



House of Representatives

General Assembly

File No. 341

February Session, 2016

Substitute House Bill No. 5332

House of Representatives, March 31, 2016

The Committee on Higher Education and Employment Advancement reported through REP. WILLIS, R. of the 64th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING THE GOVERNOR'S SCHOLARSHIP PROGRAM.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10a-173 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2016*):

3 (a) For the purposes of this section:

4 (1) "Family contribution" means the expected family contribution for
5 educational costs as computed from the student's Free Application for
6 Federal Student Aid;

7 (2) "Full-time or part-time undergraduate student" means a student
8 who is enrolled at an institution of higher education in a course of
9 study leading to such student's first associate or bachelor degree and
10 who is carrying, for a full-time student, twelve or more semester credit
11 hours, or, for a part-time student, between [six] three and eleven
12 semester credit hours at such institution of higher education;

13 (3) "Independent institution of higher education" means a nonprofit
14 institution established in this state (A) that has degree-granting
15 authority in this state; (B) that has its main campus located in this state;
16 (C) that is not included in the Connecticut system of public higher
17 education; and (D) whose primary function is not the preparation of
18 students for religious vocation;

19 (4) "Public institution of higher education" means the constituent
20 units of the state system of higher education identified in subdivisions
21 (1) to (4), inclusive, of section 10a-1;

22 (5) "Eligible educational costs" means the tuition and required fees
23 for an individual student that are published by each institution of
24 higher education participating in the grant program established under
25 this section, plus a fixed amount for required books and educational
26 supplies as determined by the Office of Higher Education.

27 (b) The state, acting through the Office of Higher Education, shall
28 establish the Governor's Scholarship program to annually make need-
29 based financial aid available for eligible educational costs for
30 Connecticut residents enrolled at Connecticut's public and
31 independent institutions of higher education as full-time or part-time
32 undergraduate students beginning with new or transfer students in the
33 fiscal year ending June 30, 2014. Any award made to a student in the
34 fiscal year ending June 30, 2013, under the capitol scholarship grant
35 program, established under section 10a-169 of the general statutes,
36 revision of 1958, revised to January 1, 2013, the Connecticut aid to
37 public college students grant program, established under section 10a-
38 164a of the general statutes, revision of 1958, revised to January 1, 2013,
39 Connecticut aid to Charter Oak, established under subsection (c) of
40 section 10a-164a of the general statutes, revision of 1958, revised to
41 January 1, 2013, or the Connecticut independent college student grant
42 program, established under section 10a-36 of the general statutes,
43 revision of 1958, revised to January 1, 2013, shall be offered under the
44 Governor's Scholarship program and be renewable for the life of the
45 original award, provided such student meets and continues to meet

46 the need and academic standards established for purposes of the
47 program under which such student received the original award.

48 (c) [Within available appropriations, the] The Governor's
49 Scholarship program shall [be comprised of] include a need and merit-
50 based grant, a need-based grant [,] and a Charter Oak grant [,] and a
51 performance incentive pool.] The need and merit-based grant shall be
52 funded at [not less than] up to twenty per cent of available
53 appropriations. The need-based grant shall be funded at [up to] not
54 less than eighty per cent of available appropriations. The Charter Oak
55 grant shall be not less than one hundred thousand dollars of available
56 appropriations. [The incentive pool shall be not less than two and one-
57 half per cent of available appropriations.] There shall be an
58 administrative allowance based on one-quarter of one per cent of the
59 available appropriations, but not less than one hundred thousand
60 dollars. [Not less than thirty-eight per cent of the annual appropriation
61 shall be allocated to the independent institutions of higher education
62 for the fiscal year ending June 30, 2014, and not less than thirty-six per
63 cent of such appropriation shall be allocated to such institutions for the
64 fiscal year ending June 30, 2015.]

