COLORADO: GAINING GROUND IN ACCESS

2002

Introduction

In 1999, with the advent of the Owens Administration, the Colorado Commission on Higher Education embarked on a renewed emphasis on student access to Colorado's institutions of higher education. That focus resulted in a number of policy changes: increased state support for financial aid, revisions in eligibility requirements for state financial aid to provide more support to low-income students, the implementation of the Governor's Opportunity Scholarships (GOS), and aggressive recruitment efforts aimed at low-income students. This paper analyzes the effectiveness of these policy changes juxtaposed with national trends on tuition and financial aid. While the national norm appears to suggest that low-income students are "losing ground" in their ability to attend institutions of higher learning, in Colorado, they are gaining ground.

National Trends

The National Center for Public Policy and Higher Education recently released a report entitled, "Losing Ground: A National Status Report on the Affordability of American Higher Education." This report asserts that students are losing ground in attaining access to higher education because American institutions have adopted policies that have eroded the affordability of higher education. Four national trends should be disturbing to policy makers who are committed to affordable higher education in the United States:

- Dramatic increases in tuition especially during economic downturns.
- The failure of state and federal governments' allocations for financial aid to keep pace with tuition increases.
- Increased borrowing by students and families at all income levels.
- Increased support for higher education has not kept pace with tuition, inflation or the growth of personal income. Even though state support of higher education has increased, tuition has increased even more.

The importance of postsecondary education has become greater since the 1980s.

- The National Association of State Scholarship and Grant Programs (NASSGAP), reports that since the 1980s, the average real income of workers with high school diplomas or less has fallen, while the income advantage of those who had attended and graduated from college increased.
- The financial value of a college education has increased dramatically over the past two decades. The median college worker earned 76 percent more than the median high school worker in 1999, up from a 38 percent differential in 1979.[2]

- The gap in college attendance rates between high- and low-income Americans has widened, even for those lower income students who are academically well prepared.[3]
- A college education is often seen as the gateway to a middle class, American lifestyle. More than eight out of ten Americans say that having a college degree is important to getting ahead.[4]
- Survey results show that a college education has become as important as a high school education used to be. 68% of survey respondents[5] strongly agreed that was their opinion on the importance of a college education. Hispanic and African-American parents were more likely than other groups to stress the importance of higher education for their children, even though current college participation rates among these groups are lower than for the population as a whole.

As important as college is viewed as a way to achieve the American lifestyle, more and more people are concerned about how they will pay for college.

- In 1990 when public opinion was first surveyed on the topic of the numbers of students that should go to college, people were concerned that the country could have too many college graduates. Now, however, 76% of those surveyed felt there could never be too many college graduates.[6]
- Seventy percent of people surveyed felt college was priced beyond the income of the average person. (It is interesting to note that by comparison while the next ranked concern was the cost of a house and 44% of those surveyed expressed concern over the affordability of a home and; 36% were concerned with affordability of a secure retirement.)
- Eighty three percent of the survey population also believes colleges should be doing a better job of keeping their costs down.[7]

The cost of a college education adjusted for inflation has increased nationwide by 91% over two decades. The premise of the "Losing Ground" report is that increases in tuition have made college less affordable for most families. Nationally, between 1992 through 2001, tuition at four-year public colleges and universities rose faster than family income in 41 states. David Longanecker, in the latest issue of the "Network News"[8] which is a product of the SHEEO/NCES Network, and the authors of "Losing Ground" both express great concern that as the economy cycles through times of recession, state legislators cut higher education budgets. Institutions respond by raising tuition to make up for the losses in state appropriations. These reports conclude that public policy that allows tuition increases greater than inflation limits access to higher education by all Americans, but most severely by lower-income families that are more price-sensitive.

Colorado Trends

These trends and others cited throughout this paper have stimulated states to reexamine the way they fund higher education against a template of student access. A review of Colorado's fiscal policies for higher education - tuition increases, financial aid policies and appropriations - show that in recent years Colorado is bucking the national trends.

The Colorado Commission on Higher Education changed its financial aid policy in 2000 and made affordability for lower-income families and students a priority. Families earning under approximately $49,000 a year now receive the highest priority for the Colorado Needs Based Grants. These grants can be as high as $5,000 per year.

Tuition. **Colorado's personal income has grown faster than tuition. The "Losing Ground" report cites Colorado's tuition at four-year institutions as rising 17% over the last ten years while personal income rose 22% (from $56,089 to $68,520).** These figures were adjusted for inflation and represent tuition and fees at public institutions for 1992 and 2001. The following table shows the five-year and ten-year increases at Colorado postsecondary schools. Colorado is obviously making strides in holding down tuition costs.

Table 1: Public Four-Year Tuition Increase 1998-2002

Beginning in 1996, the General Assembly improved the affordability of college even more by "buying down" tuition by 2% each year between 1996 and 1999. "Buying down" means that legislators were willing to increase appropriations to institutions to reflect increases that would ordinarily have come from tuition increases that were not assessed to students. Table 2 below represents the increased general fund appropriated to offset proposed tuition increases. This "buy down" of tuition resulted in a total tuition increase to the consumer that was less than inflation.

