

Financial Aid Overview
Joint Subcommittee on Education Appropriations
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Attachment 2

Summary of NC Higher Education Aid

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Summary of North Carolina Higher Education Aid Grants

Grant Programs

Grants are financial aid that does not need to be repaid or earned. They can be need-based or non-need-based. A full listing of the government-funded grants available in North Carolina can be found in *Student Financial Aid for North Carolinians, 2010* at <http://www.cfnc.org/static/pdf/paying/pubs/pdf/FANC.pdf>.

Below is a listing and short description of the grant programs most used by North Carolinians.

Federal Pell Grant Program

Federal Pell Grants are the foundation of student aid to which aid from other sources may be added. This program awards grants directly to students, and payment is made through the institutions. Student's eligibility is determined by using a formula established by Congress which takes into consideration family financial circumstances. The formula produces an Expected Family Contribution (EFC) number that is used by the institution to determine the amount of the Federal Pell Grant. Eligible students must

- Be undergraduates enrolled as either part-time or full-time students in an approved postsecondary institution who have not already earned a bachelor's or professional degree.
- Be citizens or permanent residents of the United States.

Students apply for a Federal Pell Grant by filling out the Free Application for Federal Student Aid (FAFSA).

UNC Need-based Grant

The UNC Need-based Grant is a grant program for students enrolled in at least 6 credit hours at one of the 16 constituent institutions of The University of North Carolina. Eligibility is based on a student's financial need, as determined by income data on the FAFSA. Consideration for the grant is automatic once the FAFSA is filed. No formal deadline has been established, however, late applicants may be denied if insufficient funds are available.

Community College Grant

The Community College Grant is a grant program for North Carolina resident students enrolled at least 6 hours per semester in a curriculum program at a North Carolina community college. Students must meet the Satisfactory Academic Progress requirements of the institution. Eligibility is determined based on the same criteria as the Federal Pell Grant; students not eligible for the Federal Pell Grant may be considered for this grant based on their estimated family contribution as determined on the Student Aid Report (SAR). Students who have earned baccalaureate (four-year) college degrees are ineligible. To apply, students complete the FASFA.

Summary of North Carolina Higher Education Aid Grants

Legislative Tuition Grant

The NC Legislative Tuition Grant (NCLTG) Program provides tuition assistance to NC resident students attending eligible nonprofit colleges and institutions located within NC. This program is not based on financial need. Applicant must meet the following eligibility requirements:

- Meet in-state residency requirements
- Be enrolled as a full-time or part-time (9 hours) first time undergraduate in a degree-granting program at an eligible independent, nonprofit institution in North Carolina
- Cannot be enrolled in a program of study designed primarily for career preparation in a religious vocation
- Be registered or exempt from Selective Service registration
- Be certified as eligible under NCLTG Rules
- Undergraduate students cannot have a prior bachelor's degree; licensure students (enrolled in a licensure program for teachers or nurses) must have a bachelor's degree.

Education Lottery Scholarships

Education Lottery Scholarships are for North Carolina resident students admitted, enrolled, and classified as an undergraduate student in matriculated status in a degree, certificate or diploma program at an eligible North Carolina institution (UNC campuses, Community College Campuses, Independent College Campuses and certain other private colleges).

Eligibility for Education Lottery Scholarships is based on the same criteria as the Federal Pell Grant with one exception; students not eligible for the Federal Pell Grant with an estimated family contribution of \$5,000 or less will be eligible for an Education Lottery Scholarship. Students must enroll for at least six credit hours per semester in a curriculum program and meet the Satisfactory Academic Progress requirements of the institution.

Institutional Grants

Various colleges and universities offer both merit- and need-based institutional aid from their foundations or fundraising efforts.

Summary of North Carolina Higher Education Aid Loans

Loan Programs

Loans must be repaid in cash, with varying amounts of interest. Loan repayment usually begins after the student is out of college. Subsidized loans are need-based and the interest is paid by the federal government while the borrower is enrolled in school or during grace and deferment periods. Unsubsidized loans are non need-based and borrowers are responsible for interest from the date the loan is disbursed. Of subsidized loans in North Carolina, the vast majority are provided by the Federal government. Federal student loans are made up of a number of programs. Major programs are described below. A full listing of the government-funded loans available in North Carolina can be found in *Student Financial Aid for North Carolinians, 2010* at <http://www.cfnc.org/static/pdf/paying/pubs/pdf/FANC.pdf>.

Federal Perkins Loan Program

This program is a low interest loan based entirely on need, as determined by a college's financial aid office. Both undergraduate and graduate students are eligible. The amount a student borrows depends on need and the availability of funds. Maximum loan amounts per year are \$5,500 for an undergraduate student and \$8,000 for graduate students. A student has up to 10 years to repay the loan and may have a portion of the loan canceled for every year that the recipient is employed in certain fields.

William D. Ford Federal Direct Loan Program

Federal Direct Loans are either subsidized or unsubsidized, depending on whether the student has demonstrated financial need. Both undergraduate and graduate students are eligible. The amount a student can borrow depends on the student's collegiate grade level and dependency status. Interest rates for subsidized loans are 4.5% for loans made in FY 2010-11 and 3.4% for loans made in FY 2011-12. The interest rate for unsubsidized loans is 6.8%. A student generally has between 10 and 25 years to repay the loan, and various repayment incentive plans and repayment plans are offered.

Federal Direct PLUS Loans

These loans are for parents of dependent students enrolled in undergraduate programs of study and for graduate and professional students. A parent may borrow up to the difference in estimated cost of attendance and other financial aid for each son or daughter meeting the eligibility requirements. Graduate and professional students may also borrow up to their cost of attendance minus other estimated financial assistance.