65 (d) The Governor's Scholarship need and merit-based grant shall be
66 available to any Connecticut resident who is a full-time or part-time
67 undergraduate student at any public or independent institution of
68 higher education. [beginning in the fiscal year ending June 30, 2014.]
69 The Office of Higher Education shall determine eligibility by financial
70 need based on family contribution and eligibility by merit based on
71 either previous high school academic achievement or performance on
72 standardized academic aptitude tests. The Office of Higher Education
73 shall make awards [according to a sliding scale, annually determined
74 by said office, up to a maximum family contribution and based on
75 available appropriations and eligible students. The Governor's
76 Scholarship need and merit-based grant shall be awarded in a higher
77 amount than the need-based grant awarded pursuant to subsection (e)
78 of this section. Recipients of the need and merit-based grant shall not
79 be eligible to receive an additional need-based award.] (1) to eligible

80 full-time students enrolled in courses earning at least twelve credits in
81 an amount up to one thousand dollars, and (2) to eligible part-time
82 students in an amount that is prorated according to the number of
83 credits each student will earn for completing the course or courses in
84 which such student is enrolled, such that a student enrolled in a course
85 or courses earning (A) at least nine but less than twelve credits is
86 eligible for up to seventy-five per cent of the maximum award, (B) at
87 least six but less than nine credits is eligible for up to fifty per cent of
88 the maximum award, and (C) at least three but less than six credits is
89 eligible for up to twenty-five per cent of the maximum award. The
90 order of institutions of higher education provided by a student on the
91 student's Free Application for Federal Student Aid shall not affect the
92 student's eligibility for an award under this subsection. The accepting
93 institution of higher education shall disburse sums awarded under
94 [such] the need and merit-based grant for payment of the student's
95 eligible educational costs. Recipients of the need and merit-based grant
96 shall also receive a need-based grant under subsection (e) of this
97 section.

98 (e) The Governor's Scholarship need-based grant shall be available
99 to any Connecticut resident who is a full-time or part-time
100 undergraduate student at any public or independent institution of
101 higher education. [beginning in the fiscal year ending June 30, 2014.
102 The Office of Higher Education shall determine eligibility based on
103 family contribution.] The amount of the annual appropriation to be
104 allocated to each institution of higher education shall be determined by
105 its actual [eligible enrollment based on family contribution during the
106 fiscal year one year prior to the grant year] full-time equivalent
107 enrollment of undergraduate students who are Connecticut residents
108 with a family contribution during the fall semester of the fiscal year
109 two years prior to the grant year of an amount not greater than two
110 hundred per cent of the maximum family contribution eligible for a
111 federal Pell grant award for the academic year one year prior to the
112 grant year. Not later than July first, annually, each institution of higher
113 education shall report such enrollment data to the Office of Higher
114 Education. Not later than October first, annually, the Office of Higher

115 Education shall (1) publish such enrollment data on its Internet web
116 site, and (2) notify each institution of higher education of the
117 proportion of the annual appropriation that such institution of higher
118 education will receive the following fiscal year and publish the
119 proportions for each institution of higher education on its Internet web
120 site. Participating institutions of higher education shall make awards
121 [according to a sliding scale, annually determined by the Office of
122 Higher Education, up to a maximum family contribution and based on
123 available appropriations and the number of eligible students] (A) to
124 eligible full-time students enrolled in courses earning at least twelve
125 credits in an amount up to four thousand five hundred dollars, and (B)
126 to eligible part-time students in an amount that is prorated according
127 to the number of credits each student will earn for completing the
128 course or courses in which such student is enrolled, such that a student
129 enrolled in a course or courses earning (i) at least nine but less than
130 twelve credits is eligible for up to seventy-five per cent of the
131 maximum award, (ii) at least six but less than nine credits is eligible for
132 up to fifty per cent of the maximum award, and (iii) at least three but
133 less than six credits is eligible for up to twenty-five per cent of the
134 maximum award. Each participating institution of higher education
135 shall expend all of the moneys received under the Governor's
136 Scholarship program as direct financial assistance only for eligible
137 educational costs. [based on the sliding scale determined by the Office
138 of Higher Education and the maximum award amounts set by said
139 office.]

140 (f) Participating institutions of higher education shall annually
141 provide the Office of Higher Education with data and reports on all
142 Connecticut students who applied for financial aid, including, but not
143 limited to, students receiving a Governor's Scholarship grant, in a form
144 and at a time determined by said office. If an institution of higher
145 education fails to submit information to the Office of Higher Education
146 as directed, such institution shall be prohibited from participating in
147 the scholarship program in the fiscal year following the fiscal year in
148 which such institution failed to submit such information. Each
149 participating institution of higher education shall maintain, for a

150 period of not less than three years, records substantiating the reported
151 number of Connecticut students and documentation utilized by the
152 institution of higher education in determining eligibility of the student
153 grant recipients. Such records shall be subject to audit. Funds not
154 obligated by an institution of higher education shall be returned by
155 [February fifteenth] May first in the fiscal year the grant was made to
156 the Office of Higher Education for reallocation. Financial aid provided
157 to Connecticut residents under this program shall be designated as a
158 grant from the Governor's Scholarship program.