FY 2002 Tuition and Fee Survey

BOARD/INSTITUTION	5-Year (FY 1998-2002) % Increase	10-Year (FY 1992-2002) % Increase
Research Institutions		
COLORADO STATE UNIVERSITY	9.3%	38.0%
UNIVERSITY OF COLORADO - BOULDER (All Other Rate)	14.2%	39.0%
COLORADO SCHOOL OF MINES	12.1%	37.4%
Four-Year Colleges		
ADAMS STATE COLLEGE	16.2%	45.2%
WESTERN STATE COLLEGE	13.2%	45.4%
METROPOLITAN STATE COLLEGE	19.3%	59.7%
MESA STATE COLLEGE	15.2%	44.6%
FORT LEWIS COLLEGE	20.9%	62.6%
UNIVERSITY OF SOUTHERN COLORADO	13.1%	43.3%
UNIVERSITY OF COLORADO-COLORADO SPRINGS (All Freshmen & Sophmore Rate)	26.7%	54.6%
UNIVERSITY OF COLORADO-DENVER (All Freshman & Sophomores)	31.6%	63.6%
UNIVERSITY OF NORTHERN COLORADO	8.5%	45.9%
Two-Year Colleges	10.1%	41.2%

Table 2[9]: Tuition and Inflation - Added General Fund Tuition Support

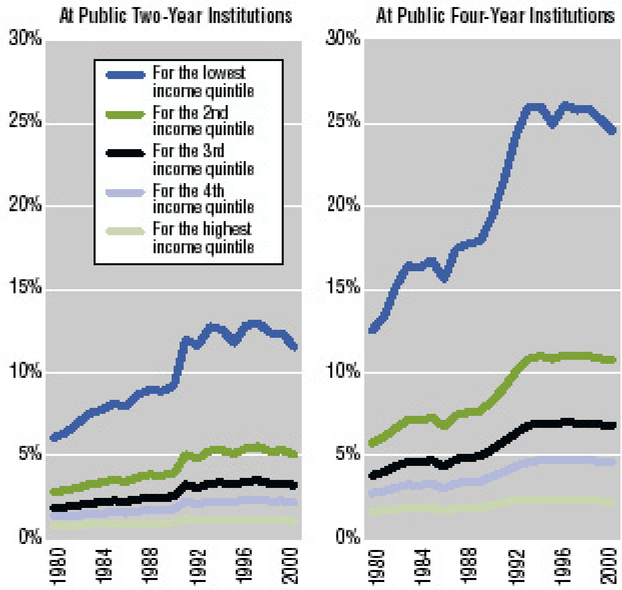
YEAR	Resident Undergraduate Tuition Change	Tuition Buy-down	Colorado CPI	Difference
1993-94	2.0%		3.7%	-1.7%
1994-95	5.0%		4.2%	.8%
1995-96	2.4%	2.0%	4.4%	0.0%
1996-97	2.3%	2.0%	4.3%	0.0%
1997-98	1.5%	2.0%	3.5%	0.0%
1998-99	1.3%	2.0%	3.3%	0.0%
1999-00	2.4%		2.4%	0.0%
2000-01	2.9%		2.9%	0.0%
2001-02	4.0%		4.0%	0.0%
Sum	23.8%	8.0%	32.7%	-0.9%

For academic year 2003, the Governor required institutions to limit resident tuition increases below the 7.7% originally approved by the Budget Committee. After negotiations with the Commission, tuition increases range between 4.7% and 6.2%. For the state colleges and community colleges tuition did not increase by more than inflation (4.7%) while at CU, CSU, CSM and UNC tuition increased by 1.5% over inflation. The Governor's insistence and the Commission's policy of holding down tuition increases during times of recession will promote access to education at a time when personal income decreases. Thus, even though Colorado, like many states in the nation, must find ways to live within budget restraints, higher education will not limit its access by raising tuition significantly. The increases in tuition shown above are less in the last five years as the public policy in Colorado shifted to focus higher education access to its lower income residents.

<u>Percent of Personal Income.</u> Nationally, the share of family income required to pay for tuition at public colleges has increased where only the highest income families' income have kept pace with rising tuition costs. From 1992 through 2001, tuition at four-year public colleges and universities rose faster than family income in 41 states. The lowest income families have lost the most ground, primarily as a result of their lower participation in college attendance and graduation. The share of family income required to pay tuition at four-year colleges is at approximately 25% (2000) for the lowest income quintile nationally compared to about 13% in 1980. Public two-year institutions take a lesser share of family income, but are still at approximately 12% of income of those in the lowest income bracket. Figure 1 below shows the national trend in proportion of income required to pay for college.

Figure 1

Share of Family Income Required to Pay for Tuition at Public Colleges Has Increased for Most Families



Tuition at Public Colleges and Universities as a Percentage of Family Income, by Income Quintile

Source: College Board; U.S. Census Bureau.

By contrast, in Colorado the proportion of personal income required to pay for two-year and four-year colleges and universities has declined over a ten-year period, most significantly in the last five years. Chart 1 shows the percent of personal income (using median family income) necessary to fund a college education at Colorado's postsecondary institutions including two-year, four-year and research institutions.

