

**TOPIC: FY 2012-2013 FINANCIAL AID ALLOCATION
RECOMMENDATIONS**

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I. SUMMARY

At the January 2012 CCHE meeting, Department staff briefed the Commission about financial aid discussions had taken place among the institutions' chief financial officers (CFOs), financial aid directors, and Department staff. In light of the proposed restoration of financial aid funds for FY 2012-13 and the late timing of this action, the Commission suggested that significant changes to the financial aid allocation model were not advisable for the FY 2012-13. Nevertheless, the Commission determined that it plans to initiate discussions, with the institutions, to determine whether the current financial aid allocation method is the most effective technique for providing support to Colorado students given the changes to college costs and federal and institutional financial aid.

The recommendations from this item are based upon an assumption that the financial aid appropriations found in the Long Bill will reflect the Governor's budget request. The recommendations also attempt to finalize the FY2012-13 financial aid allocation method.

II. BACKGROUND

In January 2011, the Commission voted to approve a temporary change to the financial aid allocation method. This change was considered a compromise between (a) access for eligible incoming students and (b) ensuring predictability for eligible returning students. The approved model included a reduction to both graduate funding and funding to proprietary institutions as well as a limit on year-over-year reductions to any institution or governing board. Part of the agreement was to revert to the existing allocation model (i.e., "status quo") for the FY2012-13 financial allocations unless other recommendations were brought to the Commission. Because there is a minor change to the 'status quo' formula recommended by the financial aid directors and CFOs there is need for the commission to take action to finalize the FY 2012-13 allocation methodology.

III. STAFF ANALYSIS

Enrollment projections in the current year indicate a slowdown in enrollment growth compared to the prior year. As a result, and after discussions with the financial aid directors and CFOs, the "status quo" model for the FY2012-13 financial aid allocations was adjusted slightly to compensate for the decelerating enrollment environment.

As proposed, the FY2012-13 financial aid allocations will use each institution's actual FY2010-11 Level 1 FTE for institutions experiencing enrollment growth. For institutions experiencing enrollment declines, a three-year average of Level I FTE will be applied.

IV. STAFF RECOMMENDATIONS

That the CCHE approves the use of Level 1 FTE estimates as found in Attachment A in the FY2012-13 allocation model.

STATUTORY AUTHORITY

23-3.3-102. 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.

(3) Each state institution shall administer a financial assistance program according to policies and procedures established by the governing board of the institution. Each private institution of higher education, as defined in section 23-18-102 (9), that participates in the program of financial assistance established pursuant to this section shall administer a financial assistance program according to policies and procedures established by the governing board of the institution. Each participating nonpublic institution that is not a private institution of higher education shall administer a financial assistance program according to policies and procedures established by the commission. Each institution shall fund its assistance program using state moneys allocated to the institution and institutional moneys.

(3.5) Notwithstanding any provision of this article to the contrary, each participating institution shall adopt policies and procedures to allow a person who meets the following criteria to qualify for financial assistance through the financial assistance programs established pursuant to this article:

(a) The person qualifies as an in-state student; and

(b) The person is enrolled at an institution that participates in the programs of financial assistance established pursuant to this article; and

(c) The person is enrolled in an approved program of preparation, as defined in section 22-60.5-102 (8), C.R.S., for principals.

- (4) Program disbursements shall be handled by the institution subject to audit and review.
- (5) Upon commencement of participation in the program, no participating institution shall decrease the amount of its own funds spent for student aid below the amount so spent prior to participation in the program.
- (6) In determining the amount allocated to each institution that is not a state institution or a nonpublic institution of higher education, the commission shall consider only that portion of financial need which would have existed were the institution's tuition no greater than the highest in-state tuition rate charged by a comparable state institution. In determining the amount allocated to each nonpublic institution of higher education, the commission shall base its determination upon the cost of attendance at a nonpublic institution of higher education.
- (7) Each annual budget request submitted by the commission shall provide information on the proposed distribution of moneys among the programs developed under this article. Subsequent to final appropriation, the commission shall provide to the joint budget committee an allocation proposal specifically identifying the distributions among programs for the coming year. Expenditures in any program shall not exceed the allocation for that program by more than ten percent of such allocation, and the total appropriation for all student aid programs shall not be exceeded. The commission may require such reports from institutions as are necessary to fulfill the reporting requirements of this subsection (7) and to perform other administrative tasks.
- (8) The state auditor or his or her designee shall audit, in accordance with state statute and federal guidelines, the program at any participating institution every other year to review residency determinations, needs analyses, awards, payment procedures, and such other practices as may be necessary to ensure that the program is being properly administered, but the audit shall be limited to the administration of the program at the participating institution. The state auditor may accept an audit of the program from an institution that is not a state institution from such institution's independent auditor. The cost of conducting audits of the program at an institution that is not a state institution shall be borne by such institution.
- (9) Repealed.