(Appendix A) SECTION VI

PART F STATE-FUNDED STUDENT FINANCIAL AID POLICY

1.00 Introduction

This policy describes the goals, programs, student eligibility criteria for each program, and eligibility standards for institutions participating in Colorado's three primary state-funded student assistance programs:

- **Need-based** aid assists students who cannot otherwise afford to attend college. Colorado Student Grant Program and Colorado Graduate Grant Program (hereinafter "Critical Colorado Career Graduate Grant Program") are designed for students with demonstrated need.

- **Merit-based** aid recognizes and recruits Colorado's most outstanding students. The Centennial Scholars program recognizes outstanding academic achievement of Colorado resident undergraduate students. The Colorado Graduate Scholars program recognizes Colorado resident graduate students with outstanding achievement. Currently Unfunded

- **Work-based** aid allows students to earn funds to assist in attending eligible educational institutions. It is considered a form of "self-help" assistance, since the student is earning money to help meet educational costs. Employment may be in jobs at eligible Colorado educational institutions, non-profit organizations, governmental agencies, or for-profit organizations. While the majority of funds are reserved for undergraduate students with documented financial need (minimum of 70 percent), a limited number of students who wish to work their way through college may benefit from the work-study program without documenting need.

The state-funded entitlement programs (Native American Tuition Assistance Program, Dependents Tuition Assistance Program) and the federal matching requirement programs (Federal Loan Matching, Leveraging Educational Assistance Partnership Program) are statutorily mandated.

2.00 Statutory Authority

Statutory authority for the Colorado Student Grant, Colorado Graduate Grant, Centennial Scholars, and Colorado Graduate Scholars programs is contained in 23-3.3-501, C.R.S.

Scholarship and grant program – funding.

The Commission shall use a portion of any moneys remaining after meeting the requirements of parts 2 and 3 of this article to provide other programs of financial assistance based upon financial need, merit, talent, or other criteria established by the Commission for students enrolled at institutions.

Statutory authority for the Colorado Work-Study Program is contained in 23-3.3-401, C.R.S.

Work-study program established – requirements.

(1) The Commission shall use a portion of any moneys remaining after meeting the requirements of parts 2 and 3 of this article to provide a work-study program of employment of qualifying students in good standing with the institution in which they are enrolled in positions that are directly under the control of the institution in which the student is enrolled or in positions with non-profit organizations, governmental agencies, or for-profit organizations with which the institution may execute student employment contracts.

(2) Any in-state student who is enrolled or accepted for enrollment at an institution as an undergraduate may qualify for participation in the work-study program established pursuant to this section.

(3) Funds appropriated to the Commission may also be used by the Commission in conjunction with and to supplement funds for current job opportunities or to supplement or match funds made available through any other public or private program for financial assistance. A sum not to exceed thirty percent of the funds allocated by the Commission for the work-study program may be used to provide funding on a basis other than financial need. A sum of not less than seventy percent of such money shall be used for students demonstrating financial need.

Statutory authority for the Commission's allocation method and institutional use of need-based grant funds is contained in 23-3.3-102, C.R.S.

(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.

3.00 Goals, Principles and Terminology

3.01 Policy Goals for State-Supported Financial Aid

CCHE's Financial Aid Policy is designed to facilitate access for Colorado residents and provide academic incentives that promote greater access and academic achievement in college.

3.01.01 Need-Based Aid

The goal of need-based student financial aid is to provide financial resources to Colorado residents who otherwise would be unable to pursue postsecondary education.

3.01.02 Merit-Based Aid (Unfunded)

The goal of Colorado's Centennial Scholars Program is to recruit and retain undergraduate Colorado resident students at Colorado colleges and universities who demonstrate outstanding levels of academic achievement.

Eligibility for the Centennial Scholars program is a 3.75 GPA as a recent Colorado high school graduate. A student in postsecondary education must have a minimum cumulative 3.75 GPA to be eligible as a first-time Centennial Scholar.

Renewal of the award will require a 3.5 GPA.

