

STATE CONTRACTUAL SCHOLARSHIP FUND PROGRAM

2009-2010 ANNUAL REPORT

For the period ending June 30, 2010

**Administered by the
North Carolina State Education Assistance Authority
10 Alexander Drive
Research Triangle Park, North Carolina 27709**

GENERAL PROGRAM DESCRIPTION

Background

The 1971 General Assembly of North Carolina created the State Contractual Scholarship Fund (SCSF) to provide financial assistance to needy North Carolina residents attending eligible independent colleges and universities in North Carolina. The University of North Carolina General Administration administered the program until July of 1993 when the General Assembly transferred responsibility to the North Carolina State Education Assistance Authority (NCSEAA). The program provides grants to eligible undergraduates (known as 'Eligible Students') enrolled at an approved Institution. The 2006 NC General Assembly expanded eligibility to students with bachelor's degrees seeking initial licensure in teaching or nursing (known as 'Licensure Students').

SCSF recipients are selected by the Institution on the basis of financial need, using uniform needs analysis procedures consistent with the Institution's financial aid policies and the SCSF eligibility criteria. Individual awards vary according to but may not exceed the financial need of eligible students.

An appropriation of \$44,058,375 was made by the General Assembly for the 2009-2010 academic year. Net expenditures totaled \$44,318,168 in 2009-2010. The General Assembly set the 2010-2011 initial appropriation at \$45,896,963 with \$1,350 as the per full-time equivalent (FTE) award amount for North Carolina undergraduate students attending approved Institutions.

Administration

The *Rules Governing the State Contractual Scholarship Fund, (SCSF Rules)* adopted on March 18, 1994¹ by the Board of Directors of NCSEAA govern the operation of the program. SCSF

¹ Amended: July 8, 1994; September 23, 1994; February 10, 1995; August 21, 1995; February 19, 1999; February 16, 2007.

Rules establish the program's definitions, terms of participation, eligibility, procedures, method of payment, refund policy, residence requirements,² and rules. To participate in the program an Institution must enter into an "Agreement Concerning Payment of State Funds to North Carolina Private Educational Institutions To Provide Scholarship Awards to Needy North Carolina Students" as defined by statute³. This Agreement was executed jointly by the chief executive officer of each Institution and of NCSEAA in 1999 and sets forth the responsibilities of all parties. This Agreement is in force until terminated via provisions within the Agreement. Each Institution designates an official (known as the SCSF Authorized Official) to administer the program and liaise with NCSEAA on behalf of the Institution.

SCSF Award Eligibility

To qualify for a SCSF award, an Eligible Student must:

1. be a resident of NC for the purposes of tuition payment under the terms and conditions of the *Residence Manual* of the University of North Carolina;
2. be an undergraduate seeking either a first associate or bachelor's degree and be enrolled full- or part-time at an Institution;
3. be certified to NCSEAA by an eligible Institution as eligible and enrolled;
4. have financial need as determined by the Institution and be eligible under Federal Methodology (FM) needs analysis;
5. not be enrolled in a program of study the objective of which is the attainment of a degree in theology, divinity, or religious education or in any other program of study that is designed by the institution primarily for career preparation in a religious vocation.

² *A Manual to Assist the Public Higher Education Institutions of North Carolina in the Matter of Student Residence Classification for Tuition Purposes* (current edition) is Appendix A of the *SCSF Regulations*. The rules of eligibility regarding residency are the same as those which govern eligibility for the payment of in-state tuition rates at North Carolina public universities and community colleges.

³ "'Institution' shall mean an educational institution located in this State that is not owned or operated by the State of North Carolina or by an agency or political subdivision of the State or by any combination thereof that satisfies all of the following: a. Is accredited by the Southern Association of Colleges and Schools under the standards of the College Delegate Assembly of the Association or by the New England Association of Schools and Colleges through its Commission on Institutions of Higher Education. b. Awards a postsecondary degree as defined in G. S. 116-5. c. Is not a seminary, Bible school, Bible college or similar religious institution." [G.S. 116-22(1)]

To qualify for a SCSF award, a Licensure Student must:

1. be a resident of NC for the purposes of tuition payment under the terms and conditions of the *Residence Manual* of the University of North Carolina;
2. have a bachelor's degree and be enrolled full-time or part-time in an eligible Institution in a program intended to result in licensure as a teacher or a nurse;
3. be certified to NCSEAA by an eligible Institution as eligible and enrolled;
4. have financial need as determined by the Institution and be eligible under Federal Methodology (FM) needs analysis;
5. not be enrolled in a program of study the objective of which is the attainment of a degree in theology, divinity, or religious education or in any other program of study that is designed by the institution primarily for career preparation in a religious vocation.

Eligibility for an award is determined by the SCSF Authorized Official of the Institution. SCSF recipients must be notified in writing of the amount of the scholarship and the source of the scholarship (i.e. the NC General Assembly).

