

Report on the Standardization of Time Limits on the Receipt of State-funded, Need-based Student Financial Aid

As required by S.L. 2011-145, Section 9.11(b)

**Submitted by the Fiscal Research Division
March 1, 2011**

INTRODUCTION

The State's need-based financial aid programs have varying limits on the length of time a student may receive a scholarship. This study includes information on how to standardize these time limits, how to track the total time a student receives aid in any system, what exceptions and waivers might be necessary, and the potential impact that standardization and cross-system tracking might have on college graduation rates.

Session Law 2011-145, The Appropriations Act of 2011, Section 9.11(b), directed the Fiscal Research Division (FRD) to study how to standardize the maximum time that a student may receive State-funded need-based financial aid. The Act directed that the study be done in cooperation with the University of North Carolina (UNC), the North Carolina Community College System (NCCCS), the North Carolina Independent Colleges and Universities, Inc. (NCICU), and the State Education Assistance Authority (SEAA).

FRD submits this report in compliance with these requirements; the report includes the recommendations of the consulted education agencies and the legislative changes necessary to implement the recommendations.

BACKGROUND

LEGISLATIVE MANDATE

S.L. 2011-145, The Appropriations Act of 2011, capped at nine semesters¹ the amount of time that a student may receive a scholarship under the UNC Need-based Financial Aid program and the newly-created Need-based Scholarships for Students Attending Private Institutions of Higher Education program. Section 9.11(b) of the Act required the Fiscal Research Division (FRD) to study how to track receipt of grants across systems, as follows:

SECTION 9.11.(b) The Fiscal Research Division, in cooperation with The University of North Carolina, the North Carolina Community College System, the North Carolina Independent Colleges and Universities, Inc., and the State Education Assistance Authority shall study how to track and document the receipt of The University of North Carolina need-based grants, North Carolina Community College need-based grants, and the private institutions of higher education need-based scholarships by students who enroll in both public and private institutions of higher education while pursuing a baccalaureate or associate degree so that no student receives a combination of these grants or scholarships that exceeds a cumulative total of nine full-time academic semesters or 11 full-time academic semesters as appropriate. In addition, the study shall (i) consider the need to grant a waiver to the limit imposed on receipt of need-based grants or scholarships for those students who encounter legitimate disruptions or interruptions of the academic pursuit of a degree and (ii) determine the appropriate criteria and procedure for extending the eligibility to receive those types of financial aid for an additional period of time. The study shall also examine any potential impact on college completion rates.

The Fiscal Research Division shall report its findings and recommendations, including any legislative recommendations, by March 1, 2012, to the Joint Legislative Education Oversight Committee and to the Education Appropriation Subcommittees of the House of Representatives and the Senate.

¹ S.L. 2011-145, Sections 9.11(a) and 9.18. Beginning with the 2012-13 school year, both sections limit the length of receipt to nine semesters for most students and to 11 semesters for students in select programs that have been designated as five-year programs by the UNC Board of Governors.

NEED-BASED FINANCIAL AID PROGRAMS

This report covers the four major State-funded need-based aid programs for public and private college students:

- **UNC Need-based Financial Aid** – This program, only for UNC System students, will have a nine-semester limit beginning in FY 2012-13 per S.L. 2011-145, Sec. 9.11(a). The program will have an 11-semester limit for students in five-year programs.
- **NC Community College Grant** – This program is for community college students enrolled in a degree-seeking program at least half-time. This program has no time limit.
- **Need-based Scholarships for Students Attending Private Institutions of Higher Education** (also called “Need-based Scholarships for Private Colleges Students”) – Established in S.L. 2011-145, Sec. 9.18, this program will begin in FY 2012-13 and will replace existing programs for students at private colleges universities (i.e., the Legislative Tuition Grant, the State Contractual Scholarship Fund, and Other Aid to Private College Students). The program will have a nine-semester limit for most students and an 11-semester limit for students in five-year programs.
- **Education Lottery Scholarship** – Currently, the Education Lottery Scholarship is for needy undergraduate students (seeking both 2-year and 4-year degrees) attending UNC System schools, community colleges, and private colleges. Beginning with the 2012-13 school year, this scholarship will only be for UNC System and NCCCS students. It has an eight semester time limit.

It is also important to note that for each program, students must meet achievement standards by maintaining satisfactory academic progress. Each school sets its own requirements for satisfactory academic progress, but generally students must meet both quantitative (number of credit hours earned) and qualitative (grade point average) measures of progress toward graduation to continue receiving aid.

PROCESS OF THIS STUDY

As required by Section 9.11(b), the Fiscal Research Division completed this study in cooperation with UNC, NCCCS, NCICU, and SEAA. Specifically, Fiscal Research Division staff met with representatives each system’s administration, as well as financial aid directors from various constituent institutions on January 13, 2012. Additionally, each participant of the meeting had an opportunity to review a draft of this report; this final report incorporates the comments and feedback they provided. A comprehensive list of attendees and reviewers can be found in Appendix A. SEAA provided additional assistance to the Fiscal Research Division by hosting the January 13th meeting, surveying other states on their degree of coordination among need-based aid programs, and providing additional information for this report. Finally, the General Assembly’s Bill Drafting Division prepared the draft legislation contained in Appendix C of this report.