The goal of Colorado's Graduate Scholars Program is to recruit and retain highly qualified graduate students at Colorado colleges and universities by

providing support as teaching or research fellows. The program will be considered unfunded in any year in which the legislative appropriation for merit-based aid is less than the FY 2003 level.

3.01.03 Work-Study Aid

The goal of Colorado's Work-Study Program is to allow Colorado undergraduate resident students to earn funds while enrolled in a Colorado institution of higher education.

3.02 Principles

The Financial Aid Policy is based on the following principles:

3.02.01 Financial aid policies and practices should maximize the amount of financial aid funds available for Colorado residents by using federal dollars as the initial funding base, and by taking into consideration federal tax credits.

3.02.02 Students have a responsibility to contribute toward their cost of education. Student responsibility may be demonstrated in several forms, such as a work-study job, outside employment, and/or earning merit-based scholarships.

3.02.03 State financial aid need-based dollars should be directed toward the students with the least ability to pay the cost of higher education.

3.02.04 The state and the institutions are co-responsible for ensuring student access to higher education. The state's role is to provide leadership – by defining the operating values, specifying the statewide goals, and allocating the funds. The institutions are responsible for creating policies and programs that meet the statewide policy goals by developing the procedures, administering the programs, and making the appropriate decisions to assist individual students in achieving their educational goals.

3.02.05 The College Opportunity Fund (COF) is a way of delivering funding to institutions as stated in C.R.S. 23-18-202 and the COF stipend is not classified as student financial aid for students enrolled at Colorado public institution of higher education. The COF stipend is not included in calculating a student's Cost of Attendance (budget) nor is it a resource to the student for financial aid purposes for students attending a public institution of higher education. College Opportunity Fund dollars are, however, classified as student financial aid for eligible student recipients enrolled at participating private, non-profit colleges and universities.

3.03 Terminology

Award Year begins July 1 and ends June 30. All funds appropriated for a particular fiscal year are awarded to students enrolled during the award year.

Colorado Resident Student is a student who is eligible for in-state tuition classification as defined in Title 23, Article 7, C.R.S. For financial aid purposes, the definition applies to public and non-public institutions.

Cost of Attendance is the estimated cost of attending the institution, including tuition and fees, books and supplies, room and board, personal expenses and transportation costs. Each year, CCHE establishes parameters for living expenses that are used to establish each institutional cost of attendance.

Dependent Student is one who does not qualify as a self-supporting or independent student status as defined by FAFSA criteria.

Eligible Institution is an educational institution operating in Colorado, which meets requirements, specified in 23-3.3-101, C.R.S., and can document that it has a governance structure and institutional capability to administer a student aid program. A change in ownership or control of an eligible proprietary institution terminates eligibility. The owners must submit a new application.

Eligible Program is a program of education or training which:

- Admits, as regular students, only persons having a certificate of graduation from a secondary school (high school graduates), the recognized equivalent of that certificate (GED), or persons beyond the age of compulsory school attendance in the State of Colorado who have been shown to have the ability to benefit from the education or training offered;

- Leads to a certificate, associate, bachelor, professional, or higher degree; or

- Is at least a two-year program which is acceptable for full credit toward a bachelors degree; or

- Is at least a one-year program leading to a certificate or a degree that prepares a student for gainful employment in a recognized occupation; or

- Is, for a proprietary institution or a postsecondary vocational institution, a program that provides at least 600 clock hours, 16 semester or trimester hours, or 24 quarter hours of undergraduate instruction offered during a minimum of 15 weeks of instruction, leading to a certificate or degree which prepares students for gainful employment in a recognized occupation.

Eligible Student is one who is enrolled in an eligible program as a "regular student." A "regular student" is defined as a student who is enrolled or accepted for enrollment

at an institution for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution.

Expected Family Contribution (EFC) is the amount that the student's family is expected to contribute toward cost of attendance, usually based on the family's income and assets, as evaluated by the formula known as "Federal Needs Analysis Methodology" specified in federal law.

Financial Need is the difference between the student's budget and the student's and family's resources as evaluated by the formula known as "Federal Needs Analysis Methodology" specified in federal law.