Chart 1: Resident Undergraduate Full-Time Tuition & Mandatory Student Fees at Colorado's Public Postsecondary Institutions as a Percentage of Median Household Income

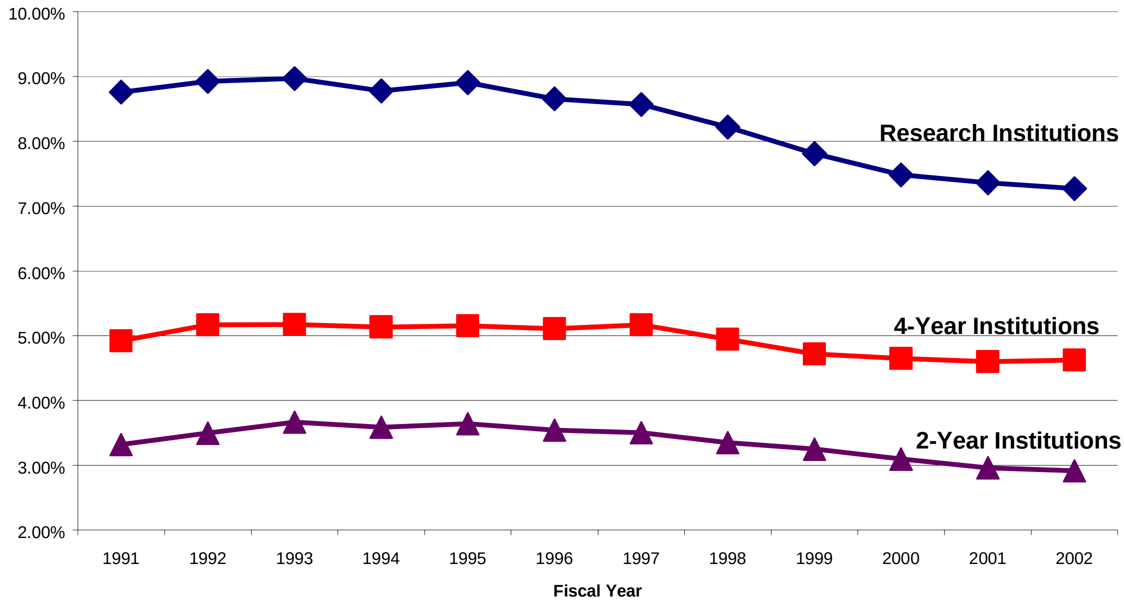
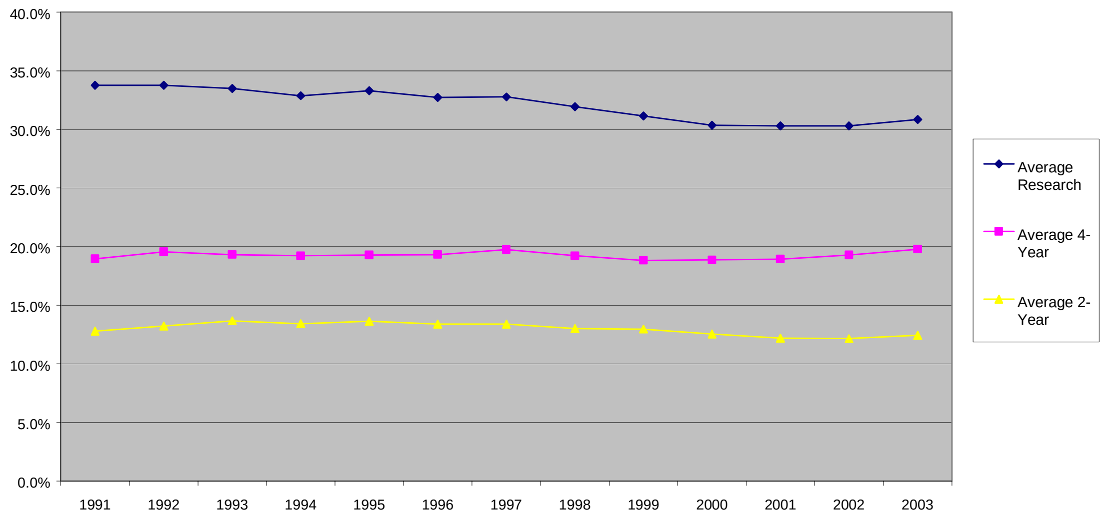


Chart 2 below shows the proportion of family income required to pay for a postsecondary public education for Colorado's poorest families when median income is broken into quintiles.

Chart 2: Resident Undergraduate Full-Time Tuition & Mandatory Student Fees at Colorado Public Postsecondary Institutions as a Percentage of Median Household Income for the Lowest Income Quintile



Financial Aid to Students. Funding for financial aid is another tool that the state uses to improve higher education access. The state grant aid per student increased 73%[10] in Colorado at a time when the Commission restructured who receives financial aid.

Merit awards now are available only to students who have 3.0 GPA. Need-based awards are no longer available to students in families who earn more than $49,000. Colorado has reversed the ten-year national trend in financial aid: not only have dollars increased significantly, but also, for the last two years the dollars have targeted the lowest income families and students.

Financial aid is an important part of the discussion on who has access to college. Research suggests that even academically prepared students at lower income levels will struggle to pay for college. Interestingly, the national debate is slowly shifting from academic preparation to one that Colorado has already addressed: financial assistance to the most needy families.

Colorado's financial aid community is dedicated to increasing access to higher education. The success in this area is measured by the amount of dollars awarded to need-based students and the number of students who benefited. Highlights of the most recent Colorado data include:

- 102,179 Colorado students received financial aid in 2000-01.
- 92,681 of these students were identified as need-based recipients (91%).
- 41,314 students received state-funded financial aid awards.
- Of the total of 92,681 students identified as having some need, 33,773 of these need-based students received state financial aid dollars (36%).

- Low-income students received a larger financial aid award package than in previous years. Partially, this increase resulted from additional changes in CCHE's Financial Aid Policy that increased the minimum award to need-based students and required institutions to prioritize need-based funds - awarding state dollars to those students with the highest need (Level 1 Need).

