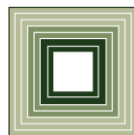


UNC System:

Financial Aid



Presentation to Joint Appropriations Subcommittee on Education
Andrea Poole, Fiscal Research Division
March 13, 2013



FISCAL RESEARCH DIVISION
A Staff Agency of the North Carolina General Assembly

Presentation Agenda

1. Student Financial Aid Basics
2. Need-Based Financial Aid
3. Scholarship Loans
4. Fraud and Abuse Protections

Financial Aid Agencies

NC State Education Assistance Authority (SEAA)

- Established in 1965
- State agency that promotes access to higher education by:
 - Administering financial aid and savings programs
 - Informing students and families about paying for college
 - Teaching educators about financial aid administration

College Foundation, Inc. (CFI)

- Established in 1955
- Nonprofit corporation serving that administers the following on behalf of SEAA:
 - Federal loans
 - NC's college grant programs
 - "529" college savings program.

College Foundation of North Carolina (CFNC)

- Launched in 2001
- Virtual entity of the SEAA, CFI, and Education Systems
- Helps students “plan, apply, and pay for college”

Financial Aid Agencies



Student Financial Aid Basics

Who

- NC resident students

What

- Tuition subsidy (in-state tuition), grants, loans, scholarship loans, tuition waivers

Where

- UNC System, Community College System, Private colleges and universities

When

- Undergraduate and graduate

Why

- Need, merit, career choice, residency

How

- General Fund, Escheat Fund, Lottery proceeds, institutional funds, Federal funds

Tuition Subsidies

- Every North Carolina resident attending a UNC System school or a NC Community College receives a subsidy, by paying in-state tuition.
- Net State expenditures for FY 2011-12:
 - NCCCS: \$4,151 per FTE
 - UNC: \$13,496 per resident student FTE enrolled in Fall 2011

Total Spending

- Total state expenditures on financial aid programs in FY 2011-12 were \$647.5 million.
 - \$360.6 million in net State General Fund appropriations
 - \$87.5 million from the Escheat Fund
 - \$199.4 million from other State sources
- In FY 2010-11, total federal financial aid funding in NC was \$2.5 billion.

Need-Based Student Financial Aid

- The Federal government is the largest provider, and federal rules dominate the system.
- State aid programs work within the Federal rules to leverage federal dollars.
- Need-based aid is designed to provide access to and choice of college.

Need-Based Student Financial Aid

- Federal grants are targeted to the neediest students.
- State and institutional funds assist low and middle income families.
- Generally, the higher a student's income, the less in need-based grants they receive.
- Subsidized federal loans are also available to undergraduate students and families, based on need.

Need-based Student Financial Aid

What is “Need”?

- Determining a student’s need depends on two factors, cost of attendance and expected family contribution.



Need-based Student Financial Aid

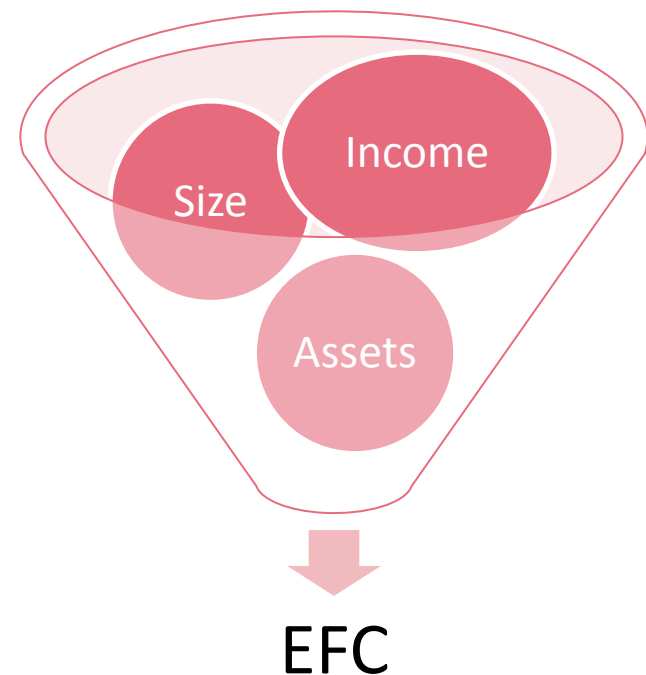
Cost of Attendance

- Tuition
 - Required fees
 - Room
 - Meals
 - Books and supplies
 - Transportation
 - Miscellaneous personal expenses
- Costs vary widely from college to college, and are determined by each college using federal guidelines.
 - Costs also vary by student's living situation:
 - On campus
 - Off campus
 - With parents

Need-based Student Financial Aid

Expected Family Contribution (EFC)

- Represents the minimum share of expenses the family is expected to bear.
- Based on information submitted on the Free Application for Federal Student Aid (FAFSA).
- The UNC Need-Based Financial Aid Program uses a different method of calculating how much a family is expected to contribute, also based on FAFSA data.



