocations to account for potentially increased enrollment and for projections of students that will be CPS eligible but do not currently apply for financial aid. Flexibility will be granted to institutions during the transition to the CPS program.

Use of Institutional Allocations academic year 2009-10: Award minimums to all eligible students with EFC up to []; remaining funds may be used to award eligible students over the minimums.

Colorado Promise Scholarship Eligible Institutions

Research

Colorado School of Mines
Colorado State University
University of Colorado -
Boulder
University of Colorado -
Colorado Springs
University of Colorado Denver
University of Northern
Colorado

Four-Year

Adams State College
Colorado State University -
Pueblo
Fort Lewis College
Mesa State College
Metropolitan State College of
Denver
Western State College

Two-Year

Aims Community College
Arapahoe Community College
Colorado Mountain College
Colorado Northwestern
Community College
Community College of Aurora
Community College of Denver
Front Range Community
College
Lamar Community College
Morgan Community College
Northeastern Junior College
Otero Junior College
Pikes Peak Community College
Pueblo Community College
Red Rocks Community College
Trinidad State Junior College