Table 3: Statewide Summary of Recipients of State Financial Aid Funds for 2000-2001

	Total Recipients	Total Dollars Awarded	Avg Award Full Time Student
Need Based			
GOS	769	$3,800,000	$5,485
Undergraduate	25,919	$35,215,794	$1,461
Graduate	1,447	$2,274,946	$1,586
CLEAP *	1,715	$1,013,125	$849
SLEAP *	542	$272,936	$700
Merit		$14,312,568	
Undergraduate	10,983		$1,194
Graduate	567		$2,583
Work Study	8,433	$15,741,632	$1,865
Native Amerian Grant	707	$4,753,839	$6,629
Nursing Grant	126	$238,800	$1,584
LAW/POW	18	$108,021	na
Total Unduplicated	41,314	$77,731,661	$2,002

* Share share of dollars only\; excludes $551,647 federal match

State financial aid includes need-based grants, academic merit scholarships, and work-study. Table 3 shows that state financial aid dollars served over 41,000 students in 2000-01. The total dollars reported in this table does not include the federal matching dollars required to participate in four federal programs, including two need-based programs (CLEAP, SLEAP), a health grant, and Perkins matching dollars.

How much aid a student receives depends on cost of attendance, financial need, and whether a student meets qualifying criteria for an award. Because of these variables, national data typically use the average award for a full-time student because it best describes the financial aid awarding practices. In Colorado, approximately 15% of the state-funded dollars are awarded to part-time students whose awards are generally proportionate to their time spent in school.

As important as the number of students who receive aid is the number of students receiving aid who are from the most needy families. These are the students who, without financial assistance, would most likely not attend or end up with large debt loads and who, while attending college, must forego assisting in the support of their families.

During the 2002-03 year $91.02 million was appropriated in financial aid to students. At a time when the governor was faced with severe budget deficits, and state agencies reverted revenue back to the General Fund, **there were no reductions in the amount of revenue appropriated for financial aid.** Of that amount, $8.0 million is for GOS, $43.6 million for Need Based grants, $16.6 for work-study and $14.9 for merit awards. The new CCHE policy to prioritize aid for students with the greatest need is reflected in this year's budget.

Expected Family Contribution (EFC) is a commonly used indicator of "ability to pay." Although heavily based on family income, EFC is adjusted by the number of family members, assets and the number of members of the family in college. For example, a family of quintuplets is enrolled in Colorado colleges. Family income alone would not reflect this family's ability to pay tuition for five children at the same time while EFC would. CCHE's Financial Aid policy uses EFC to define three need-based categories:

Level 1: 150% of PELL eligibility approximately $45,000 income

Level 2: 150 - 200% of PELL approximately $60,000 income

Level 3: All others

While the income profiles of the recipients of the two largest state-funded need-based programs, the Governor's Opportunity Scholarship program and the Colorado Student Need-Based Grant program, are quite similar, there are two points in which they differ. A higher proportion of GOS recipients have no personal or family income to put toward tuition. However, the need-based program served the highest number of students with an income of $0 - over $20,000. The other point of deviation between the two groups of student recipients is the percent of recipients with a Level 3 income. The following Table shows the distribution of GOS and Need-Based recipients between EFC levels:

Table 4: Comparison of EFC Levels for GOS and Other Need-Based Recipients

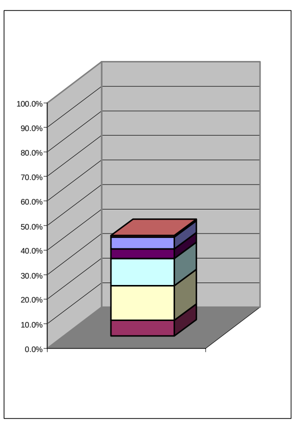
TYPE	Level 1	Level 2	Level 3
GOS	99%	1%	0%
Need-Based	92%	4%	4%

	Need-Based		GOS	
	Number	**Average Award**	**Number**	**Average Award**
Including Loan	64,853	$9,832	697	$10,154
Excluding Loan	28,245	$3,958	697	$10,154

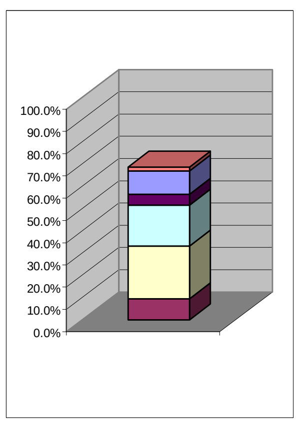
The most significant difference between GOS recipients and need-based recipients pertains to loans. Since a GOS recipient's financial aid package does not include loans, this program plays a unique role in CCHE's range of aid to provide access. Fully two-thirds of the rest of students who receive need-based aid must take on loans. **In fact, GOS has been so successful that the number of students participating has risen to 1,000 this year.**

<u>Effects of Borrowing.</u> Loan debt burdens carried by students are of concern for several reasons. Even though loans most often bridge the gap between what families can afford to pay and students can make up in work for school and the cost of education, high loan burden may prevent low-income students from enrolling or continuing in postsecondary education. Research suggests high loan amounts may be a significant burden if the student is overly optimistic regarding earning power. They are more likely to default on their debt. To assist students in planning for debt, the Colorado Student Loan Program has prepared a ColoradoMentor Financial Aid Calculator and the SLOPE (Student Loans Over Earnings Projections) as tools for student to evaluate financial aid options, compare costs and realistically assess earnings in their chosen career to avoid unmanageable debt.