159 (g) The Governor's Scholarship Charter Oak grant shall be available
160 to any full-time or part-time undergraduate student enrolled in
161 Charter Oak State College, [beginning in the fiscal year ending June 30,
162 2014.] The Office of Higher Education shall allocate any appropriation
163 to Charter Oak State College to be used to provide grants for eligible
164 educational costs to residents of this state who demonstrate substantial
165 financial need and who are matriculated in a degree program at
166 Charter Oak State College. Individual awards shall not exceed a
167 student's calculated eligible educational costs. Financial aid provided
168 to Connecticut residents under this program shall be designated as a
169 grant from the Governor's Scholarship program.

170 [(h) The Governor's Scholarship incentive pool shall be created to
171 encourage retention and completion for any student who (1) receives
172 the Governor's Scholarship need-based grant, (2) returns with
173 sufficient credits to complete such student's associate degree in two
174 years or bachelor degree in four years, and (3) exceeds the minimum
175 satisfactory academic performance standards as determined by the
176 Office of Higher Education. Such student shall be eligible beginning in
177 the second year of such student's need-based grant. The pool shall be
178 distributed to participating institutions of higher education based on
179 eligibility as determined by the Office of Higher Education.]

180 [(i) (h) In administering the Governor's Scholarship program, the
181 Office of Higher Education shall develop and utilize fiscal procedures
182 designed to ensure accountability of the public funds expended. Such

183 procedures shall include provisions for compliance audits that shall be
184 conducted by the Office of Higher Education on any institution of
185 higher education that participates in the program. Commencing with
186 the fiscal year ending June 30, 2015, and biennially thereafter, each
187 such institution of higher education shall submit the results of an audit
188 done by an independent certified public accountant for each year of
189 participation in the program. Any institution of higher education
190 determined by the Office of Higher Education not to be in substantial
191 compliance with the provisions of the Governor's Scholarship program
192 shall be ineligible to receive funds under the program for the fiscal
193 year following the fiscal year in which the institution of higher
194 education was determined not to be in substantial compliance.
195 Funding shall be restored when the Office of Higher Education
196 determines that the institution of higher education has returned to
197 substantial compliance.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	10a-173

HED *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Higher Ed., Off.; Higher Education Constituent Units	GF - Redistribution of Financial Aid	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

This bill makes numerous changes to the Governor’s Scholarship Program (GSP), the state’s financial aid program for Connecticut residents who attend a public or independent higher education institution in the state, which will result in a redistribution of financial aid between the constituent units of higher education, but will not result in an overall fiscal impact to the Office of Higher Education.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the level of funding within the Governor’s Scholarship Account.

OLR Bill Analysis

sHB 5332

AN ACT CONCERNING THE GOVERNOR'S SCHOLARSHIP PROGRAM.

SUMMARY:

This bill makes numerous changes to the Governor's Scholarship Program (GSP), the state's financial aid program for Connecticut residents who attend a public or independent higher education institution in the state.

Under current law, the GSP has four award categories: a (1) need and merit-based (i.e., merit) award, (2) need-based award, (3) performance incentive pool, and (4) Charter Oak Grant. The bill makes the following changes, among others:

1. establishes maximum award amounts for the merit and need awards;
2. requires that the maximum award amounts for part-time students be proportional to the maximum amounts for full-time students;
3. eliminates requirements that merit and need awards be made according to sliding scales annually determined by the Office of Higher Education (OHE), which administers the GSP;
4. prohibits OHE from making merit award determinations based on the order of institutions provided by a student on the FAFSA (Free Application for Federal Student Aid);
5. revises the criteria for determining how funds for need awards must be allocated among higher education institutions;

6. reduces, from six credits to three, the minimum number of credits that a part-time student must carry in a semester to be eligible for an award;
7. eliminates the incentive award;
8. changes how the GSP appropriation must be allocated between the merit and need awards; and
9. extends, from February 15 until May 1, the annual deadline by which higher education institutions must return unspent GSP funds to OHE.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2016

MERIT AWARD

The bill establishes a maximum merit award of \$1,000 per year for full-time students and eliminates a provision in current law that requires that merit awards be higher than the need awards. Current law does not specify any award amounts. In practice, however, OHE awards full-time students at a (1) four-year institution \$2,000 more for the merit award compared with the need award and (2) two-year institution \$500 more. The bill additionally requires that (1) OHE make awards to part-time students that are up to a prorated maximum (see AWARDS TO PART-TIME STUDENTS below) and (2) students who receive the merit award also receive the need award; current law prohibits students from receiving both awards.