Grant Amounts and Conditions

The SCSF annual appropriation is allocated proportionally to Institutions according to each Institution's share of total NC undergraduates enrolled at all Institutions as of October 1 of that year. SCSF funds are allocated to institutions based on each school's full-time equivalent (FTE)⁴ enrollment of SCSF-eligible students as of October 1. While there is no maximum per student SCSF award, Institutions have agreed through the North Carolina Independent Colleges and Universities (NCICU) that no individual student's award should exceed the in-state per student appropriation for the University of North Carolina system for the prior academic year when combined with the student's North Carolina Legislative Tuition Grant (LTG).

⁴ Full-time equivalent (FTE) is the unit measuring institutional enrollment based on a credit hour range classification of students enrolled, i.e.: (1) greater than or equal to 12 credit hours is 1 FTE student; (2) greater than or equal to 9 but less than 12 hours is 3/4 FTE student; (3) greater than or equal to 6 but less than 9 hours is 1/2 FTE student; (4) greater than 0 but less than 6 hours is 1/4 FTE student.

When funds are insufficient to provide the maximum allocation for which each Institution is eligible, a pro rata share of available funds is divided among the Institutions. Proportional distribution and pro rata determinations require that no funds be released prior to receipt of enrollment data from all Institutions.

THE 2009-2010 PROGRAM

Establishing the Maximum Award

NCSEAA received FTE reports from Institutions that totaled 33,099.50 FTE. NCSEAA determined that the appropriation was insufficient for full payment of \$1,350 per FTE student to the Institutions, and the award amount was prorated to \$1,331. In May, based on returned funds received during the year, a supplemental allotment of \$17 per FTE was disbursed to Institutions for a pro rata total of \$1,348 per FTE.

Disbursements to the Institutions

Each October, Institutions submit to NCSEAA (1) the SCSF Enrollment Data Certificate Form and (2) an electronic file of all eligible NC students counted in the SCSF FTE. NCSEAA calculates the funds for which each Institution is eligible: a maximum of \$1,350 (or a lesser prorated amount if insufficient appropriations) times the Institution's FTE as of October 1. Disbursement is usually made only once a year. When awards have been prorated, a supplemental disbursement is made if additional funds are later available.

Upon receipt of SCSF funds from NCSEAA, the institution deposits the funds into a separate account titled "State Contractual Scholarship Fund." Payments to SCSF recipients are made by debit against that account and credited to the individual student accounts at the Institution. The average SCSF award per student at the 37 Institutions was \$2,584.

Institutional Refunds to NCSEAA

When an Institution discovers that a grant was made to an ineligible student, monies are returned to the Institution's SCSF account to award another eligible student. After June 30 each year, the Institution submits electronic rosters detailing SCSF awards expended. Funds not expended as of June 30 must be returned to NCSEAA.

Private Colleges and Universities with Off-Campus Sites

Sixteen private institutions with off-campus instructional sites disbursed a combined total of \$2,857,341 to 2,679 recipients at off-campus sites. The off-campus site students constituted 16% of the 17,151 students awarded at all private institutions and 28% of the overall SCSF-recipients at the 16 institutions with off-campus sites. In 2009-2010, these students received 6% of the total SCSF funds awarded at all of the private colleges and universities, and 13% of the SCSF funds awarded at the 16 institutions with off-campus sites.

2009-2010 Program Summary

As of June 30, 2010, SCSF activity for 2009-2010 can be summarized as follows:

Appropriation by General Assembly	\$ 44,058,375
Net Transfers: 09-10 LTG & Prior Year SCSF Refunds	+ 330,134
Total Available for Program	44,388,509
SCSF Net Awards	- 44,318,168
SCSF Returns Received After 6/30/10	- 61,660
09-10 Funds reverted to State Budget Office	= 8,681

Appendix

TABLE 1
STATE CONTRACTUAL SCHOLARSHIP FUNDS (SCSF)
MADE TO NEEDY UNDERGRADUATE NORTH CAROLINA STUDENTS
ENROLLED IN PRIVATE COLLEGES AND UNIVERSITIES
2009-2010

