SUMMARY
The Analyst recommends an appropriation in the amount of $4,489,200 for FY 2008 and $130,100 for FY 2007 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.

Without additional funding for FY 2008, some of the 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 2008 in the amount of $210,300.

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. The ongoing UCOPE budget is just under $2 million along with $2.25 million in one-time funds approved by the Legislature last year. The Analyst recommends making that $2.25 million ongoing, together with an additional $899,100 to adjust for tuition increases over the past couple of years.

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 high 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.
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.”

To accommodate expected growth in the New Century Scholarships program, the Analyst recommends funding in the amount of $437,500 for FY 2008 and $130,500 for FY 2007

**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, 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 1998-2006

Active Student Status
Currently Enrolled 175
Graduated, not yet teaching 19
Leave of absence 7
Pending 12
Subtotal 213

Student Repayment Summary
Repaid by Teaching Only
Recipients currently teaching 181
Recipients paid by teaching 432
Subtotal 613
Repaid by Teaching and Payment
41
Subtotal 41
Repaid by Payment
Current recipients repaying 115
Recipients paid 113
Forgiven (death/disability) 6
Deferred 19
Delinquent 14
Subtotal 267

Total Number of Participants 1,134

Statute states that 365 awards shall be maintained. The statute further states that the Legislature shall annually appropriate sufficient funds to support the scholarships. To cover the increased cost of tuition and maintain the 365 awards, an appropriation of $692,300 is recommended.

Summary
The following summarizes the recommended funding for student financial aid for FY 2008.

Federal Match $ 210,300
UCOPE 3,149,100
New Century Scholarships 437,500
T.H. Bell Teacher Incentive 692,300
Total $4,489,200

For FY 2007, the recommendation is:

New Century Scholarships 130,100
Total $130,100