



STATE OF CONNECTICUT
Office of Financial and Academic Affairs
For Higher Education

Testimony
by
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Executive Director
before the
Higher Education and Employment Advancement Committee
11:00 a.m. – LOB Room 1E
March 1, 2012

Senator Bye, Representative Willis and distinguished members of the Higher Education and Employment Advancement committee, thank you for the opportunity to offer testimony in support of HB 5276 AN ACT CONCERNING THE CAPITOL SCHOLARSHIP GRANT PROGRAM and SB 240 AN ACT ALLOWING THE RETENTION OF AN ADMINISTRATIVE COST ALLOWANCE FROM THE CONNECTICUT INDEPENDENT COLLEGE STUDENT GRANT PROGRAM FOR COMPLIANCE.

HB 5276 repeals Sec. 10a-169(b) of the General Statutes which restricted awards of the Capitol Scholarship Program to students who had received awards in fiscal year 2010-11. This restriction eliminated awards to the freshman classes of academic years 2012 and 2013 as well as any previous applicants who did not receive an award in that year. The repeal allows the Office of Financial and Academic Affairs to make awards to all students eligible for the Capitol Scholarship within funding limitations. The program already has the means to adjust award levels and need maximums to accommodate as many students as possible without this restriction. This restriction has unnecessarily disenfranchised the freshman class of 2012, totaling 1,837 students and nearly 2,000 eligible returning students who did not receive an award in 2011. This change will allow eligible returning students to be considered for an award along with the freshman class of 2013 and the freshman class of 2012 in their sophomore year.

The Capitol Scholarship Program is Connecticut's only state-funded student financial aid program with an academic merit component in addition to a screen for financial need. Applicants must either be in the top 20% of their classes or achieve SAT scores above 1800 to pass the academic screen. Recipients are then determined based on their family's ability to pay for college. For 2011 and 2012, the family contribution threshold was set at \$12,000. Recipients may take the award to any Connecticut college or to a college located in one of seven states which have reciprocal agreements with Connecticut. Fully 70% of funding goes to students attending in-state public institutions at an average award of \$1,605, 34% goes to in-state private institutions at an average award of \$1,740 and 6% goes out-of-state, capped at \$350 per recipient in 2012. It is noteworthy that there is more money coming in from the reciprocal states than Connecticut is sending to them. In 2011, with a fully funded program, Connecticut disbursed \$723,000 and received \$906,000.

Over the years, this program has been a mainstay for Connecticut's brightest and neediest students. Sixty percent of awards and 70% of dollars go to students with a family income less than \$60,000. In addition, an average 85% of first-year recipients stay in school for the four years of eligibility. The largest drop off is after the first year, so, if we can get them through that, we can keep them. Finally, the academic screen makes this program a natural for the addition of a performance-based component.

SB 240 requests the retention of up to \$30,000 from the Connecticut Independent College Student Grant (CICSG) to fund the administration of audits. In accordance with 10a-38, the Office of Financial and Academic Affairs for Higher Education is charged with administering the Connecticut Independent College Student Grant to insure the accountability of public funds expended. This proposal allows the State to set aside up to \$30,000 to fund the administration of compliance audits.

Although the Office is charged with administration and accountability for this program, there is no administrative allowance to support this charge. In 2006, regular compliance audits were instituted with an independent auditor. Since that time, the audits have more than paid for themselves returning

nearly \$147,000 in refunds. None of the refunded money can be used to fund the audits and the Office has no other funding source for this administration. This proposal will allow for the funding to pay the independent auditor, allowing the Office to meet the requirements of the statute.

Annual audits were a regular part of this program since its inception, but were discontinued in the mid-1990's as a result of staffing reductions. Since the audits were reinstated in 2006, schools are audited one every four years due to staff and funding constraints. This is the only accountability medium that exists for this program and is comparable to the annual audit by the state that the Office undergoes for all financial aid programs. The schools are generally responsive to the audits which review verification procedures, look for over-awards, insure academic eligibility and verify in-state residence. Findings in all of these areas have been noted. We also discovered that these audits are helpful to the institutions as an instructional medium when they experience turnover in their financial aid staff. The audits are identifying best practices as well as insuring that public funds are being used as expected. I urge you to allow this very small administrative charge to the appropriation, which amounts to one quarter of one percent of the \$11,329,244 reduced budget, to continue the very important objective of insuring appropriate use of public funds.