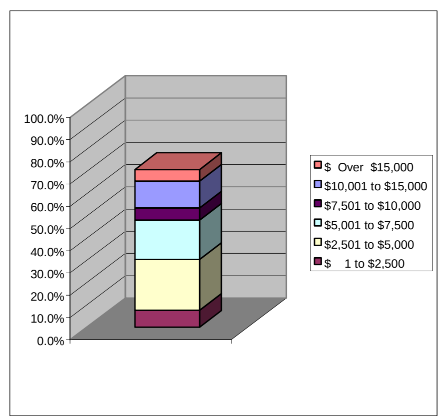
There is some evidence that the lower income student borrows less money when other need-based grants are available than the higher income student. Data on average loan



EFC Level I



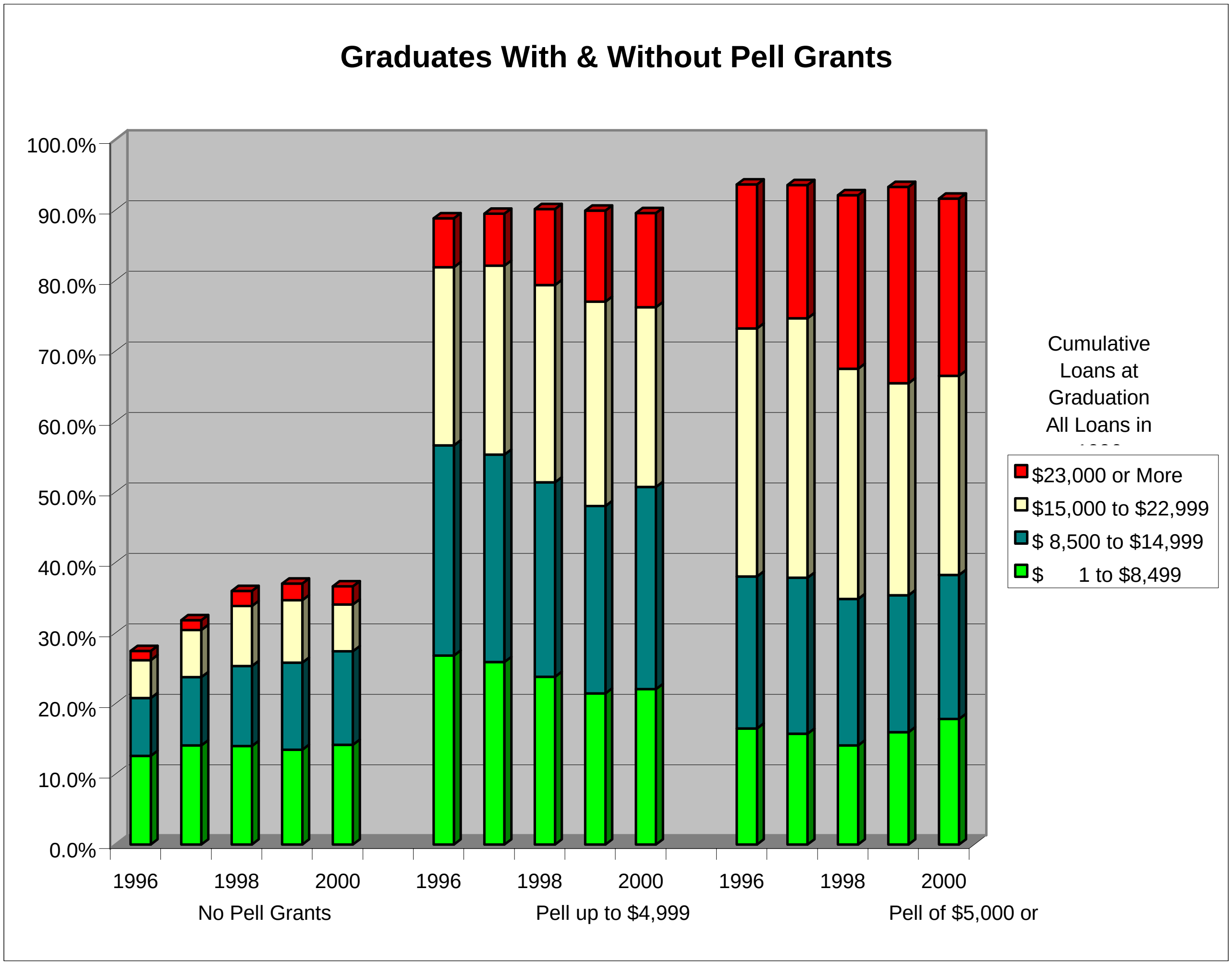
EFC Level II



EFC Level III

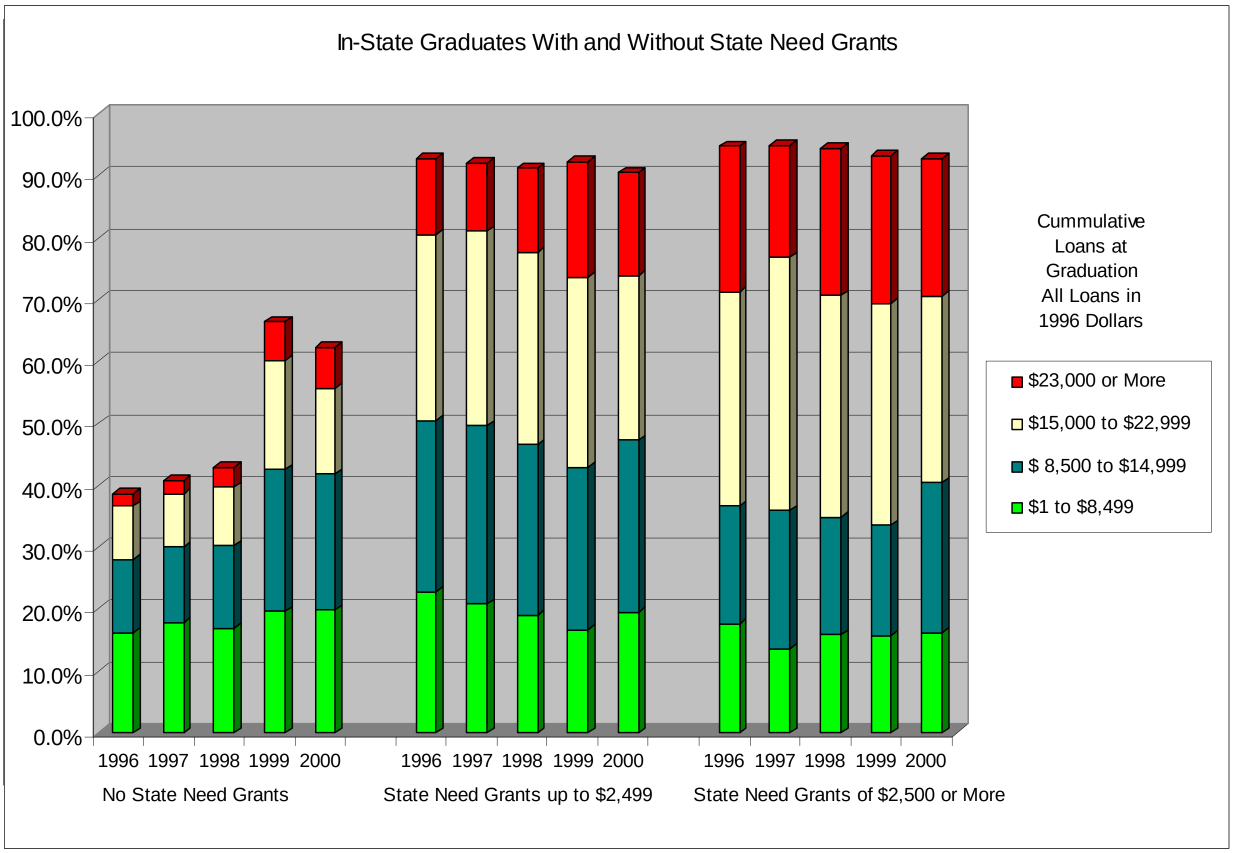
burden for students receiving Financial Aid in 2001 by EFC level is compared below.

The Commission has collected cumulative loan data on baccalaureate graduates from four-year public institutions from 1996 through 2000. Although it is too early to know what impact the change in Commission policy that was adopted in April 2000 has made on cumulative loan burden, this data establishes a baseline from which to compare future graduation cohorts. The table below shows a different picture than the one-year snapshot above. Graduation cohorts beginning in 2003 may begin showing changes based upon change in policy to focus state need-based grant aid toward the most needy students and families.



The chart above shows the cumulative debt burden for students receiving federal PELL grants. PELL grants are entitlement grants to students who qualify based on a formula that includes family income typically less than $35,000, assets, number of students in college and other federally required information. This chart assumes that the students with PELL grants are the most needy students, i.e., PELL grant recipients are used as a proxy for total need-based students. Students with no PELL grants, again generally in a middle class or above income bracket, tended to have less loan burden than students with PELL grants. The data not surprisingly suggest that students with the most need graduated from college with a higher proportion of loans than students with less need. It is interesting to note that students with less need have had an increasing proportion of loans compared to students with