

TOPIC: FISCAL YEAR 2008 FINANCIAL AID ALLOCATIONS

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I. SUMMARY

Annually, the Colorado Commission on Higher Education is responsible for approving the institutional allocations for state-funded student financial aid programs. This agenda item presents the recommendations for FY 2008 need-based aid allocations, in accordance with the new allocation methodology and need-based aid program (Colorado’s College Responsibility Program) adopted by the Commission back in November 2006. It also includes the recommendations for the merit-based and work-study allocations.

During the 2007 legislative session, the general assembly increased need-based aid by approximately 6.9 million, decreased work study by \$119,074, rolled GOS funds into the need based line and left Merit aid at the amount from the prior year. The table below reports the FY 2008 appropriations by program type and compares them to the previous fiscal year. Approximately seventy-two percent of the FY 2008 appropriation goes toward the new need-based aid grant program.

FY 2007 and FY 2008 General Fund Financial Aid Appropriations

FY	Need	GOS*	Merit	Work Study	Federal Match	LAW/ POW	Native American	Total
2007	52,136,963	8,000,000	1,500,000	15,003,374	1,726,350	364,922	7,634,353	86,365,962
2008	67,023,546	0	1,500,000	14,884,300	1,726,350	364,922	8,063,560	93,562,678
Dollar Change	14,886,583 6,886,583 New Dollars	(8,000,000)	0	(119,074)	0	0	429,207	7,196,716
% Change	28%	(100%)	0	(.7%)	0	0	5.6%	8.3%

Note: *GOS funds were rolled into need based line

II. BACKGROUND

The Commission’s financial aid policy is designed to achieve four goals:

- Maximize the amount of financial aid funds available for Colorado residents.
- Direct state need-based dollars to all those with the least ability to pay.
- Direct merit dollars to students who demonstrate academic achievement.
- Recognize the importance of student responsibility in paying for higher education costs.

III. STAFF ANALYSIS

1. Need-Based Aid

Back in November, the Commission approved the new need based aid program, Colorado's College Responsibility Program, and the methodology for calculating undergraduate and graduate need based aid allocations for each institution. The following information outlines the allocation methodology previously approved by the Commission.

Program Components

A. Colorado's College Responsibility Grant (CSG)

This is the undergraduate component of the CCRP. Need based grant allocation based on the number of level 1 students at each institution. Institutions receive a flat payment amount from the state for each level 1 student enrolled. Payments differentiate between 2-year, 4-year and research institutions to address the differences in cost. The payment per student is based on average, actual cost of attendance at a 2-year, 4-year and research institution as reported by institutions in the financial aid files.

All eligible Level 1 financial aid applicants at State-supported two- and four-year institutions are awarded a minimum standardized CCRP Grant each year enrolled regardless of the type of institution attending beginning for freshman in the fall semester. For FY 2008, all eligible students will receive \$700 per academic year regardless of when they apply or where they attend. If an institution has any remaining CCRP Grant funds after all eligible students receive minimum grant awards, those funds will go to any eligible level 1 students as determined by the institution.

B. Critical Careers Funding for Graduate Students

Focuses graduate need based financial aid funding to students in critical career programs identified by National Science and Mathematics Access to Retain Talent Grant Program (SMART grant). Critical Career Grant allocations are based on the number of level 1 graduate students in the list of approved programs which includes health care programs.

2. Governor's Opportunity Scholarship

The Commission voted at its March meeting to eliminate the Governor's Opportunity Scholarship via a planned phase out over the next several years. As a result, the Legislature rolled all of the GOS funds into the need based aid appropriation line for FY 2008. However, because of the remaining students receiving the scholarship, there continues to be a GOS allocation for next year. These allocations are based on institutions

self reporting the number of students remaining in the program. In addition, to the allocations, there is a reserve of \$516,131 in GOS funds set aside for unanticipated changes in the GOS phase out estimates and the transition of new CCRP. If not used by November 15th, the funds will be put into undergraduate formula and distributed to the institutions.

3. Merit-Based Financial Aid

The legislative appropriation for FY 2008 remains \$1.5 million, the same appropriation made for merit aid in FY 2007. Staff is recommending no change in allocations at the institutional level. Institutions will receive the same level of merit funding as received in initial allocations in July 2006.

4. Work-Study Financial Aid

For Fiscal Year 2008, the legislature decreased the work-study appropriation by \$119,074. Typically, the work-study allocation is distributed based on the need of resident undergraduate students at each institution. However, because the appropriations for work-study dollars have remained constant for the past three fiscal years, the allocations have correspondingly remained the same. Despite the slight decrease in the work-study appropriation for FY 2008, work-study funds rolled forward from FY 2007 will cover the \$119,074 decrease. As a result, institutional allocations are recommended at the FY 2007 level.

5. Categorical Financial Aid

These programs were increased between 2007 and 2008 to reflect actual utilization. There was an increase in the Native American Tuition Assistance program. The Native American Tuition Assistance program and Law/POW grants are entitlements that go directly to eligible students. Below is a table detailing these categorical financial aid appropriations.

Summary of Categorical Programs

Type	Required Federal Match	Law/Fire	Native American
2007	1,726,350	364,922	7,299,164
2008	1,726,350	364,922	8,063,560

6. Colorado Leveraging Educational Assistance Partnership (CLEAP)

The amount of the state and federal share of CLEAP remained equal to prior year levels. Staff recommends that the CLEAP allocations continue to be awarded based upon the FY 2007 allocations.

7. Supplemental Leveraging Educational Assistance Partnership (SLEAP)

The SLEAP program is typically allocated proportionally based on the student teacher head count at each applicable institution. We have been appropriated at the same level as FY 2007. As a result, Staff recommends that the FY 2008 SLEAP allocations continue to be awarded based upon the FY 2007 allocations.

IV. STAFF RECOMMENDATION

That the Commission approves the Fiscal Year 2008 financial aid allocations in [Attachment A](#).

STATUTORY AUTHORITY

Authorization for these appropriations is found in C.R.S., 23-3.3-102 and 23-3.5-103 as follows:

23-3.3 (Part 1) establishes definitions such as “in-state student” for the Commission to use in its authority to provide financial aid and authorizes the Commission to establish a program of financial assistance including determining eligible schools for participation, program disbursement parameters and audit requirements.

(Part 2) authorizes and provides definitions for eligibility for tuition assistance programs for dependents of prisoners of war, military personnel missing in action and other specified law enforcement personnel including national guardsman and firefighters killed or disabled while acting to preserve public peace, health and safety. Provides for tuition and room and board assistance.

(Part 3) provides authorization for the federal loan match program.

(Part 4) establishes the requirements for the Colorado work-study program for qualifying students in good standing with the institution in which they are enrolled. Defines employment and institutional eligibility.

(Part 5) mandates that the Commission use appropriated funds (after providing funding for parts 2 and 3) to provide “... other programs of financial assistance based upon financial need, merit, talent, or other criteria...”

23-3.5 authorizes the State of Colorado (Commission) to provide assistance to in-state students using available state and federal appropriations and defines the types of institutions eligible to participate in these assistance programs. Institutions included are public, private and proprietary providing specified, accredited programs.