

**TOPIC: RESTORATION OF FINANCIAL AID AND WORK STUDY CUTS
IN FY 2012-13 BUDGET ACTION ITEM**

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I. SUMMARY

The FY 2012-13 November budget submission for higher education included two budget items that recommended total reductions of \$30.1 million in state funded need-based grants and work study funds. These items comprised one half of a package of reductions totaling about \$60 million to higher education, which were necessary to assist in statewide budget balancing. On December 20, 2011, the Governor's Office of State Planning and Budgeting (OSPB) informed the Department that, because of improved revenue projections, the Governor was recommending withdrawing the requests to reduce state funded financial aid and work study programs. Because the CCHE takes separate action on material changes to the Department of Higher Education budget requests, this action item recommends concurrence with the OSPB proposal to withdraw the proposed financial aid and work study cuts.

II. BACKGROUND AND ANALYSIS

The FY 2012-13 November budget submission for higher education included a reduction of \$29.1 million to the public college and university operating funds in order to assist the state in balancing the FY13 budget to available revenues. The budget request also included a proposed reduction of about one-third of state-funded need based financial aid (\$24.6 million) and state funded work study programs (\$5.5 million). The proposed reductions totaled approximately \$60 million for FY 2012-13.

The December 2011 state revenue forecast projected improved General Fund revenues to the state in the current fiscal year as well as in FY 2012-13. The improved revenue forecast allowed the Governor's Office to recommend restoring part of the proposed cuts to K-12 education as well as fully restoring the proposed cuts to need based financial aid and work study funds.

The CCHE approved the FY 2012-13 higher education budget allocation through an action item at its November 3rd meeting.

This action item recommends that the CCHE take action to align its budget request with that from the Governor's Office. Specifically, this item recommends that the CCHE rescind its proposed cuts to state funded need-based financial aid and work study programs. No other changes to the FY 2012-13 are recommended.

III. STAFF RECOMMENDATIONS

That the CCHE concurs with the Governor's proposal to rescind proposed reductions in state funded need based financial aid and work study programs in the FY 2012-13 higher education budget.

STATUTORY AUTHORITY

C.R.S. 23-1-105(8) The funding recommendations made by the commission for state-supported institutions of higher education and by the executive director for the divisions of the department of higher education shall be made to the governor and to the general assembly as part of the budget request for the department of higher education and shall be submitted in accordance with the budget procedures of part 3 of article 37 of title 24, C.R.S., and in conformance with section 24-75-201.1 C.R.S.