

TOPIC: FISCAL YEAR 2010 FINANCIAL AID ALLOCATIONS

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I. SUMMARY

The Colorado Commission on Higher Education annually approves the institutional allocations for state-funded student financial aid programs. This agenda item and attachment A present the staff recommendation for FY 2010 need-based aid allocations. The allocations are in accordance with the methodology approved in 2007 for the need-based aid program (Colorado's College Responsibility Program) adopted by the Commission in November 2006. This item also includes recommendations for merit-based and work-study allocations.

At the Commission's April meeting, Department staff presented background on current financial aid programs and on the allocation methodology. Staff noted in April that several bills being considered by the Colorado General Assembly, coupled with increased enrollment at some institutions, had prompted discussions about the possibility of increased financial aid flexibility for institutions. While none of the legislation concerning financial aid flexibility passed, financial aid staff have continued to discuss with the institutions' financial aid officers increased flexibility under current guidelines. DHE Staff will continue to work with the financial aid advisory committee on the financial aid methodology, and will bring any recommendations for significant changes to the Commission for approval.

II. BACKGROUND

The Commission's financial aid policy is designed to achieve three 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; and
- Recognize the student responsibility in paying higher education costs.

In the 2009 legislative session, the General Assembly appropriated both need-based aid and Work Study at FY 2009 funding levels, and eliminated merit aid and the pre-collegiate program. The table below shows FY 2010 appropriations by program type and compared to the previous fiscal year. Approximately 83 percent of the FY 2010 appropriation goes toward the Colorado College Responsibility Program (CCRP).

FY 2009 and FY 2010 General Fund Financial Aid Appropriations

FY	Need	Merit	Work Study	Pre-Collegiate	Federal Match	LAW/POW	Native American	Total
2009	74,294,146	1,500,000	16,612,357	1,600,000	1,726,350	364,922	8,359,421	104,457,196
2010	74,294,146	0	16,612,357	0	1,726,350	364,922	9,622,969	102,620,744
Dollar Change	0	-1,500,000	0	-1,600,000	0	0	1,263,548	-1,836,452
% Change	0%	-100%	0%	-100%	0%	0	15%	-2%

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 components of the CCRP and the allocation methodology for each component approved by the Commission.

A. Colorado’s College Responsibility Grant

Colorado’s College Responsibility Grant program is the undergraduate component of the CCRP. Need-based grant allocations are based on the number of Level 1 students at each institution. Level 1 students are those with an expected family contribution (EFC) between \$0 and 150% of the amount necessary to qualify for a Federal Pell Grant. 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. Payment per student is based on average cost of attendance at the institution 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 2010, all eligible students who apply for financial aid by the priority date will receive a minimum grant of \$850 for the academic year. 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 students as determined by the institution.

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 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 held at FY 2009 funding levels.

2. Governor’s Opportunity Scholarship (GOS)

The Commission voted in 2007 to phase out the 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. There is a reserve of \$102,877 for unanticipated changes in the GOS phase-out estimates and the transition to the CCRP Program. If not used by November 15, these funds will be added to undergraduate need-based formula and distributed to the institutions. For FY 2010, based on the number of current participants, \$3,013,214 has been set aside for GOS students. DHE anticipates that the GOS program will end in 2012.

3. Work-Study Financial Aid

The General Assembly held the appropriation for Work Study aid in FY 2010 at \$16,612,357. For the past several years, the Commission has allocated work-study funds based on a needs assessment from FY 2006; the allocations had not changed since FY 2006. Staff recommends that the FY 2010 appropriation be distributed using the FY 2009 allocation. By law, 70% of the appropriation must go to need-based students, while institutions can award the remainder without regard to need.

4. 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 2010 to reflect actual utilization. Below is a table detailing these categorical financial aid appropriations. The Native American Tuition Assistance Program provides tuition for all eligible Native American students at Fort Lewis College under a contractual agreement between the U.S. government and the State of Colorado.

Summary of Categorical Programs

Type	Required Federal Match	Law/Fire	Native American
2009	1,726,350	364,922	8,359,421
2010	1,726,350	364,922	9,622,969

5. Colorado Leveraging Educational Assistance Partnership (CLEAP)

The amount of the state and federal shares of CLEAP funds in FY 2010 remained equal to prior year levels. Staff recommends that the CLEAP allocations be awarded based on FY 2009 allocations. This program is scheduled to be redesigned in FY 2011.

6. 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 2010 as in FY 2009. Staff recommends that the FY 2010 SLEAP allocation be awarded based on FY 2009 allocations.

IV. STAFF RECOMMENDATION

That the Commission approves the Fiscal Year 2010 financial aid allocations in ATTACHMENT A.

STATUTORY AUTHORITY

C.R.S. 23-3.3-102

C.R.S. 23-3.5-103