The bill eliminates a provision in current law that requires OHE to make merit awards according to a sliding scale, annually determined by the office, up to a maximum family contribution and based on available appropriations and eligible students. It retains requirements that OHE determine student eligibility for the award based on (1) financial need, as measured by expected family contribution (EFC) determined by the FAFSA, and (2) merit, as measured by either high

school academic achievement or performance on standardized academic aptitude tests.

The bill also prohibits OHE from making merit award determinations based on the order of institutions provided by a student on the FAFSA. In practice, students may list on the FAFSA up to 10 institutions that they are considering attending.

NEED AWARD

The bill eliminates a provision in current law that requires institutions to make need awards according to a sliding scale annually determined by OHE (i.e., in fixed amounts that are inversely proportional to the student's EFC). It instead allows institutions to award each eligible (1) full-time student up to \$4,500 per year and (2) part-time student an amount up to a prorated maximum (see AWARDS TO PART-TIME STUDENTS below). Current law does not specify any award amounts, but in practice, OHE has established \$3,000 per year as the maximum need award for full-time students.

Institutional Allocations

Under current law, OHE must allocate funding for need awards to higher education institutions based on their eligible enrollment (i.e., the number of the institution's students who are eligible for an award based on family contribution) during the fiscal year preceding the award year. The bill instead requires OHE to use each institution's eligible full-time equivalent enrollment of undergraduate Connecticut residents during the fall semester of the fiscal year two years before the grant year.

Under the bill, eligible students are those whose EFC is up to 200% of the maximum eligible EFC for the federal Pell Grant for the academic year one year before the grant year. For the 2016-17 academic year, 200% of the maximum Pell-eligible EFC is \$10,468. Current law does not establish a maximum EFC for GSP eligibility, but in practice, OHE has established (1) \$10,999 as the maximum EFC for full-time students and (2) \$7,999 as the maximum EFC for part-time students.

The bill requires higher education institutions to report enrollment data to OHE annually by July 1. OHE must, annually by October 1, (1) publish the enrollment data on its website, (2) notify each institution of the proportion of the appropriation that the institution will receive in the ensuing fiscal year, and (3) publish these proportions on its website.

AWARDS TO PART-TIME STUDENTS

The bill reduces, from six credits to three, the minimum number of credits that a part-time student must carry in a semester in order to be eligible for a GSP award. It also establishes, for both the merit and need awards, maximum award amounts for part-time students that are proportional to the maximum amounts for full-time students. The maximum part-time amounts are (1) 25% of the full-time maximum for at least three but fewer than six credits, (2) 50% for at least six but fewer than nine credits, and (3) 75% for at least nine but fewer than 12 credits. Current law does not prescribe any criteria for determining award amounts to part-time students.

INCENTIVE AWARD

The bill eliminates the GSP's incentive award, which under current law is provided to encourage retention and completion for students who (1) receive a need award, (2) return with sufficient credits to complete an associate degree in two years or a bachelor degree in four years (presumably two or four years from the time of initial enrollment), and (3) exceed minimum academic performance standards as determined by OHE. Under current law, (1) students become eligible for a performance incentive award in the second year of their need award and (2) the incentive pool must be distributed to participating institutions based on eligibility as determined by OHE.

ALLOCATION OF ANNUAL APPROPRIATION

Current law allocates the GSP appropriation across the four award categories as follows: (1) at least 20% for the merit award, (2) up to 80% for the need award, (3) at least 2.5% for the incentive pool, and (4) at least \$100,000 for the Charter Oak Grant. The bill instead (1)

allocates up to 20%, rather than at least 20 %, for the merit award; (2) allocates at least 80%, rather than up to 80%, for the need award; and (3) eliminates the allocation for the incentive pool. It retains the \$100,000 minimum allocation for the Charter Oak Grant.

COMMITTEE ACTION

Higher Education and Employment Advancement Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/15/2016)