

TOPIC: GOVERNOR'S OPPORTUNITY SCHOLARSHIP PHASE OUT

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I. SUMMARY

At January 2006 Commission meeting, Commission staff presented the option of eliminating the Governor's Opportunity Scholarship program. Building off those discussions and conversations with the Commission, the new administration and each of the institutions, this action item presents the phase out of the Governor's Opportunity Scholarship financial aid program over the next several fiscal years.

II. BACKGROUND

The Governor's Opportunity Scholarship Program is a unique state need-based financial aid program that provides financial assistance and academic support to a very limited number of low-income students. When the program was created in Fiscal Year 1999, the intent was to change enrollment and graduation patterns of low-income students by focusing state and federal financial assistance toward Colorado residents who are the least likely to attend college for financial reasons. Eligible recipients receive both academic and financial assistance throughout their undergraduate career. Participating institutions must provide appropriate academic support systems including, tutoring, academic counseling and peer mentoring to ensure student retention. Originally, the Commission chose the recipients but that became an administrative burden and the awarding was placed at the institution level.

III. STAFF ANALYSIS

In the current Colorado higher education budget environment of very limited resources, we should administer the limited money available for student financial aid as equitably as possible. Equity for this purpose should mean that students with comparable needs and comparable academic credentials are as much as possible treated comparably in granting need-based financial aid. The Governor's Opportunity Scholarship, however, diverts some need-based aid to make more generous awards to selected students who thereby receive preferential treatment compared to their peers. Currently, there are approximately 1,240 students participating in the program with an average award of \$6,446. By comparison, the average award for all other students who qualify for GOS but were not selected is \$1,536.

Phasing out GOS will shift approximately \$2M each year for the next 4 years – or \$8M cumulatively – into the pool of need-based aid available to all needy students on an equal basis. In other words, looking forward, by putting what might have been GOS recipients into the category of all students eligible for need-based aid, we will be able to fund a greater number of need-based grants at the current average, or the same number at a higher average. We will avoid

the current inequity where one of two needy students with identical circumstances would receive a GOS while the other would receive substantially less aid. The change is prospective only, to be phased in over four years, so current GOS recipients will be grandfathered in and not affected by the change.

This issue is one of equity not of the success or failure of the program. Statistics show that students participating in the GOS program have a slightly higher GPA (2.84 compared to 2.66) and retention rate (52% compared to 41%) than students who qualify for GOS but did not receive GOS. However, one would reasonably expect these students would have a higher retention rate or GPA. Funding is guaranteed each year a student is in the GOS program—meaning their education is paid for regardless of where the student attends. These students do not have to worry about paying for school while other students, whose financial aid packages vary from year to year, may have to take a job to make sure their expenses are covered. These factors contribute to higher GPA's and retention rates.

IV. STAFF RECOMMENDATION

That the Commission approves the proposed phase out of the Governor's Opportunity Scholarship.