Application Process

Apply

To apply for all need-based programs, the student only completes one FAFSA.

FAFSA

The FAFSA is required for all federal aid programs, and State automatically considers NC FAFSA filers for NC need-based programs.

Financial Aid Officers

College financial aid administrators evaluate applications for all eligible programs.

Awards

Admitted students receive financial aid package from colleges.

Application Process

- Timing of NC budget process and financial aid calendar presents some challenges.
- State appropriations are typically not finalized until June.
- Financial aid award notifications are typically sent to students in March and April.
- Creates uncertainty, particularly when programs are funded with nonrecurring funds.

Major Federal Need-Based Programs

Pell Grant

\$953 million in FY 2010-11

- The foundation of student aid.
- For undergraduate citizens or permanent residents of the US.
- Awards vary based on need, enrollment status, length of enrollment, and cost of attendance.
- The maximum annual award for 2013-14 is \$5,645.

Federal Loans

\$1.3 billion in FY 2010-11

- Subsidized and unsubsidized direct loans.
- Schools act as agents for the Dept. of Ed. By making educational loans to students and parents for college expenses.
- Maximum loan amounts vary.

Work-Study Jobs

\$32 million in FY 2010-11

- Provides jobs to students who qualify for financial assistance.
- Eligible students may work up to the maximum number of hours per week 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.

Major State Need-Based Programs

Program	Source of Funds	Where Available
UNC Need-based Grant	Escheat, Lottery, and General Funds	UNC
Community College Grant	Escheat Fund and General Funds	Community Colleges
Education Lottery Scholarship	Education Lottery Proceeds	UNC Community Colleges
NC Need-Based Scholarship	General Funds	Independent Colleges

UNC Need-Based Financial Aid Program

- UNC System's main State-funded program.
- Eligibility:
 - NC Resident
 - Be enrolled in at least 6 credit hours in UNC System school
 - Demonstrate need, using income data from the FAFSA
- Value:
 - FY 2012-13: Ranges from \$500 to \$4,200