SCSF-Eligible Institutions	'Eligible' Recipients		'Licensure' Recipients		All SCSF Recipients		
	Headcount	Net Disbursed Funds	Headcount	Net Disbursed Funds	Total Headcount	Avg Award Amount	Total Net Disbursed Funds
Barton	479	\$1,124,232			479	\$2,347	\$1,124,232
Belmont Abbey	748	\$1,339,671	9	\$2,750	757	\$1,773	\$1,342,421
Bennett	110	\$265,219			110	\$2,411	\$265,219
Brevard	192	\$430,978	3	\$5,100	195	\$2,236	\$436,078
Cabarrus Coll. HS	189	\$297,116	35	\$53,701	224	\$1,566	\$350,817
Campbell	1,108	\$3,493,605	2	\$8,500	1,110	\$3,155	\$3,502,105
Catawba	451	\$1,303,986	2	\$200	453	\$2,879	\$1,304,186
Chowan	231	\$636,593			231	\$2,756	\$636,593
Davidson	104	\$518,980			104	\$4,990	\$518,980
Duke	305	\$1,181,994	63	\$60,569	368	\$3,377	\$1,242,563
Elon	302	\$1,757,792			302	\$5,821	\$1,757,792
Gardner-Webb	790	\$2,467,849			790	\$3,124	\$2,467,849
Greensboro	252	\$892,039			252	\$3,540	\$892,039
Guilford	531	\$2,009,555			531	\$3,784	\$2,009,555
High Point	390	\$1,532,737			390	\$3,930	\$1,532,737
Johnson & Wales	646	\$1,019,122			646	\$1,578	\$1,019,122
JC Smith	307	\$471,205			307	\$1,535	\$471,205
Lees-McRae	284	\$740,389			284	\$2,607	\$740,389
Lenoir-Rhyne	630	\$1,446,133	9	\$8,325	639	\$2,276	\$1,454,458
Livingstone	486	\$868,112			486	\$1,786	\$868,112
Louisburg	284	\$577,279			284	\$2,033	\$577,279
Mars Hill	447	\$1,057,169			447	\$2,365	\$1,057,169
Meredith	672	\$2,122,426			672	\$3,158	\$2,122,426
Methodist	558	\$1,404,948			558	\$2,518	\$1,404,948
Montreat	178	\$779,143			178	\$4,377	\$779,143
Mount Olive	2,405	\$3,144,607			2,405	\$1,308	\$3,144,607
NC Wesleyan	292	\$1,297,065			292	\$4,442	\$1,297,065
Peace	231	\$849,914			231	\$3,679	\$849,914
Pfeiffer	359	\$957,229	1	\$200	360	\$2,660	\$957,429
Queens	365	\$1,319,693			365	\$3,616	\$1,319,693
Salem	116	\$704,714			116	\$6,075	\$704,714
Shaw	1,110	\$1,927,473	1	\$750	1,111	\$1,736	\$1,928,223
St. Andrews	87	\$316,426			87	\$3,637	\$316,426
St. Augustine's	439	\$912,259			439	\$2,078	\$912,259
Wake Forest	483	\$1,506,390			483	\$3,119	\$1,506,390
Warren Wilson	70	\$183,328			70	\$2,619	\$183,328
Wingate	395	\$1,320,703			395	\$3,344	\$1,320,703
Total	17,026	\$44,178,073	125	\$140,095	17,151	\$2,584	\$44,318,168

Notes

2009-2010 were allocated to institutions based on the maximum allowed per FTE amount of \$1,348.

Headcounts of students are unique across schools. In instances where students attended different SCSF-eligible schools during different terms in the academic year, the student is counted at the first school attended during the academic year.

All funds are net of returns received by June 30, 2010.

TABLE 2
STATE CONTRACTUAL SCHOLARSHIP FUNDS (SCSF)
MADE TO NC UNDERGRADUATE STUDENTS WITH FINANCIAL NEED
ENROLLED IN PRIVATE COLLEGES AND UNIVERSITIES WITH OFF-CAMPUS SITES
2009-2010

SCSF-Eligible Institutions with Off-Campus Sites	Total Institutional Recipients (On- and Off-Campus Site Students)		# of Off-Campus Sites	Off-Campus Site Recipients						
				'Eligible' Students		'Licensure' Students		Off-Campus Total		
	Head-count	Avg Award Amount		Head-count	Funds	Head-count	Funds	Head-count	Avg Award Amount	Net Disbursed Funds
Belmont Abbey	757	\$1,773	2	167	\$166,615	5	\$1,750	172	\$979	\$168,365
Campbell	1,110	\$3,155	4	112	\$124,565			112	\$1,112	\$124,565
Chowan	231	\$2,756	1							
Gardner-Webb	790	\$3,124	21	302	\$53,514			302	\$177	\$53,514
Greensboro	252	\$3,540	2	1	\$250			1	\$250	\$250
High Point	390	\$3,930	1	119	\$346,256			119	\$2,910	\$346,256
Lees-McRae	284	\$2,607	3	86	\$152,500			86	\$1,773	\$152,500
Mars Hill	447	\$2,365	5	16	\$3,723			16	\$233	\$3,723
Montreat	178	\$4,377	5							
Mount Olive	2,405	\$1,308	6	1,384	\$1,373,442			1,384	\$992	\$1,373,442
NC Wesleyan	292	\$4,442	2	1	\$1,750			1	\$1,750	\$1,750
Pfeiffer	360	\$2,660	2	54	\$37,755	1	\$200	55	\$690	\$37,955
Shaw	1,111	\$1,736	10	420	\$586,605			420	\$1,397	\$586,605
St. Andrews	87	\$3,637	1	1	\$50			1	\$50	\$50
St. Augustine's	439	\$2,078	2	10	\$8,366			10	\$837	\$8,366
Wingate	395	\$3,344	1							
Total	9,528		68	2,673	\$2,855,391	6	\$1,950	2,679	\$1,067	\$2,857,341

Notes

2009-2010 funds were allocated to SCSF-eligible schools based on an allowance of \$1,348 per FTE.

Headcounts of students are unique across schools. In instances where students attended different SCSF-eligible schools during different terms in the academic year, the student is counted at the first school attended during the academic year.

All funds are net of returns received by June 30, 2010.