

TOPIC: FISCAL YEAR 2012 FINANCIAL AID ALLOCATIONS

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I. SUMMARY

Each year, pursuant to state law (C.R.S. 23-3.3-102 (2)), the Colorado Commission on Higher Education takes action on allocations of state-funded student financial aid programs to eligible institutions of higher education. This year, the recommended allocations were affected by large increases eligible students and flat funding. Because all institutions experienced enrollment growth, alternative undergraduate financial aid allocation models were created for FY12.

At its January 2011 meeting, the Commission approved a one-year allocation model for the undergraduate program for FY2012 in lieu of the Colorado College Responsibility Program (CCRP) model. The model adopted at the January meeting set a reduction limit on public and non-profit private institutions at fifteen percent, reduced the graduate financial aid by ten percent, and reduced need based aid at proprietary institutions by thirty percent. This item also includes recommendations for graduate aid and work-study allocations for FY2012. The allocations appearing in this action item were calculated in accordance with the methodology approved by the CCHE in January for the need-based aid program.

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 2011 legislative session, the General Assembly appropriated state funded financial aid for Need and Work-Study programs based upon prior year funding levels. In addition and at the same time, Congress eliminated the Leveraging Educational Assistance Programs (LEAP). The LEAP program was funded by both federal and state (matching) dollars. Because the federal program was eliminated, the Joint Budget Committee approved a DHE staff request to redirect the state match portion of the LEAP program to fund the growth of categorical entitlement programs (described below) and need-based aid. Table One (below) shows FY 2012 appropriations by program type compared to the previous fiscal year.

Table One: FY 2011 and FY 2012 General Fund Financial Aid Appropriations

FY	Need	Merit	Work Study	Federal Match	LAW/ POW	Native American	Total
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2011	74,144,146	0	16,612,357	1,726,350	364,922	10,430,371	103,278,146
2012	74,607,417	0	16,612,357	0	364,922	11,785,002	103,369,698
Dollar Change	463,271	0	0	0	0	1,354,631	366,251
% Change	0.62%	0.00%	0.00%	-100.00%	0.00%	12.99%	0.09%

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. As stated above, an alternative methodology was approved for the FY2012 undergraduate aid allocations. The alternative model uses the core principles of the CCRP allocation methodology but imposes a fifteen percent reduction limit for institutions over the prior year’s allocation. The reductions to proprietary allocations and graduate financial aid allow additional funds to be disbursed within the model. The following section outlines the components of the CCRP and the allocation methodology used to determine the financial aid allocations for FY2012.

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.

Pursuant to the passage of SB 10-003, state-supported institutions and non-profit private institutions will have financial aid flexibility and will award financial aid based upon the decisions of their respective governing boards. Proprietary institutions will continue to award need based aid to students as outlined under the Department guidelines.

B. Critical Careers Funding for Graduate Students

This program allocates 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 has been reduced by ten percent below FY 2011 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 \$47,000 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 2012, based on the number of current participants, \$134,900 has been set aside for GOS students. This is the final year of the GOS program.

3. Work-Study Financial Aid

The General Assembly held the appropriation for Work Study aid in FY 2012 at \$16,612,357. For the past several years, the Commission has allocated work-study funds based on a needs assessment from FY 2009; the allocations had not changed since FY 2009. Staff recommends that the FY 2012 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 2012 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.

Table Two: Summary of State Categorical Financial Aid Programs

Type	Law/Fire	Native American
2011	\$364,922	\$10,430,371
2012	\$364,922	\$11,785,002

IV. STAFF RECOMMENDATION

That the Commission approves the financial aid allocations for fiscal year 2012 that appear in ATTACHMENT A.

STATUTORY AUTHORITY

C.R.S. 23-3.3-102 (2)

Assistance program authorized - procedure - audits.

(1) The general assembly hereby authorizes the commission to establish a program of financial assistance, to be operated during any school sessions, including summer sessions for students attending institutions.

(2) The commission shall determine, by guideline, the institutions eligible for participation in the program and shall annually determine the amount allocated to each institution.