UNC Need-Based Financial Aid Program

Program Funding: FY 2007-08 to FY 2013-14 Proposed

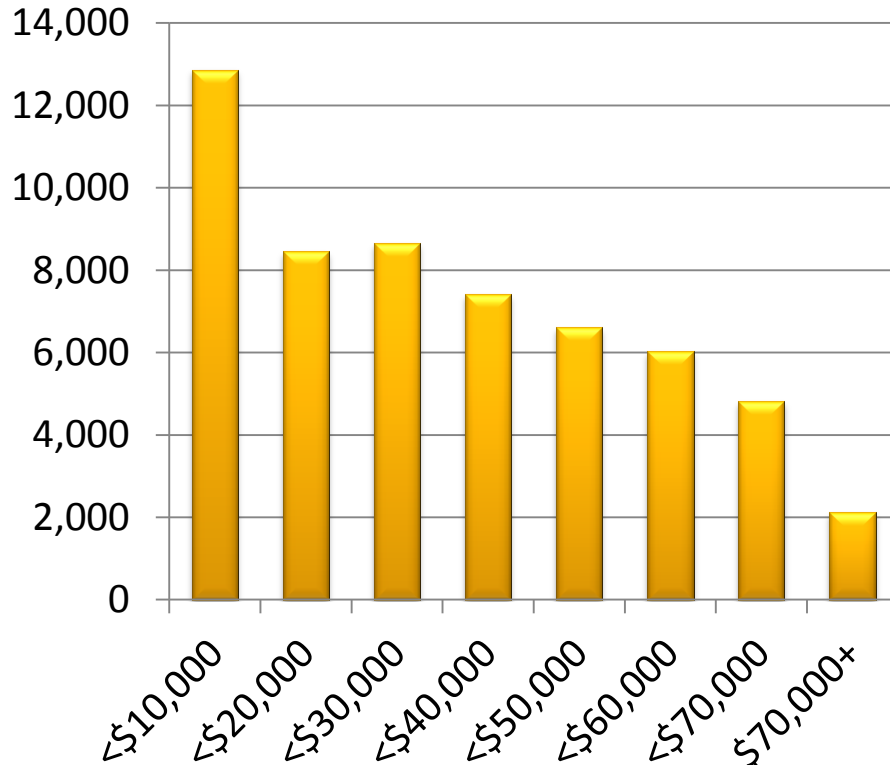


UNC Need-Based Financial Aid Program

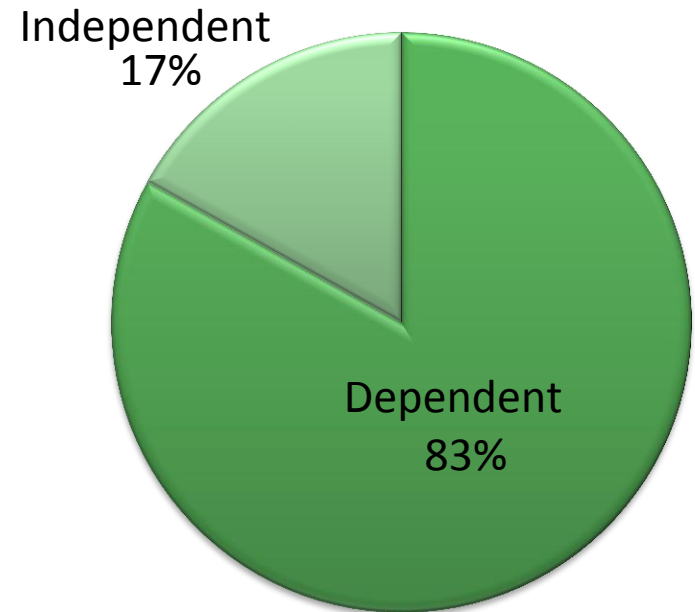
FY 2011-12 Average Award: \$2,206.52

FY 2011-12 Recipients: 56,937

**Recipients by Income Level,
FY 2011-12**



**Recipients by Dependency Status
FY 2011-12**



Education Lottery Scholarship

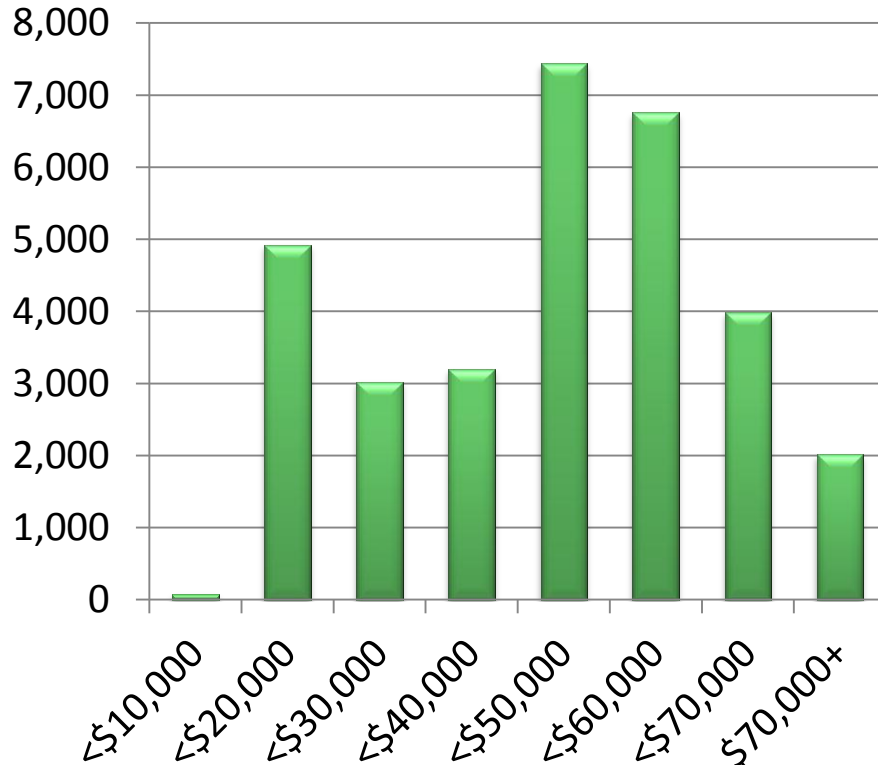
- UNC and NCCCS students (as of FY 2012-13)
- Eligibility:
 - NC resident
 - Enrolled at least six credit hours per semester in a curriculum program
 - Meet criteria for Pell Grant with one exception; students not eligible for the Federal Pell Grant with an EFC of $\leq \$5,000$ or less will be eligible
- Value:
 - FY 2012-13: Ranges from \$100 to \$3,400

