
Issue Brief – Student Financial Aid

NUMBER USHE-02

SUMMARY

The Analyst recommends an appropriation in the amount of \$2,495,300 for FY 2007 and \$200,000 for FY 2006 for financial aid programs.

OBJECTIVE

Funding of financial aid programs enables students with limited resources to have access to higher educational opportunities. This becomes more important as tuition and other costs of an education increase.

DISCUSSION AND ANALYSIS

The State of Utah administers several campus-based federal financial aid programs, as well as State-funded programs to help offset the costs of tuition.

The Utah Higher Education Assistance Authority (UHEAA) administers the campus-based federal financial aid programs, the Utah Centennial Opportunity Program for Education (UCOPE) and the New Century Scholarship.

Federal Aid Programs

Federal student aid programs often have state matching requirements for program participation. When the federal government changes the matching requirements, state funds are used to replace lost federal dollars to maintain the same level of support. The programs include the Supplemental Educational Opportunity Grants (SEOG) for undergraduate students with a state match requirement of 25 percent; Federal Work-Study Program (FWS) provides jobs for qualified students, also with a state match requirement of 25 percent; Federal Perkins Loan Program offer low-interest loans, requiring a 25 percent match of capital contributions to the loan fund; and the Leveraging Educational Assistance Partnership (LEAP), a grant program which requires a two-for-one state match.

For FY 2006, the Legislature approved a one-time appropriation in the amount of \$265,000 for the match requirement for the SEOG and FWS programs. Unless additional funding is approved for FY 2007, federal funds will be lost because there will not be the state match. The Analyst recommends an ongoing state appropriation for the federal aid programs for FY 2007 in the amount of \$265,000.

Utah Centennial Opportunity Program for Education (UCOPE)

UCOPE was established in 1997 to provide need-based financial aid for Utah resident students attending public and private colleges and universities in the state. As tuition costs increase, students' reliance on need-based financial aid also increases. UCOPE is currently funded by the Legislature at approximately \$2.9 million. A survey of the 11 WICHE states surrounding Utah shows that the average need-based aid per FTE is \$68.66. The figure for Utah is \$27.98. In order for Utah to get to the average, an increase of nearly \$4.3 million would be required. The recommendation for \$1,409,700 would close 1/3 of the gap. In future years, additional funding would close the gap further.

New Century Scholarship

In the 1999 Legislative Session, S. B. 90, "Higher Education Scholarships" was approved to award a two-year, (up to) 75 percent tuition scholarship to a student who completes the requirements of an Associate Degree by the September following their graduation from high school. Since the program was approved, 855 students have qualified for a New Century Scholarship. Students from 92 higher schools in Utah have qualified for the scholarship. The following tables show the history of the awarding of the scholarships and which institutions have granted those scholarships.

New Century Scholarships Awarded	
1999-2000	9
2000-2001	30
2001-2002	67
2002-2003	105
2003-2004	211
2004-2005	193
2005-2006	240
Total	<u>855</u>

New Century Scholarships Awarded by Granting Institution	
University of Utah	16
Utah State University	165
Weber State University	101
Southern Utah University	32
Snow College	29
Dixie State College	30
College of Eastern Utah	119
Utah Valley State College	192
Salt Lake Community College	171
Total	<u>855</u>

Section 53B-8-105 states that “. . . The Legislature shall make an annual appropriation from the General Fund to the State Board of Regents for the costs associated with the New Century scholarship program authorized under this section.”

The Analyst recommends funding in the amount of \$365,000 for FY 2007 and \$200,000 for FY 2006 for New Century Scholarships.

T. H. Bell Teacher Incentive Loan Program

The T. H. Bell Teaching Incentive Loan program is a state-funded incentive loan program to encourage students to become educators. The program will pay up to four years' tuition and fees at a USHE institution. Partial incentive loans may also be awarded to students at Brigham Young University and Westminster College. If a recipient of the loan teaches in a public or private school for a period of time equal to the time he/she received the funding, the loan is forgiven. If the recipient does not complete a baccalaureate degree or teach in a Utah school, the repayment of the loan, with interest is required. The following table shows the number of participants in the program since its inception and the method used to repay the incentive loan.

T.H. Bell Teacher Incentive Loan Program	
Participant Status 1998-2005	
Active Student Status	
Currently Enrolled	211
Graduated, not yet teaching	86
Leave of absence	17
Pending	2
Subtotal	316
Student Repayment Summary	
Repaid by Teaching Only	
Recipients currently teaching	235
Recipients paid by teaching	271
Subtotal	506
Repaid by Teaching and Payment	
	19
Subtotal	19
Repaid by Payment	
Current recipients repaying	105
Recipients paid	88
Forgiven (death/disability)	4
Deferred	21
Delinquent	10
Subtotal	228
Total Number of Participants	1,069

Statute states that 365 awards shall be maintained. The statute further states that the Legislature shall annually appropriate sufficient funds to support the scholarships. At the current level of award, an appropriation of \$455,600 would be required to provide for 365 awards.

Summary

The following summarizes the recommended funding for student financial aid for FY 2007.

Federal Match	\$ 265,000
UCOPE	1,409,700
New Century Scholarships	365,000
T.H. Bell Teacher Incentive	<u>455,600</u>
Total	<u>\$2,495,300</u>

For FY 2006, the recommendation is:

New Century Scholarships	<u>200,000</u>
Total	<u>\$200,000</u>