First Professional Student is a student who is enrolled in the schools of professional veterinary medicine, law, dentistry or medicine (M.D. program only).

Full-time Graduate Student is a graduate student who is enrolled in at least nine semester or quarter hours per academic term.

Full-time Undergraduate Student is an undergraduate student who at minimum is enrolled for:

- Twelve semester or quarter hours per regular academic term; or
- Twenty-four clock hours per week.

Graduate student is a degree-seeking student who is in attendance at an institution of higher education and is enrolled in an academic program of instruction beyond the baccalaureate level. The term includes any portion of a program leading to either a degree beyond the baccalaureate degree, or a first-professional degree when at least three years of study at the pre-baccalaureate degree level are required for entrance into a program leading to such a degree. A student admitted as a special/provisional graduate student is eligible for financial aid for one term only.

Half-time Graduate Student is a graduate student who enrolls in four to eight semester or quarter hours per academic term.

Half-time Undergraduate Student is an undergraduate student who enrolls in:

- Six to eleven semester or quarter hours per regular academic term; or
- Twelve to twenty-three clock hours per week.

Independent Student is a student who meets the requirements for self-supporting or independent student status as defined in federal regulations and policy (Title 20 U.S.C. Sec. 1087vv (2008)).

Professional Judgment within the State of Colorado aid programs is the authority delegated to the Colorado financial aid administrators to exercise judgment in special circumstances when a student has substantively met the state eligibility parameters but circumstances beyond the student's control make the student technically ineligible

for state financial aid. The state relies on the financial aid administrator to make such decisions that are in the best academic interest of the student. Because professional discretion provides limited flexibility to be exercised only in special circumstances, the financial aid administrator is solely responsible for ruling on the exception and documenting the decision. Professional judgment may not be used to award state aid to non-resident students.

Recent Colorado high school graduate is a student who has graduated from a Colorado high school within two years of being admitted to/enrolled in any postsecondary institution. A recent graduate must be a Colorado resident.

State-funded student assistance refers to the state **student financial assistance** dollars appropriated to fund the following programs:

- Need-based Programs are the financial aid programs that use "expected family contribution" or income category as a necessary criterion in making the award, including:
  - Colorado Student Grant
  - Colorado Graduate Grant/Critical Career Graduate Grant
- Non-need-based Funds are those programs that may be awarded on criteria that do not include "expected family contribution" or income category as a necessary criterion, including:
  - Colorado Work-Study

Colorado also approves special appropriations for certain groups of individuals (e.g., Tuition Assistance Programs for Dependents of Deceased or Permanently Disabled Members of the Colorado National Guard, Firefighters, Law-Enforcement Personnel or POW/ MIA, Native American Tuition Assistance Program). These funds are referred to as categorical programs and have special criteria typically tied to funding.

Undergraduate Student is a degree-seeking student (for the purpose of obtaining a postsecondary certificate, associate degree, or first baccalaureate degree) who is enrolled at an eligible institution. The following limits apply to certain enrollment situations:

- Undergraduate students admitted as special students, and students enrolled exclusively in basic skills courses, are eligible for one term.
- Students concurrently enrolled in high school are not eligible for any program of state-funded student assistance, including students enrolled under the Concurrent Enrollment Programs Act.
- Students are considered as undergraduate students when they are enrolled in study abroad, continuing education, technology-delivered courses, or consortium courses if:
  - The student is admitted to a degree or certificate program at the home institution.
  - The credits are applicable toward the program as if the credits were earned in regular courses at the home institution and the student's transcript at the home institution shows the individual classes taken.

- When the courses are offered by another institution, written agreements exist between the institutions describing the acceptance of the courses toward the program to which the student is admitted prior to that enrollment.

4.00 Institutional Eligibility

4.01 Eligible Institutions

Institutions eligible for undergraduate financial aid must meet the requirements specified in 23-3.3-101 C.R.S., and include the following:

- State-supported two- and four-year institutions;
- State local district colleges;
- State area vocational/technical schools;
- Non-public (not-for-profit and proprietary) colleges, universities, and vocational schools. For these institutions, eligibility is legally tied to ownership. A change in ownership or control of a non-public institution terminates eligibility. The current owners must submit a new application.

