



College Bound Scholarship Fiscal Review

College Bound Scholarship Workgroup
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Program Overview

- **Purpose:** The CBS program was created in 2007 to provide financial assistance to low-income students.
- **Eligibility:** 7th and 8th graders who qualify for free or reduced price lunch sign a pledge to graduate high school with at least a 2.0 GPA, be a good citizen with no felony convictions, get admitted into a postsecondary institution, and file the FAFSA in a timely manner.
- **Award Amount:** CBS award amounts are calculated as the difference between public institutions tuition and required fees, less the value of any state-funded grant, scholarship, or waiver assistance the student receives, plus \$500 for books and materials.



Budget History

- Scholarship payout costs were originally estimated to be \$3.4 million for the 2012-13 academic year, \$5.8 million for the 2013-14 academic year, and to increase to about \$9.5 million per a year through 2016.
- Original estimates assumed that CBS students would receive a SNG. They did not assume tuition increases.
- The 2007-09 operating budget appropriated an initial \$7.4 M to purchase GET credits (eventually valued at \$12M) for scholarship awards.
- Payments were suspended in the 2009-11 operating budget.



Factors impacting original cost estimates

- Changes to SNG policy and institutional flexibility in distributing SNG have reduced award amounts increasing costs to the CBS program.
- More students participating and attending four year institutions which have higher award amounts.
- Tuition increases (prior to the current freeze) have increased the maximum CBS award amount.



Current Appropriations

- The 2014 supplemental includes approximately \$48.3 million for CBS awards.
- Appropriations will be adjusted at maintenance level for caseload and award amount changes.
- The full fiscal impact of the program will be realized in the 2016-17 academic year when four cohorts are enrolled.
- An additional \$20.6 million is currently estimated to be needed in the 2015-17 biennium (Total cost of \$68.9M).



2015-17 and 2017-19 Estimated Cost Projection

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2013-15 Total	\$48.3M	Amount above prior biennium appropriation
2015-17 Total	\$68.9M	\$20.6M
2017-19 Total	\$86.5M	\$17.6M

The costs above were used to inform the 2014 supplemental budget and are based on the February forecast.



Key Cost Drivers

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- Number of students who receive an award

- Cost of award
 - Sector of attendance
 - Interplay between CBS and other aid
 - Tuition changes



CBS Forecast

- The CBS program is forecast by the Caseload Forecast Council.

June 2014 Forecast

Fiscal Year	Caseload*
FY 2014	8,539
FY 2015	13,056
FY 2016	17,835
FY 2017	19,938

**Caseload means the number of students expected to receive a CBS award.*



State Need Grant Prioritization

- 2013-15 Budget requires institutions to give CBS students priority when awarding SNG and to award the maximum amount that student is eligible for.
- In some cases, CBS students will receive more SNG funds than they would have absent this budget language. This could result in a larger SNG award and a smaller CBS award. The student's total award would still be the same.

College Bound Scholarship and SNG Interaction

Research		0-50		51-55		56-60		61-65
Maximum CBS	\$	11,904	\$	11,904	\$	11,904	\$	11,904
Maximum SNG	\$	10,868	\$	7,608	\$	7,064	\$	6,521
Difference	\$	1,036	\$	4,296	\$	4,840	\$	5,383

Comprehensive		0-50		51-55		56-60		61-65
Maximum CBS	\$	8,357	\$	8,357	\$	8,357	\$	8,357
Maximum SNG	\$	7,580	\$	5,306	\$	4,927	\$	4,548
Difference	\$	777	\$	3,051	\$	3,430	\$	3,809

Private 4-Year		0-50		51-55		56-60		61-65
Maximum CBS	\$	11,904	\$	11,904	\$	11,904	\$	11,904
Maximum SNG	\$	8,517	\$	5,962	\$	5,536	\$	5,110
Difference	\$	3,387	\$	5,942	\$	6,368	\$	6,794

CTCs		0-50		51-55		56-60		61-65
Maximum CBS	\$	4,467	\$	4,467	\$	4,467	\$	4,467
Maximum SNG	\$	3,696	\$	2,587	\$	2,402	\$	2,218
Difference	\$	771	\$	1,880	\$	2,065	\$	2,249

Private 2-Year		0-50		51-55		56-60		61-65
Maximum CBS	\$	4,467	\$	4,467	\$	4,467	\$	4,467
Maximum SNG	\$	2,823	\$	1,976	\$	1,835	\$	1,694
Difference	\$	1,644	\$	2,491	\$	2,632	\$	2,773

Does not include the impact of other aid a student may receive. The max CBS award may not equal tuition, required fees and \$500 for books in all cases.



Total State Aid Received by CBS Students – ILLUSTRATIVE EXAMPLE

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FY 2015 ONLY (three cohorts)	CBS Award	SNG Award	Total
Dollars	\$ 18-20M	\$ 70-78M	\$ 90-96M

Low end CBS program cost estimates assume: that all CBS students get a full SNG, the total remaining difference is covered by the CBS program.

High end CBS program cost estimates assume: an average SNG award for CBS students by sector per WSAC data and an average CBS award by sector.

Both estimates assume that 12,403 students receive an award per the June forecast discounted for actual utilization and apply the current sector and MFI distribution. Neither estimate fully accounts for other aid a student may receive. It is unlikely that SNG coordination will be 100%, particularly in the CTCs.