most need. Research by the Lumina Foundation suggests that lower income students are reluctant to take on loans. The number of graduates without a PELL grant who have loan debt upon graduation has increased between 1996 graduates and graduates in 2000 while the loan burden for students with need have remained relatively stable. The data does show, however, that among the most needy students, for those with higher levels of PELL grants, the amount of loan burden has increased over the last five years.

The following chart arrays the same data in another way. The data again use baccalaureate graduates between 1996 and 2000 who received need-based state grants. It compares the total loan burden upon graduation between graduates who received no state need-based grants and graduates who did receive state need grants. Again, those students without enough demonstrated need to qualify for need-based grants took fewer loans than those who were more needy. Approximately 90% of need-based students took out loans while only about 41% of students without need-based grants took out loans between 1996 and 1998. In 1999 and 2000 the percent of students without need-based state aid who incurred loans rose to over 60%. It is too early to identify the reasons behind the change to determine if this is an anomaly or to tell if it will be a trend.



The research process generated a number of questions about the effect of out-of-state graduates on the data. One hypothesis on borrowing is that if out-of-state students pay higher tuition, they would borrow larger amounts. A sort of the graduate records by in- and out-of-state students showed just the opposite. In-state students are borrowing at higher rates and in greater amounts. One could surmise that because out-of-state tuition is considerably higher than in-state tuition, out-of-state students will generally be more able to support their educational efforts without aid.