Education Lottery Scholarship

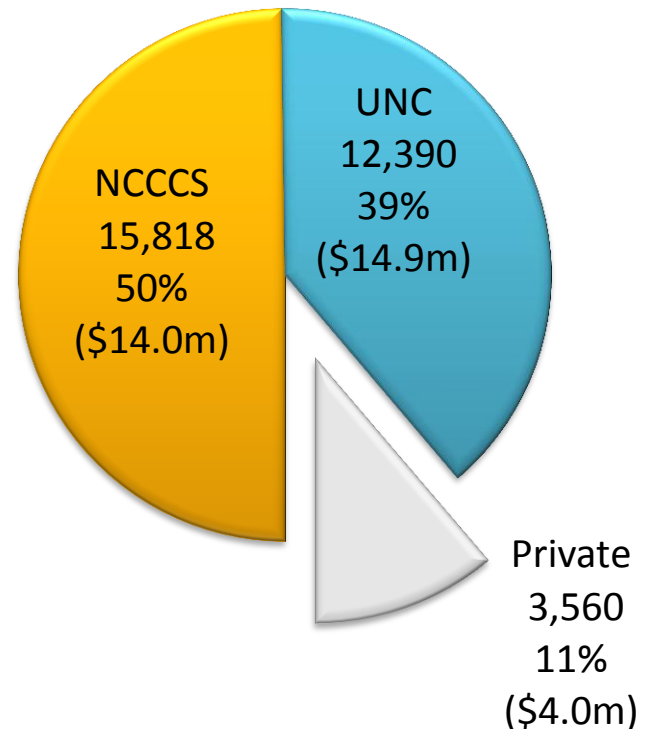
FY 2011-12 Average Award: \$1,045.44

FY 2011-12 Recipients: 31,424

**Recipients by Income Level,
FY 2011-12**



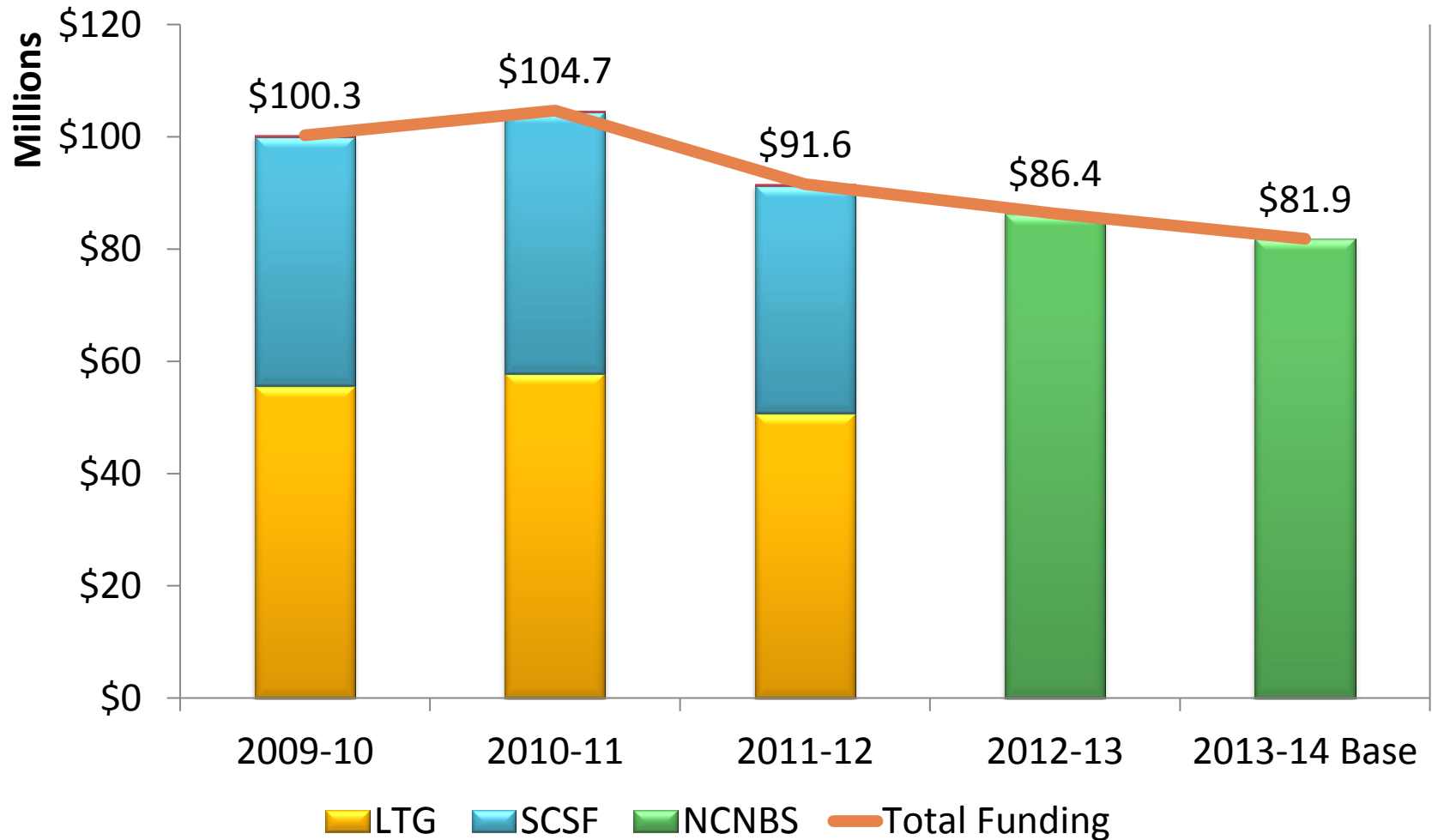
**Recipients by Type of School,
FY 2011-12**



