

**TOPIC:                   FY 2014-2015 FINANCIAL AID DISCUSSION**

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**I.       SUMMARY & BACKGROUND**

At the December CCHE meeting, the Commission asked staff to bring recommendations from the institutions to determine financial aid allocation methods for the new work-study and merit funding in the Governor's November 1<sup>st</sup> budget request for FY2014-2015. The Commission is charged with allocating state financial aid funds appropriated in the Long Bill. This item provides initial feedback from the institutions for discussion and input from the Commission concerning options for state-funded financial aid allocations later this spring.

Department staff is seeking Commission input to move forward with the work-study and merit portions of the budget request. Neither work-study nor merit allocations have been reviewed in more than a decade. At the December financial aid advisory committee meeting department staff received feedback on potential options for allocating the new dollars.

**II.       STAFF ANALYSIS**

Department staff is working with stakeholder groups from both financial aid and the chief financial officers (CFOs) of the institutions to solicit recommendations to bring to the Commission. Department staff is requesting input from the Commission regarding ideas for the allocation of the additional work-study and merit dollars. The information in this item does not reflect feedback from the CFOs, as this group has not yet had an opportunity to do so on account of the holiday schedule. Department staff will collect feedback from the CFOs for the next Commission meeting. This item includes preliminary feedback from the financial aid advisory group only.

*Work Study*

The initial approach to determine an allocation method for the additional work-study funds is to assume that the existing allocation for the \$16.4 million is allocated correctly and that the existing funds are base funds. The new dollars present an opportunity to address changes in campus demographics or to provide additional jobs where institutions have opportunities. Because of the administrative component to work-study, not all campuses are able to increase student employment in a one year period.

To start the discussion a few options have been presented to the financial aid directors and after a thoughtful discussion, the group suggests that a model be run to compare a potential proportional increase based upon resident undergraduate FTE in the financial aid file to the base allocation of financial aid and calculate increases. From that data, a growth limit could be set and institutions could then request increases or reductions if the increase in work-study is too much too soon.

Department staff will then adjust any reductions/increases to maximize the use of the funding.

*Merit*

The group agrees that all institutions have meritorious students. After some debate about folding completion rates into the allocation, the group believes it may be more sensible to start with an allocation that considers a percentage of eligible FTE at each campus and allocation funds accordingly. Some additional data will need to be collected to complete this allocation, but the Department will have the data before the Commission takes formal action.

At the February meeting, models of proposed allocations will be presented to the Commission and a decision item will be brought to the Commission in March.

**III. STAFF RECOMMENDATION**

There is no recommendation at this time; this item is for discussion only.