Two additional national reports emphasize the importance of access issues for lower income families, "Looking Back, Going Forward The Carnegie Commission on Tuition Policy"[11] and "Unequal Opportunity: Disparities in College Access Among the 50 States",[12] Lumina Foundation for Education. The former report concludes, "The most enduring problem may well be invisible, in the lowered expectations for a generation of potential first-time college students, who may conclude that they will not be able to afford to go to college, and as a result do not try to excel academically." Colorado, again, is ahead of the curve with this issue.

"Unequal Opportunity" concludes that "low-income students, compared to median-income students, have far fewer options, and they are more often required to borrow to achieve affordability." Once again, the shift in Colorado financial aid policies toward awarding more funds to the highest need students puts Colorado in the lead on providing more access to low-income students. Colorado policy makers are clearly on the right track. Preliminary data suggest that the governor, commissioners, and legislators would be wise to stay the course.

The following table highlights how Colorado's financial aid policies measure up against national trends.

The Nation	**Colorado**
Dramatic Increases in Tuition	Tuition increases lower than inflation
Failure of governmental financial aid allocations to keep pace with tuition increases	Low tuition increases and high increases in the amount of allocated aid per student – especially aid to needy students and families
Increased borrowing by students and families	Keeping an eye on borrowing and implementing the GOS program that prohibits borrowing for recipients
State support of higher education has increased, but tuition has increased more causing a disproportionate burden on the neediest students and families	Started the Governor's Opportunity Scholarship program that now has 1,000 students in it who are the neediest in Colorado Restructured other state-aid to target the neediest families and students

In the face of difficult economic times, Colorado policy makers have made good on their promise to low-income students. While there is more work to be done, Colorado can be proud of its commitment to accessible, affordable education for all Coloradoans.

2 The Impact of Paying for College on Family Finances, by Joseph E. Stiglitz, et. Al., Sebago Associates, November 2000

3 David T. Elwood and Thomas J. Kane, "Who is Getting a College Education? Family Background and the Growing gaps in Enrollment, from the Losing Ground, a National Status Report on the Affordability of American Higher Education, 2002

4 National Center for Public Policy and Higher Education, December 1999

5 ibid.

6 National Center for Public Policy and Higher Education, December 1999

7 ibid.

8 Ensuring Access Through Integrated Financing Policy: Observations by David A. Longanecker NETWORK NEWS, Volume 21, No. 2 April 2002

9 JBC Briefing, 11/7/01, p. 52

10 Losing Ground, A National Status Report on the Affordability of American Higher Education, the National Center for Public Policy and Higher Education, 2002

11 Looking Back, Going Forward: The Carnegie Commission on Tuition Policy, Jane V. Wellman, The Institute for Higher Education Policy (IHEP), January 2001.

12 Unequal Opportunity: Disparities in College Access Among the 50 States, Samuel M. Kipp III, Derek V. Price, and Jill K. Wohlford, Lumina Foundation for Education New Agenda Series, Volume 4, Number 3, January 2002

Appendix One

SUMMARY OF AVAILABLE FINANCIAL AID

Tax and Savings Plans

The American middle class has more government-sponsored options for financing post secondary education than does the lower income group. These financing options are summarized below.

- Education Savings Plans include Prepaid Tuition Plans, often allowing investors to pay for future college tuition at current prices. Colorado has a prepaid tuition plan in which parents can begin paying into an account regardless of the child's age. Savings plans also include Education IRAs (Coverdell Education Savings Accounts) for parents whose adjusted gross income is less than $220,000 can contribute up to $2,000 a year per child and some states allow a state tax deduction. Parents decide how to invest the funds and assume the investment risk. When the student beneficiary turns 18, the account's assets belong to the student and are not subject to income tax if they are used for education expenses. Parents may also contribute to state-sponsored 529 plans (in addition to the Coverdell accounts) designating one or more student beneficiaries. There are no annual limits on contributions and some plans allow accounts to exceed $250,000. Assets belong to the parent and withdrawals belong to the student. Even though contributions are not tax deductible, withdrawals are not subject to federal income taxes.
- Federal Income Tax Credits include the HOPE Scholarship tax credit and the Lifetime Learning Tax Credit. The HOPE Scholarship tax credit is for students who are enrolled at least half time and is in their first or second year of college. The Lifetime Learning tax credit is for students who have completed two years of college (and includes graduate students) or who are in their first or second year of college enrolled less than half time. These credits can be taken only by individuals whose adjusted gross income is less than $50,000 or joint filers whose adjusted gross income is less than $100,000.
- Federal Income tax Deduction is allowed for tuition and fees paid for their own education, the education of a dependent spouse or child. In 2002 and 2003, the maximum deduction of $3,000 is available for single tax filers whose adjusted gross income does not exceed $65,000 and to joint tax filers with adjusted gross incomes of $130,000 or less.