Summary of North Carolina Higher Education Aid Scholarship-Loans

Scholarship-Loan Programs

Scholarship-loans are a form of financial aid that has a service obligation as a condition for receiving the funds. To receive the loan, students sign agreements to repay the loan either in cash or through service in a certain geographical or subject area. State-funded scholarship-loans available in North Carolina can generally be categorized in one of two ways: Teaching and Health, Science, and Mathematics.

Teaching Scholarship-Loans

NC Teaching Fellows

This competitive program is available to high school seniors enrolling in a qualifying postsecondary institution in North Carolina. Applicants must demonstrate academic achievement and participate in a selection process. Recipients are required to teach in a North Carolina public school for one year for each year of scholarship assistance they receive.

Millennium Teacher Scholarship-Loan

This program provides need-based financial aid to high school seniors enrolling in one of three NC public universities that do not participate in the NC Teaching Fellows program. These universities are Elizabeth City State University, Fayetteville State University, and Winston-Salem State University. Students must demonstrate financial need and meet minimum academic requirements. Recipients are required to teach for one year in a North Carolina public school for each year of scholarship assistance received.

Prospective Teacher Scholarship-Loan

This program is a competitive, merit-based scholarship-loan available to students who have chosen to enter the education profession. This program is not available to recipients of other State-funded scholarship-loan programs. Recipients are required to teach for one year in a North Carolina public school for each year of scholarship assistance received.

Principal Fellows Program

This program is a competitive, merit-based scholarship-loan program for up to 100 students enrolled in a two-year full-time Master of School Administration (MSA) program. Principal Fellows enroll in the Master of School Administration (MSA) program offered at eleven campuses of the University of North Carolina. First year students receive a \$30,000 scholarship loan. The second year students participate in a required yearlong, full-time internship at various school districts throughout the state, and receive 60% of the assistant principal salary plus \$4,100 for tuition, fees, and books.

Summary of North Carolina Higher Education Aid Scholarship-Loans

Health, Science, and Mathematics Scholarship-Loans

NC Student Loan Program for Health, Science, and Mathematics

This program is available to undergraduate and graduate students in programs leading to a degree in a specified health, science, or mathematics field that demonstrate financial need. The loan may be repaid with interest or may be canceled by working in qualifying disciplines in NC.

Nurse Scholars Program

This program is available to students with a grade point average of 3.0 entering a Registered Nurse (RN) nursing program. Recipients enter into a contract with the State of North Carolina to work full-time as an RN in North Carolina. Loans not repaid through service must be repaid in cash.

Nurse Education Scholarship-Loan

This program is available to students entering a nursing program (Associates Degree Nurse, Licensed Practical Nurse, and RN programs) that demonstrate both financial need and academic achievement. Recipients enter into a contract with the State of North Carolina to work full-time as a licensed nurse in North Carolina. Loans not repaid through service must be repaid in cash.

Master's Nurse Scholars Program

This subset of the Nurse Education Scholarship Loan is a competitive, merit-based scholarship-loan program available to BSN prepared nurses obtaining their Master's of Science in Nursing. Recipients must work full-time as a master's prepared nurse or teach in a nurse education program in North Carolina upon graduation.

Nurse Educators of Tomorrow

This program is a competitive, merit-based scholarship-loan program available to masters and doctoral degrees students to become nursing instructors at North Carolina public and private colleges and universities. Twelve months of service as a full-time nurse educator at a North Carolina college or university cancels one full year of funding support received.

Board of Governors Medical Scholarship-Loan

This program is available to students who have been admitted to one of four medical schools in North Carolina (Duke University, East Carolina University, UNC-Chapel Hill, and Wake Forest University) and who demonstrate financial need. The scholarship-loan must be repaid upon graduation with service to the State of NC or through cash repayment with 10% interest.

Board of Governors Dental Scholarship-Loan

This program is available to students admitted to the UNC School of Dentistry that demonstrate financial need. The scholarship-loan must be repaid upon graduation with service to the State of NC or through cash repayment with 10% interest.

Summary of North Carolina Higher Education Aid Other Programs

Other Programs

Child Care Grants

The purpose of this Community College program is to assist student-parents with the financial responsibilities for child care expenses so that they may stay enrolled and complete their educational goals. All curriculum student-parents are eligible to apply, with the exception of most college faculty, staff, and administrators. Child care coordinators and financial aid officers at each college jointly determine the need of student-parents in coordination with local social service agencies.

A total of \$1,838,215 is allocated for FY 2010-11. Each college receives base funding of \$20,000 plus \$3.51 per curriculum budget FTE.

Federal Work Study

This program provides jobs to students who qualify for financial assistance and encourages them to participate in community service activities. Eligible students may work up to the maximum number of hours per week as set by the institution. Jobs usually range from 8 to 15 hours per week and pay at least minimum wage. Employment may be on or off campus.

Workforce Investment Act (WIA) Funds

Tuition assistance, including funds for tuition, childcare, books, or transportation, may be available for unemployed or underemployed adults or dislocated workers through the Workforce Investment Act. These federal funds are distributed through the Department of Commerce to the 24 local workforce development boards. The local boards determine how much of their allocation will be used to provide tuition assistance, and what form that assistance will take (i.e. tuition, books, childcare, transportation, etc.). Individuals should contact their local JobLink Center to find out if they are eligible for WIA assistance.

National Guard Tuition Assistance

This program provides tuition assistance to active members of the North Carolina National Guard who will remain in the National Guard for at least two years after the end of the academic period for which tuition assistance is given. Assistance is available to students in the following categories:

- Students seeking to achieve completion of their secondary school education at a community college.
- Students seeking trade or vocational training or education.
- Students seeking to achieve a two-year associate degree.
- Students seeking to achieve a four-year baccalaureate degree.
- Students seeking to achieve a graduate degree.