NC Need-Based Scholarship (NC NBS)

- Started in FY 2012-13, replacing Legislative Tuition Grant (LTG) and State Contractual Scholarship Fund (SCSF).
- Need-based program for students attending private institutions of higher education.
- Must be enrolled at least 9 credit hours per semester.

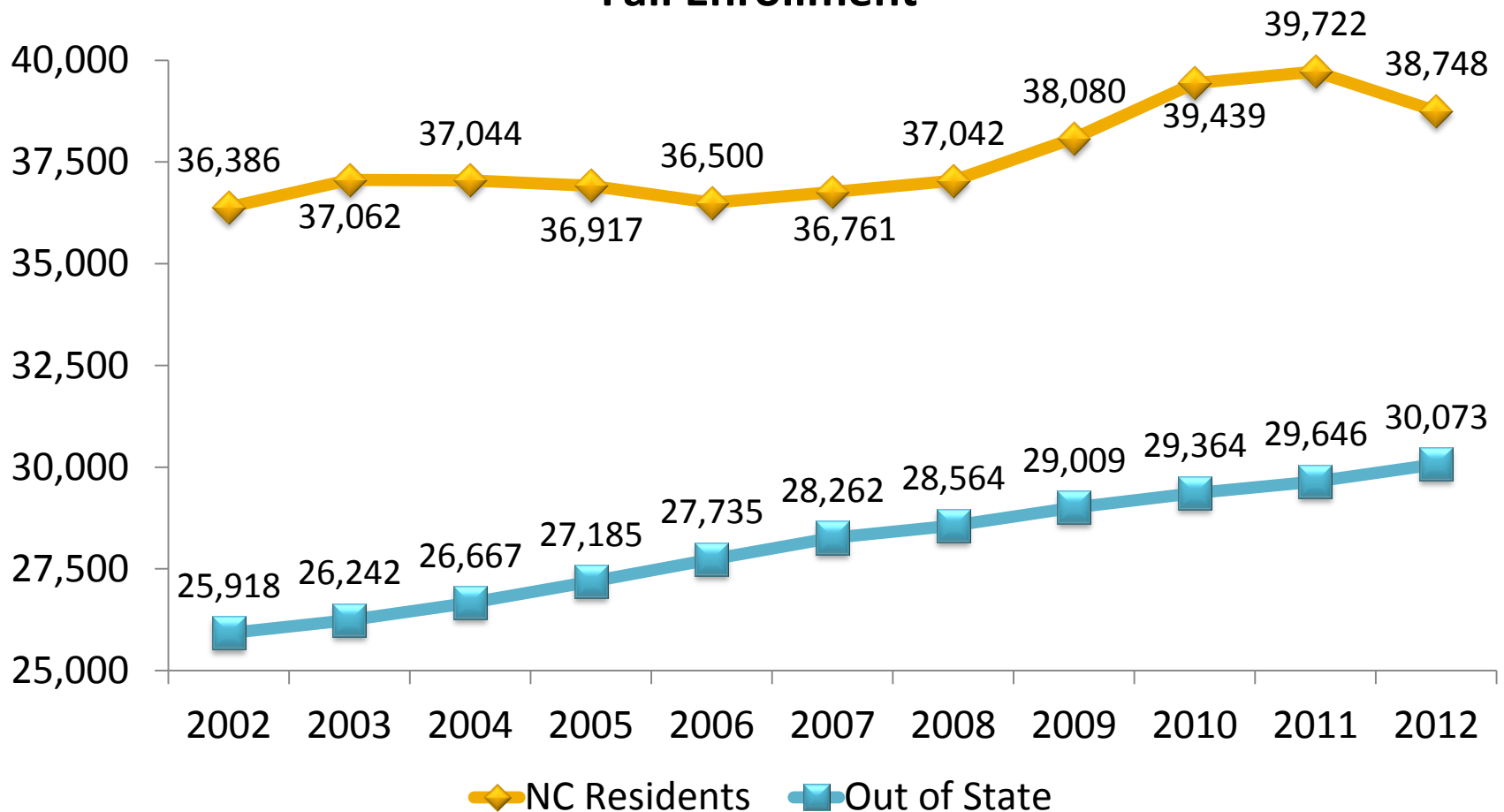
Scholarships for Private College Students