Institutions eligible for graduate financial aid must meet the requirements specified in 23-3.3-101 C.R.S., and include the following:

- State-supported institutions offering graduate programs;
- Non-public colleges and universities offering graduate programs which have applied and been approved for participation by the Commission.

4.02 Application Process

The Commission accepts requests from institutions that wish to participate in state-funded financial aid programs each fall for the following fiscal year. To apply, the legal representative of the institution must submit an application (CCHE, C-3) and attach evidence documenting that the institution meets requirements of C.R.S. 23-3.3-101(3), including:

- Operated two years in Colorado under the current ownership;
- Administered federal financial aid programs for the two years under the current ownership; and
- Participated in a federal audit of the financial aid operations and resolved any outstanding audit findings.

4.03 Maintenance of Eligibility

In order for an approved postsecondary education institution to maintain eligibility to administer state-funded student assistance programs to its students, the following minimum administrative standards must be met:

- Utilization of Colorado Student Aid funds consistent with policy;
- Timely and corrected submission of required reports to CDHE;

- Demonstration of compliance with policy guidelines set forth for administration of Colorado student aid funds;
- Performance of a financial audit every two years; and
- Resolution of audit concerns prior to the start of the following award year.

4.04 Verification of Lawful Presence

Colorado law requires state agencies and institutions of higher education to verify the lawful presence in the United States of all persons 18 years of age or older for receipt of public benefits, such as financial aid, by requiring the applicant to produce one of the following forms of identification:

(1) Valid Colorado Driver's License or a Colorado Identification Card
(2) U.S. Military Card or a Military Dependent's Identification Card
(3) U.S. Coast Guard Merchant Mariner Card
(4) Native American Tribal Document

All applicants for state-funded financial aid must meet the identification requirements of C.R.S. §24-76.5-103(4). Institutions must satisfy the verification requirements of C.R.S. §24-76.5-103(4) in a manner consistent with statutory requirements, Attorney General Guidance and CCHE policy. CDHE shall audit institutions to ensure compliance.

5.00 Student Eligibility

To be considered for a state-supported financial aid award, all students must meet the following requirements:

- Be a U.S. citizen, permanent resident, or eligible non-citizen based on federal Title IV eligibility requirements for federal student aid;
- Have registered for selective service, if required;
- Be in good standing and demonstrate academic progress according to the institution's published Standards of Satisfactory Academic Progress for financial aid purposes;
- Undergraduate students are eligible for state financial aid until they graduate, but not to exceed a maximum of 150% of the program's graduation requirements (credit hours), or the maximum defined by institutional policy, if more restrictive.
- Satisfy the verification requirements in C.R.S. §24-76.5-103.

<u>Exclusions</u>
Students seeking professional degrees in theology are prohibited to receive state funded financial assistance. Professional degrees in theology as defined in 23-3.3-101, C.R.S. as:

- devotional in nature or designed to induce religious faith; and
- offered by an institution as preparation for a career in the clergy;

5.01 Student Eligibility for Need-Based Financial Aid Programs

Colorado funds two state need-based financial aid grant programs, the Colorado Student Grant Program, and the Colorado Graduate Grant Program ("Critical Career Graduate Grant"), for Colorado residents.

5.01.01 Colorado Student Grant

Colorado Student Grants are awarded annually. To be eligible to receive a Colorado Student Grant, the student must meet the following minimum eligibility requirements:

- Be an undergraduate student enrolled in an approved certificate or degree program;
- Be a Colorado resident;
- Be enrolled at least half-time (i.e., six credit hours per term);

Show documented financial need through a valid Free Application for Federal Student Financial Aid.

5.01.02 Colorado Graduate Grant ("Critical Career Graduate Grant")

Critical Career Graduate Grants are awarded annually. To be eligible to receive a Critical Career Graduate Grant, the student must meet the need-based requirements in 5.01.03 and the following minimum eligibility requirements:

- Be a Colorado resident;
- Be enrolled at least half-time (i.e., four credit hours per term);
- Show documented financial need.

