

**TOPIC: FISCAL YEAR 2015-16 FINANCIAL AID ALLOCATIONS**

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**I. SUMMARY**

Each year, pursuant to state law (C.R.S. 23-3.3-102 (2)), the Colorado Commission on Higher Education acts to allocate state-funded student financial aid, by program, to eligible institutions of higher education.

This item includes the proposed financial aid allocations for undergraduate need, graduate need, work-study and merit programs for FY 2015-16. The allocations were calculated using the allocation methods approved by the Commission at the April 10<sup>th</sup> CCHE meeting.

**II. BACKGROUND**

The Commission's overall financial aid policy is designed to achieve three goals:

- Maximize the amount of financial aid funds available to Colorado residents;
- Direct state need-based dollars to all students with the least ability to pay; and,
- Recognize the student responsibility in paying higher education costs.

In addition, the Colorado Student Grant Program, also referred to as the "Completion Incentive Grant Program" is intended to accomplish the following (CCHE Policy VI, F, Section 5.01.04):

"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., freshman, 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."

In the 2015 legislative session, the General Assembly increased need-based aid by \$15.3 million; and continued at the same level work-study, State merit, and Dependent's Tuition Assistance program appropriations. The Native American tuition waiver program provides payments to Fort Lewis College for Native American student tuition waivers, pursuant to Section 23-52-105, C.R.S. Table One (below) shows FY 2015 appropriations by program type compared to the previous fiscal year.

**Table One: FY 2015 and FY 2016 General Fund Financial Aid Appropriations**

<b>Fiscal Year</b>	<b>Need</b>	<b>Work Study</b>	<b>Merit</b>	<b>DTAP*</b>	<b>Native American</b>	<b>Total</b>
2015	109,258,803	21,432,328	5,000,000	672,000	14,841,981	151,205,112
2016	124,570,732	21,432,328	5,000,000	672,000	16,157,618	167,832,678
Dollar Change	15,311,929	0	0	0	1,315,637	16,627,566
% Change	14.01%	0.00%	0.00%	0.00%	8.86%	11.00%

\* Dependent’s Tuition Assistance Program

### **III. STAFF ANALYSIS**

#### **1. Need-Based Aid**

In January 2013, the Commission approved a new allocation method for the undergraduate need-based aid program, the Completion Incentive Grant, beginning in FY 2013-14. With the increase in funding of \$15.3 million, the Commission approved component pieces of the model for FY2015-16 in April, including a hold harmless rate of 5% and a maximum growth limit of 30%.

The method for calculating graduate need-based aid remains unchanged from prior years.

#### **A. Completion Incentive Grant**

The Completion Incentive Grant program is awarded to undergraduate students with demonstrated need. Allocations are based on the number of Pell-eligible students (full-time equivalent) at each institution with differential payments based upon the students’ grade level.

Pell-eligible students are those with an expected family contribution (EFC) between \$0 and \$5,198, the amount necessary to qualify for a Federal Pell Grant. Institutions are allocated a base payment amount from the state for each Pell-eligible freshman FTE enrolled. Payment amounts differ by the number of eligible FTE projected in each grade level and the rate increases as students make progress to the next grade level.

The incremental increase for FY 2015-16 increased by the rate of change in the amount of funding available compared to the prior fiscal year, which make the increment \$314 per grade level or a 14.1% increase over the prior year’s increment. Setting the rate acts as an incentive for institutions to retain Pell-eligible students and to provide a level of predictability from one year to the next.

With the increase to the need-based appropriation, all institutions financial aid allocations will grow by at least 5% above the FY2014-15 allocation with an upper growth limit of 30% for greater predictability in the out years.

Under Senate Bill 10-003, state-supported institutions and non-profit private institutions have financial aid flexibility and will award financial aid based upon the decisions of their respective governing boards. Proprietary institutions will continue to award need based aid to students as outlined under the Department guidelines.

### **B. Critical Careers Funding for Graduate Students**

This program allocates graduate need-based financial aid funding to students in critical career programs as identified by National Science and Mathematics Access to Retain Talent Program. Critical Career Grant allocations are based on the number of graduate students who meet Pell-eligible income requirements and are enrolled in the list of approved programs. The amount of funding set aside for graduate grant programs is \$8,778,328.

Graduate aid allocations increased by the same rate as the general fund appropriation increase, 14.1%.

## **2. Work-Study Financial Aid**

The General Assembly provided ongoing funding for Work Study aid in FY 2015-16 at the same level of \$21,432,328. The funds are allocated to institutions based upon the number of eligible FTE at each campus. By law, 70% of the appropriation must go to need-based students; institutions can award the remainder without regard to need. There is no proposed change in the allocation method; therefore, allocations will be the same as the previous year.

## **3. Merit Aid**

The General Assembly provided ongoing funding for the state merit program at the FY 2014-15 levels of \$5 million for FY 2015-16. The allocation is based upon the eligible FTE at each campus from FY 2013-14. Staff recommends continuing the allocations at the same distribution without an increase.

## **4. Categorical Financial Aid**

Categorical Financial Aid covers the Native American Tuition Assistance program at Fort Lewis College and Dependents Tuition Assistance Program (DTAP) grants, which are entitlements that go directly to eligible students. Funding for these programs increased in FY 2015-16 to reflect actual use. Table Two (below) details appropriations to these categorical financial aid appropriations, by year. The Native American Tuition Assistance Program provides tuition for all eligible Native American students at Fort Lewis College under an agreement between the U.S. government and the State of Colorado.

**Table Two: Summary of State Categorical Financial Aid Programs**

<b>Type</b>	<b>DTAP</b>	<b>Native American</b>
2015	\$672,000	\$14,841,981
2016	\$672,000	\$16,157,518

**IV. STAFF RECOMMENDATION**

**That the Commission approves the financial aid allocations for fiscal year 2015-16 that appear in ATTACHMENT A.**

**VI. STATUTORY AUTHORITY**

**C.R.S. 23-3.3-102 (2): Assistance program authorized - procedure - audits.**

(1) The general assembly hereby authorizes the commission to establish a program of financial assistance, to be operated during any school sessions, including summer sessions for students attending institutions.

(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.

**ATTACHMENTS**

**Attachment A** FY 2015-16 Financial Aid Allocations