State-Funded Aid

Need-Based Aid:

- Colorado Student Grant is for undergraduate students enrolled in an approved certificate or degree program who are Colorado residents and enrolled at least half time. The maximum grant size is $5,000 per year. Priority must be given to students whose Estimated Family Contribution (EFC) is 150% or less for Pell eligibility, which is generally less than $45,000 per year. Only if all students who are eligible within Level One eligibility are funded through CSG can a school award to Level Two students. Level Two funds families/students with income approximately less than $65,000 depending on assets, family size, number in college etc. The maximum grant size for Level Two students is $2,500. The Level Three students (above approximately $65,000 in income) would probably not receive funding, but if awarded, have a maximum award amount of $500.
- Colorado Graduate Grant funds graduate students enrolled in an approved degree program who are Colorado residents and enrolled at least half time with documented need. The maximum grant is $5,000 plus tuition.
- Colorado Leveraging Educational Assistance Partnership Program (CLEAP) is a federal/state partnership to stimulate expansion of grant assistance to undergraduate students with substantial financial need. Need must be at least $900 per academic year. Substantial need for students attending only part of an academic year is measured on a $100 per month basis. The maximum grant is $5,000.
- Supplemental Leveraging Educational Assistance Partnership Program (SLEAP) provides a maximum of $5,000 per year to undergraduate or post baccalaureate students who are enrolled in teacher education. First priority must go to students in their student teaching semester. After those students are awarded, funds can go to enrolled teacher education students.
- Governor's Opportunity Scholarship Program recipients receive full funding for their educational costs. Students must have high financial need as documented by a parental income of less than $26,000 or have an EFC of "0" or a Parental Contribution (PC) of "0" from the FAFSA federal need analysis. Their package includes grant and work-study funding and cannot exceed the cost of attendance. They must not take out loans.

Work Study

Colorado Work-Study funds may e used to provide student employment at (i) the institution, (ii) off campus at a non-profit organization, and (iii) off campus at a for profit organization. There are matching requirements for any off-campus jobs. Jobs are to be compensated at a rate commensurate with the duties of the job and qualifications of the student. Seventy percent of an institution's work study allocation must be used for students with documented need and the other thirty percent can be used for students who have "other than need".

Merit Awards

- Colorado Undergraduate Merit awards are competitive awards students must qualify for each year. To be eligible for an award the student must be enrolled and degree or certificate seeking and be a Colorado resident. Continuing students must demonstrate academic excellence by achieving and maintaining at least a 3.0 cumulative college GPA. Prospective freshmen applying for merit-based aid must provide evidence of academic achievement, as defined by the institution, in one or more of: high school GPA or rank, standardized test scores or competitive process or portfolio review.
- Colorado Graduate Fellowship awards are for graduate students enrolled in an approved degree program on a full time basis.

Categorical Programs

- Loan Match provides funds for match to federal student loan programs: Perkins Loan Program, Health Professions Loan Program and Nursing Student Loan Program.
- Dependents Tuition Assistance Program provides tuition comparable to that charged by a state institution and comparable room and board. The program provides financial assistance to attend eligible institutions for dependents of a deceased or permanently disabled:
  - Law enforcement officer
  - Firefighter
  - Member of the national guard
  - Prisoner of war
  - Person missing in action
- Colorado Nursing Scholarships are designed to provide financial assistance to students intending to practice nursing in Colorado. It is intended to act as an incentive to recruit nurses in rural Colorado and other geographic areas with high nursing shortages. The scholarships cover tuition and fees at a public institution of higher education. After graduation, each hour a nurse works in Colorado equates to one dollar of the scholarship, up to 2,080 hours of service, and $910 in year two with 910 hours of service. If a nursing scholarship recipient does not work as a nurse in Colorado, the recipient will begin cash repayment one month after leaving college or graduation.

Federally Funded Aid

Federal Pell Grants are awarded to undergraduate students based upon the federal calculation of need, i.e., what a student and family are expected to contribute to the cost of education. This Expected Family Contribution (EFC) is based on family income, number in the household, assets and number in college etc. The EFC is deducted from the Cost of Attendance (COA) at the school the student chooses to attend and the result is the student's need. The maximum award for a PELL grant is $4,000 for the 2002-

2003 award year. The COA is determined by a student's status as a full-time or part-time student and estimated educational costs, both direct and indirect.

Federal Supplemental Educational Opportunity Grants (FSEOG) is gift aid for undergraduates with exceptional financial need. Pell Grant recipients with the lowest EFC's will be first to receive FSEOGs. FSEOGs do not have to be paid back either and are between $100 and $4,000 per year, depending upon application timing and need. These awards are for undergraduate students who have not earned a bachelor's or a professional degree.

Federal Work Study provides part-time jobs for undergraduate and graduate students with financial need and encourages work related to the recipient's course of study.

Loans:

- Federal Perkins Loan is a low-interest (5 percent) loan for both undergraduate and graduate students with exceptional financial need. Borrowing is limited to up to $4,000 for each year of undergraduate study, depending on when the application timing, financial need and the funding level at the school. If a student attends at least half time, they have nine months after leaving school before repayment begins.
- Stafford Loans are based upon the remaining financial need after EFC, the amount of any Federal Pell Grant fund eligibility and aid from other sources, subtracted from cost of attendance (COA). If a student has no demonstrated need, they may borrow using an unsubsidized loan. Unlike a subsidized loan, the student is responsible for the interest from the time the loan is disbursed until it is paid in full. A student can choose to pay the interest or allow it to accumulate. A student can borrow between $2,625 and $10,500 depending on their legal status, year in school and their enrollment status. A student cannot borrow more than their cost of attendance less any Pell they are eligible to receive. The interest rate is adjusted annually but will jot exceed 8.25 percent.
- PLUS loans are parent loans used to pay the education expenses of a dependent student enrolled at least half time. Qualified parents (credit check acceptable) may borrow an amount equal to the cost of attendance minus any other financial aid received. The interest rate is adjusted annually but cannot exceed 9 percent. The first loan payment is generally due within 60 days after the final loan disbursement for the year.