5.01.03 Eligibility Limits for Colorado Student Grant

Public and non-profit private institutions are granted financial aid flexibility and will award students in accordance with institutional policies.

Proprietary institutions award state funded financial aid in accordance guidelines set forth by the state. To ensure that state need-based dollars are directed to eligible Colorado resident students who have the least ability to pay for their education; CCHE policy defines funding levels for awards granted at proprietary institutions. Using Expected Family Contribution, institutions will award need-based dollars to Pell eligible applicants. Other applicants will be considered only after meeting the need of Pell eligible applicants. Reasonable administrative practices, such as application deadlines, are recognized as realistic and appropriate. Institutions must fund Pell eligible students before consideration is given to any other students.

Pell Eligible: Students with the Least Ability to Pay

Students with an Expected Family Contribution (EFC) between zero and 100% of that required for a PELL grant. The minimum undergraduate award for this group of students is $1,000 or the maximum amount of unmet need, whichever is less. The minimum grant is $1,000 to allow the funds to be spread among more students, accommodating budget reductions at the state level. The maximum undergraduate award is $5,000. Awards may be pro-rated for part-time enrollment.

Level 2: Students with Documented Need and Moderate Ability to Pay

Students with an EFC that is greater than 100% up to 200% of that required for the minimum Pell grant award. Maximum award for this category of students is $2,500, or the maximum amount of unmet need, whichever is less. The grant can be pro-rated for part-time attendance.

Level 3: Students with Documented Need and Average Ability to Pay

All other students who demonstrate financial need as calculated by the federal methodology. Maximum award for this category of students is $500.

5.01.04 Allocation Method

Undergraduate Need Based Aid (Colorado Student Grant)

The purposes of the Colorado Student Grant program are to provide need-based financial assistance to eligible Colorado residents as well as to encourage credit hour accumulation, persistence (including successful transfer), and timely completion. To accomplish these goals the Commission allocates state need-based dollars to institutions based upon their enrollments of eligible Colorado resident students who have the least ability to pay for their education; that is, Colorado Student Grant funds will be allocated to Pell eligible FTE at state-supported and non-profit private institutions, by class level (i.e., Freshmen, Sophomore, Junior, and Senior). The Commission shall differentiate awards among class levels, providing increasingly larger awards for students who progress academically. In determined allocation amounts, the Commission will use the most current, reliable data available.

The Commission allocates Colorado Student Grant funds to participating public and non-profit private institutions according to the following method:

- Freshmen students are those with 0-29 semester credit hours earned; Sophomores are those with 30-59 credit hours earned; Juniors are

those with 60-89 credit hours earned; and Seniors are those with 90 or more credit hours earned.

- Student FTE enrolled in Title IV eligible programs at Area Vocational Schools will be counted as Freshmen students; all other institutions will be counted as reported.

- The Commission will annually establish a base rate for Freshmen students and incrementally larger awards based upon a student's class level. The Sophomore rate must be larger than the Freshmen (base) rate; the Junior rate must be larger than the Sophomore rate; the Senior rate must be larger than the Junior rate.

- By January 2014, the Commission will take action on a lifetime credit hour limit, beyond which students will receive the award level for Freshmen students or no additional funding, depending on the criteria selected.

- The Commission will annually review the allocation method to ensure that changes to enrollment or funding levels are reasonable, predictable, and meet the objectives of this section.

Colorado Graduate Grant

The Commission allocates Colorado Graduate Grant funds to participating institutions following the established methodology:

- Participating State-supported four-year institutions, and approved private institutions will receive a flat payment from the state for each Pell Eligible student FTE enrolled in a critical career program.

- Payment based on the average of the actual COA-EFC at each eligible institution as reported in SURDS. Eligible private institutions will use the average of a comparable public institution.