Source: FY 2009-10 to FY 2011-12, June 30 Actual Expenditures; FY 2012-13 Appropriated Funds; FY 2013-14 Continuation Budget

Private College Student Enrollment

NC Independent Colleges and Universities, Fall Enrollment



Source: NCICU

NC Community College Grant

- Combination of three programs:
 - Federal Pell Grant
 - NC Community College Grant
 - Education Lottery Scholarship
- Provides students with an Expected Family Contribution (EFC) up to \$5,000 with at least a combined \$4,350 (or “floor”).
 - \$650 for students with EFC between \$5,000 and \$6,000.
 - Floor prorated for $\frac{3}{4}$ - and $\frac{1}{2}$ -time students.

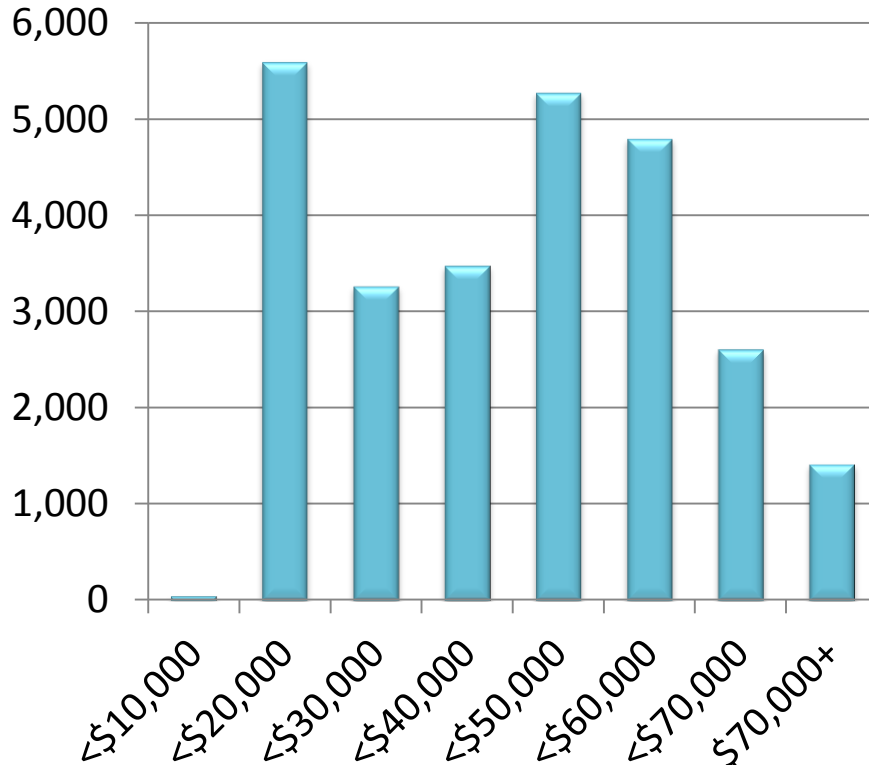
Sample Student: EFC of \$2,500	
Federal Pell Grant	\$3,100
NC Community College Grant	\$950
Education Lottery Scholarship	\$300
Total Award	\$4,350

