

TOPIC: FINANCIAL AID UPDATE

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I. SUMMARY

Since the December 2nd CCHE meeting, the financial aid advisory group and the chief financial officers (CFOs) met to discuss the financial aid allocation methodology for FY 2012. This item seeks to provide an update on the progress made by the two groups prior to bringing recommendations to the Commission in January.

II. BACKGROUND & STAFF ANALYSIS

The currently approved model was created to acknowledge Level 1 student growth provided that additional funding was available. With no new funding, the model shifts resources to institutions with rapid growth and essentially takes funding away from institutions with lesser growth. It is important to note that all institutions have experienced growth in enrollment and no matter what outcome is decided, all institutions will receive less funding per student in FY2012 than in the current year. Based on feedback from institutions, most are continuing to experience growth in the number of Level 1 students in the current year.

The three primary allocation discussions with the financial aid group and the CFOs are focused around the following three areas with an emphasis on making financial aid to undergraduate students with need the priority:

- Hold harmless provisions
- Financial aid to graduate students
- Financial aid to proprietary institutions

A number of scenarios have been discussed. The underlying issues behind a model are how to balance the competing interests of predictability for students currently receiving financial aid while acknowledging rapid and substantial growth. The current model favors growth while “hold harmless” provisions seek to protect existing students. The downside of hold harmless provisions is that it does not acknowledge growth as much as scenarios without it. The extent by which institutions will be held harmless is still being discussed.

The groups seem to agree that there should be some shared pain, meaning that other financial aid pots should not be held flat. The emphasis has been on the importance of financial aid to undergraduate students at public institutions while trying to ensure a reasonable to graduate students and proprietary students.

At this point, the groups are refining scenarios to prepare for a vote. In January, the model(s) that have been agreed upon by the CFOs and the financial aid advisory group will be presented

to the Commission along with the policy recommendations that have been discussed throughout the process.

III. STAFF RECOMMENDATIONS

No recommendation at this time; this agenda item is for discussion only.