

TOPIC: FINANCIAL AID UPDATE

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I. SUMMARY

In January, the Commission approved a one year departure from the Colorado's College Responsibility Program (CCRP), the name of the state funded need-based financial aid program. In its place the Commission adopted an allocation method that included a ten percent reduction to the graduate school financial aid allocation, a thirty percent reduction to grants for students enrolled at proprietary colleges, and a 15 percent reduction in need based aid for students enrolled at public colleges. The CCHE's action included a provision that the allocation method would revert back to the prior method (i.e., the CCRP) after one year. With no additional funding on the horizon and possible reductions, the financial aid advisory committee has been meeting to discuss changes to the financial aid allocation model for FY12-13. This item seeks to inform the Commission for future planning.

II. BACKGROUND & STAFF ANALYSIS

The explosive enrollment growth that occurred with the economic downturn coupled with the increase to Pell Grant eligibility limits resulted in a substantial increase to the number of students who are eligible for state funded financial aid. While total state funded financial aid had been held flat between FY10-11 and FY11-12, the buying power of the state grant program diminished with the increased enrollment.

The CCRP allocation method was originally created to provide a minimum grant to each eligible student. At current funding levels, the program is no longer able to achieve that goal. Instead, the allocation method provides funding to institutions based upon projected numbers of high need students and the institution's financial aid packaging for Colorado residents. The result is an allocation method that attempts align with the goals of each institution's Financial Accountability Plan and administrative goals.

In planning for 2012-2013, the conversation with the financial aid advisory committee has principally focused on allocation options. The group has discussed the need to recognize total cost at institutions when considering financial need. Additionally, it has been argued that radical changes from one year to the next make it difficult to plan and maintain access for students. The group is seeking to find the balance between creating access for new students and retaining returning students. Regardless of the funding levels for next year, it appears that a new allocation method for FY12-13 will be brought to the Commission for its consideration.

The Department is in the process of collecting the Student Unit Record Data System (SURDS) financial aid files from 2010-2011. Once the data has been vetted, the data will be evaluated to determine how student eligibility has changed over the past year. After a preliminary analysis, it

is clear that there will be additional growth in the number of eligible students. The advisory committee will begin looking at models over the next couple of months and bring any recommendations to the Commission in December or January.

III. STAFF RECOMMENDATIONS

No action necessary. This item is for informational purposes only.