NC Community College Grant

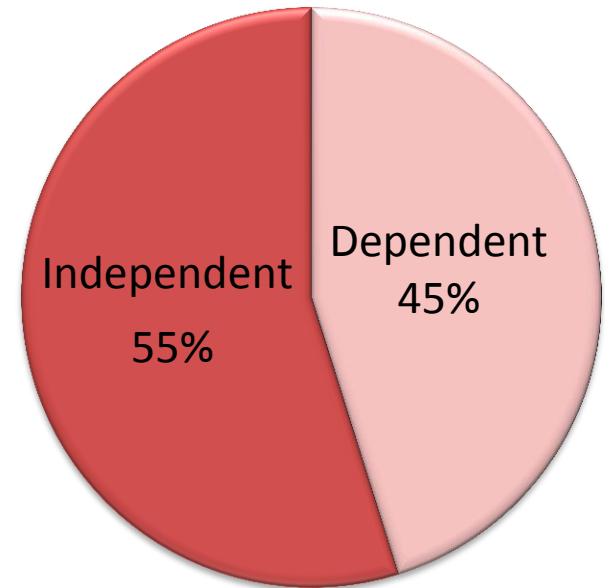
FY 2011-12 Average Award: \$573.37

FY 2011-12 Recipients: 26,487

**Recipients by Income Level,
FY 2011-12**



**Recipients by Dependency Status
FY 2011-12**



2011-13 Biennium Major Changes

UNC Need-Based Financial Aid Program

- Major shifts in funding sources and amounts.

Grants for Private College Students

- Abolished LTG and SCSF
- Established NC Need-Based Scholarship

Education Lottery Scholarship

- Removed private college students from participation.

Major Institutional Need-Based Programs

- Campus-based programs include:
 - Campus-based financial aid programs funded by campus-initiated tuition increases
 - Endowed scholarships
 - Scholarships funded by outside donors or campus budgets

Scholarship-Loans

- As a condition of receiving funds, students agree to a service obligation.
- Students must sign agreements to repay the loan either through service in NC in designated career field or in cash.
- Forgivable Education Loans for Services (FELS) is the major NC scholarship-loan program.

Forgivable Education Loans for Service

Approved FELS education programs include:

Allied Health (examples)

- Chiropractic
- Dental Hygiene
- Occupational Therapy
- Optometry
- Pharmacy
- Physical Therapy
- Physician Assistant
- Radiology
- Social Work

