GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2009

H HOUSE DRH80553-LHz-265A* (04/09)

Short Title:	Consolidate Student Financial Aid/Work Group.	(Public)
Sponsors:	Representatives Rapp; Bell, Blackwell, Glazier, Tarleton, and Tolson.	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A WORK GROUP TO DEVELOP RECOMMENDATIONS AND OPTIONS FOR SIMPLIFYING AND CONSOLIDATING THE DELIVERY OF, ADMINISTRATION OF, AND ACCESS TO STATE-FUNDED FINANCIAL AID FOR STUDENTS, AS RECOMMENDED BY THE JOINT SELECT COMMITTEE ON STATE-FUNDED STUDENT AID.

The General Assembly of North Carolina enacts:

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SECTION 1.(a) The State Education Assistance Authority, The University of North Carolina, the North Carolina Community College System, and the Fiscal Research Division of the General Assembly shall establish a work group to study jointly the simplification and consolidation of State-funded financial aid for students. North Carolina Independent Colleges and Universities, Inc., shall also be included as a joint member of the work group if it chooses to participate in the study. The State Education Assistance Authority shall be the lead agency for the work group and study.

SECTION 1.(b) The purpose of the study is to develop recommendations and options for simplifying and consolidating the delivery of, administration of, and access to State-funded financial aid for students. In conducting the study, the work group shall consider the State's current student financial aid programs and how to consolidate those programs into two categories of State-funded student aid programs: one program that consolidates the State's major need-based programs and one program that consolidates many of the State's scholarship and forgivable loan programs currently available to students who plan to earn degrees and pursue careers in certain professional areas. More specifically the work group shall do the following:

(1) Design a unified need-based financial aid program that combines at a minimum the following three programs into a single need-based financial aid program: The University of North Carolina Need-Based Grant program, the North Carolina Community College Grant program, and the North Carolina Education Lottery Scholarship program established under Article 35A of Chapter 115C of the General Statutes. Currently each of these programs has its own award criteria, formulas, target populations, and funding sources (Escheat Fund, General Fund, and Lottery Funds). As part of its study, the work group shall determine what the appropriate parameters may be for such a unified program by using models that take into account income, expected family contribution, college expenses, type of college attended, and any other factors the work group deems relevant. In designing the program, the



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50 51 work group shall address the issue of proportionality of funding and shall take into account all of the following in its consideration of that issue: the proportionality of funding that currently exists among The University of North Carolina, the North Carolina Community College System, and the North Carolina private colleges and universities; funding sources; accounting for student enrollment change; monetary differences between certain categories of students and whether based on those monetary differences student financial aid should be based on cost of attendance or tuition and fees. The work group may also consider whether it is appropriate to redefine "need" for purposes of student financial aid and to develop a common formula for the distribution of financial aid and the consequences of any proposed modifications if the decision is made to redefine "need" and develop a common formula. The program shall be designed to: (i) distribute funds in a manner that is consistent with legislative intent, but more easily understood by potential students, and (ii) retain the ability to track lottery funds.

Design a "forgivable loans for service" program that combines at a minimum (2) the following existing programs into one consolidated program that focuses on loans for services: the Nurse Educators of Tomorrow; Nurse Scholars Program; Nurse Education Scholarship Loan Program; Board of Governors Medical Scholarship Loans; Board of Governors Dental Scholarship Loans; Health, Science and Mathematics Student Loan Program; Prospective Teacher Scholarship Loan Program; and the Teacher Assistant Scholarship Program. This single consolidated program shall initially focus on two high area needs: teaching and health professions (including nursing, allied health and medical, dental, and pharmacy careers). In designing this program, the work group may consider the current allocation of funds among the various scholarship and forgivable loan programs, whether it would be appropriate to allow the reallocation and award of funds not distributed as forgivable loans in a specific service area to be awarded as forgivable loans in a different service area, and, if so, what procedure and methodology would be appropriate to trigger the reallocation of funds and provide for the distribution of those funds as awards in a different service area.

SECTION 1.(c) In addition to the considerations set out in subsection (b) of this section, the work group shall also consider all of the following: the time period required to phase out student loans from any of the programs affected by the program consolidation; how federal funding may affect student financial aid services; how to deal with current recipients of funds from programs affected by the consolidation; how to deal with recipients who are paying back loans made through programs affected by the consolidation; whether the State Education Assistance Authority should be authorized to extend the repayment period for forgivable loans in hardship circumstances when a good faith effort has been made to repay the loan in a timely manner, and if so, what the appropriate procedure may be for making that determination and extending the repayment period. The work group may also consider any other issues it deems relevant to this study.

SECTION 1.(d) The work group shall present its proposed program designs and report its findings and recommendations to the Joint Select Committee on State-Funded Student Financial Aid by October 1, 2010. In its report the work group shall also identify options that may vary from the proposed program designs but that are alternatives that the work group determines may also be workable and consistent with the legislative intent of this study. The work group shall also include in the report any legislative changes that may be needed to implement the program designs and work group recommendations.

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SECTION 2. This act is effective when it becomes law.

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