5.02 Student Eligibility for Merit-Based Financial Aid Programs

Colorado funds two state merit-based financial aid programs, Colorado Centennial Scholars and Colorado Graduate Scholars. State-supported merit aid is awarded annually. Students must qualify for these competitive awards each year by meeting all criteria. Institutions may adopt other eligibility criteria, in accordance with their institutional role and mission. The policy minimum standards only imply that a student may be considered for a merit award. They do not guarantee an award.

5.02.01 Colorado Centennial Scholars (Currently Unfunded)

To be eligible to receive a Centennial Scholars Award, the student must meet the following minimum eligibility requirements:

- Be an undergraduate student enrolled as a degree or certificate seeking student;
- Be a Colorado resident;
- Continuing students must demonstrate academic excellence by achieving and maintaining at least a 3.5 cumulative college GPA at the institution in which they are enrolled;
- Transfer students who have not previously received a Centennial Scholar award and are applying for merit-based aid must demonstrate academic excellence by transferring into the institution with a 3.75 cumulative college GPA;
- Recent high school graduates graduating from a Colorado High School in May 2005 or after, must be a Colorado resident, meet the Commission's admissions standards and hold a minimum high school GPA of 3.75;
- All other undergraduate students must initially qualify for the merit award with a minimum cumulative GPA of 3.75. Renewal of the award will require a 3.5 GPA.

5.02.02 Colorado Graduate Scholars (Currently Unfunded)

The Colorado Graduate Scholars is considered unfunded beginning in 2005-2006 if the Merit aid appropriation is under the FY 2003 level for any given year. To be eligible for a Colorado Graduate Fellowship, the student must meet the following minimum eligibility requirements:

- Be a Colorado resident effective July 1, 2004;
- Be a graduate student enrolled in an approved degree program;
- Be enrolled full-time (i.e., nine credit hours per term);
- Hold a 3.75 GPA to qualify for a first-time award;
- Hold a 3.5 cumulative GPA to maintain eligibility for their award.

5.03 Student Eligibility for Work-Based Financial Aid Program

In order to participate in the Colorado Work-Study Program, a student must meet the following eligibility requirements:

- Be an undergraduate student in an approved certificate or degree program;
- Be a Colorado resident; Be enrolled at least half-time in an eligible program, except during vacation periods between consecutive terms of enrollment;
- Show documented need. This criterion applies to at least 70 percent of work-based funds. The institution has the discretion to use up to 30 percent of work-based funds to award to students without regard to need.

5.04 Professional Judgment

The state financial aid eligibility parameters are designed to apply to all financial aid recipients. This policy recognizes, however, that circumstances may exist in which

the state financial aid parameters do not adequately address a particular student's situation. Financial aid administrators may exercise professional discretion on a case-by-case basis. The need for special treatment as well as the action taken must be adequately documented in the student's record.

6.00 Implementation of Colorado's Merit Policy

New requirements for administering the Centennial Scholars program goes into effect July 1, 2005 with the exception of residency requirements, which go into effect July 1, 2004.

To assure a smooth transition for currently enrolled students, the following conditions will apply:

- Undergraduate students who were enrolled in the 2004-2005 academic year will maintain eligibility for merit-based programs under the financial aid guidelines published in CCHE's Policy Manual on July 1, 2000. These students may be awarded based on the following requirements:
- Three additional years for Fall 2005 Freshmen;
- Two additional years for Fall 2005 Sophomores;
- One additional year for Fall 2005 Juniors.

  This statement does not preclude these students from receiving merit aid beyond this point if they meet the new merit-based requirements of a 3.75 GPA for first-time awards and a 3.5 GPA for continuing merit recipient students.

- Incoming undergraduate students may be considered for merit awards in the 2004-2005 year based on the July 1, 2000, requirements, but must meet the new minimum criteria for any succeeding years.

- New requirements for all new and currently enrolled graduate students receiving merit-based aid go into effect on July 1, 2005.

- Institutional packaging policies established after July 1, 2005, must reflect the new policy criteria for awarding students in the 2005-2006 academic year. Students awarded financial aid for the 2004-2005 academic year may be awarded based on the July 1, 2000, policy requirements.

The Commission will review Policies for State-Funded Student Assistance Programs – the goals and the outcomes - three years after the effective date.