Nursing

- Nurse Educator
- Nurse Practitioner
- Nursing

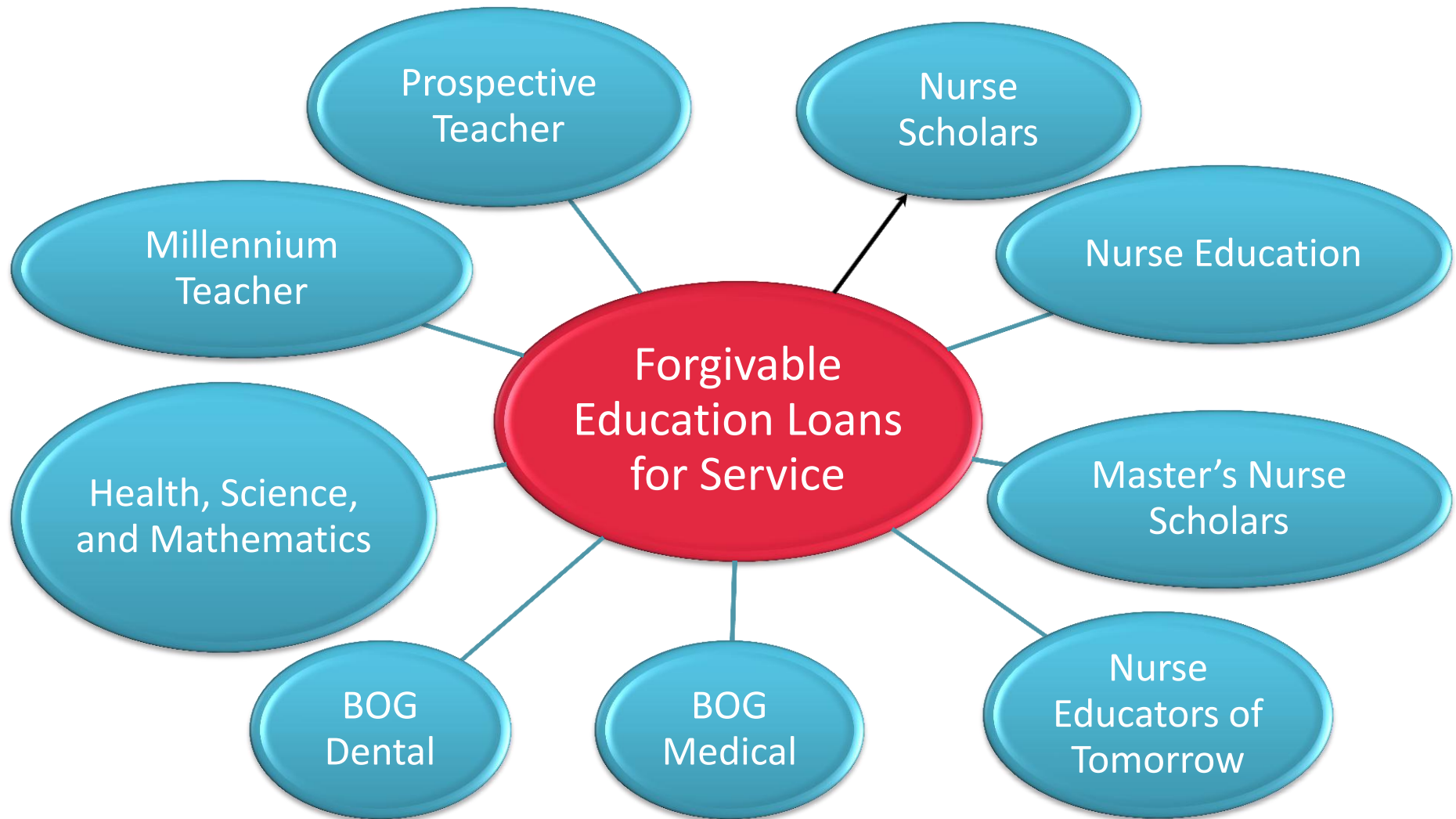
Medical

- Dentistry
- Medical Doctor
- Osteopathy
- Podiatry
- Psychology

Education

- Biology
- Chemistry
- Comprehensive Science
- ESL
- Math
- Middle Grades
- Physics
- Special Education

2011-13 Changes to Scholarship-Loans



Tuition Waivers

UNC System \$60.2 million in FY 2011-12

- Mostly includes waivers providing resident tuition to nonresident students
- 74% for non-resident graduate student tuition remissions
- Other major waivers include non-resident scholars and Armed Service personnel.

CC System \$76.0 million in FY 2011-12

- Only includes complete waiving of tuition.
- Almost half for public-safety personnel in training courses.
- Other major waivers include high school students and Human Resources Development courses.

Other Assistance

- Education assistance can come in other forms, including vouchers for child care, vouchers for education, and subsidized employment.
- Examples include:
 - Community College Child Care Grants
 - Workforce Investment Act funds

Fraud and Abuse Protections

- There are a number of safeguards currently in place to protect against abuses:
 - Students do not receive financial aid if they have not attended class.
 - Students who earn all “Fs” receive a special evaluation.
 - Students must remain enrolled to “earn” their aid.
 - Students must make satisfactory academic progress.

Fraud and Abuse Protections

- In the 2010 budget, the General Assembly requested an examination of any significant abuses of the financial aid system.
- Joint Select Committee on State-Funded Student Financial Aid determined no action was necessary to address this issue.

Fraud and Abuse Protections

- SEAA beginning new process this year to document and address potential fraud and abuse.
- Schools will be required to notify SEAA when a student withdraws (officially or unofficially).
- Schools will be required to return pro-rata portions of aid received, depending on a student's withdrawal point during the semester.
- Will provide:
 - Data on the number of withdrawals
 - A way for the State to recoup funding
 - Means to stop aid from going to students repeatedly withdrawing

Summary

Largest financial aid programs are federal.

State spent \$648 million on aid in FY 2011-12.

There were many changes to the financial aid programs in 2011-13 Biennium.