SURVEY OF OTHER STATES

SEAA surveyed other states’ financial aid agencies to determine if and how other states coordinate time limits among their financial aid programs. SEAA asked survey respondents three questions:

1. Does your state have limits on how long a student may receive state grants toward a baccalaureate degree?
2. If your state has multiple grant programs for students in different sectors (i.e., grant program for independent non-profit institutions separate from public institutions or proprietary), do you count the number of semesters of state funding received by a student across all programs? For example, if a student transferred from a community college to a private college, would the grants received at a community college count toward an overall limit?
3. Does your state have limits on how long or how many semesters a student can receive state grants for enrollment in a community college?

Twenty-eight states and the District of Columbia responded to the survey. Most states reported having a semester limit for the receipt of state grants towards a baccalaureate degree. Two states reported a dollar amount limit that was equal to receiving the grant for eight full-time semesters.

Twenty-one states reported having a cross-sector cap either by counting time limits across sectors (nine states) or by having one grant program for multiple sectors (12 states). Several states have community-college-specific time limits, either in their combined programs or in their community college specific programs. For example:

- Kentucky – five semesters at a two-year institution and nine semesters at a four-year institution.
- Washington – 125% of program length or five years and requires a five-year break before earning a second associates degree.
- Maryland – three years (six semesters)
- Missouri – five semesters
- Texas – 75 credit hours, four years, or until a student acquires an associate's degree, whichever comes first
- Illinois – 75 credit hour limit for any student not qualified as a junior

See Appendix B for complete survey results.

LENGTH OF TIME LIMIT AND WAIVERS TO THE LIMIT

Section 9.11(b) required that this study determine how to document and track the receipt of need-based scholarships so that no student receives a combination of scholarships for more than nine academic semesters (or 11 as appropriate). Technologically, SEAA reports no barriers to the implementation of this policy. Legislatively, the different statutory time limits between the programs are a barrier to implementation that would need to be addressed if this nine semester limit were implemented. Descriptions of the necessary changes in both areas are included in the Implementation section of this report.

It should be noted that the agencies and financial aid directors were concerned that a nine-semester limit would provide inadequate time for some students to complete their 4-year degrees, and could be detrimental to graduation rates. The University System reported that their students receiving need-based financial aid are on average graduating in 8.9 semesters, but receive the UNC Need-based grant for an average of 6.5 semesters. One participant suggested that a 12 semester limit would be more appropriate, to mirror recent changes to the federal Pell Grant program. Other participants were concerned that a 12 semester limit would send the wrong message to students about the appropriate amount of time to graduation. The education agencies and financial aid officers ultimately agreed that a ten semester limit would be most appropriate and would reduce the number of waivers requested.

It was also discussed whether it would be appropriate to have a separate limit on the length of time a student could receive aid at the community college level. The education agencies and financial aid directors agreed that there should be such a limit, and it should be four semesters less than the total limit. In other words, for a total limit of nine semesters, the maximum usage at a two year school would be five semesters (and with a ten semester limit the maximum would be six semesters). This limit would apply to all two-year schools (i.e., community colleges and two-year private colleges). Two-year programs within four-year schools would be tracked the same way as other four-year programs.

Finally, the participants discussed how semesters would be counted. It was agreed that, as with existing programs, semesters would be pro-rated for part-time students. For example, a student receiving aid and attending $\frac{3}{4}$ time (in other words, taking 75% of the typical full-time class load) would only be counted as receiving $\frac{3}{4}$ of a semester of aid. Additionally, participants confirmed that SEAA should count semesters

in which a student received aid, rather than the number of semesters for each individual grant program. In other words, if a student received both a community college grant and an Education Lottery Scholarship in the same semester, that would count as one semester for counting purposes.

WAIVERS

The Appropriations Act directed that this study consider the need to grant waivers to a nine-semester time limit. The education agencies and financial aid directors unanimously agreed that there is a need to grant waivers. However, for ease of implementation, they recommend limiting the waiver eligibility criteria to those for the UNC tuition surcharge, found in G.S. 116-143.7(c). G.S. 116-143.7(c) provides for waivers under the following situations:

- Military service obligations
- Serious medical debilitation
- Short-term or long-term disability, and
- Other extraordinary hardship.

The education agencies and financial aid directors noted that “the inability to enroll in the appropriate course due to reduced course offerings,” which is a waiver criterion for the new UNC Need-based Financial Aid program in S.L. 2011-145, Sec. 9.11(a), is unclear and difficult to administer because students can be in this position for a variety of reasons. For example, two student could currently both be unable to enroll in the appropriate courses due to reduced course offerings, but Student A may only be in that position because of poor planning earlier in his academic career, while Student B took appropriate courses throughout his career.

The participants discussed other possible waiver criteria, including:

- **Developmental or remedial education:** some students may spend up to a year receiving financial aid for developmental courses before beginning college-level work.
- **Articulation issues:** some students experience difficulty transferring all credits earned if transferring between systems.
- **Grant size:** depending on a student’s income, a community college student could receive a grant as low as \$250 per semester, compared to substantially higher grants both within the CC system and in the other systems.
- **Time since receipt of last scholarship:** a “clock reset” may help some students who received scholarships years ago, but are now attending school again.

The education agencies and financial aid directors determined that these additional waivers would be too complicated to administer, and that a ten semester time limit would account for additional developmental education time. The group also noted that articulation issues are being resolved in separate processes, and should not be the basis for a waiver in the future.

POTENTIAL IMPACT ON COLLEGE COMPLETION RATES

The participants of the meeting discussed the impact of the potential change on college completion rates. The group consensus was that it is not possible to determine the impact this change may have on college completion rates and the change may affect different students differently. For example, a limit on length of receipt might:

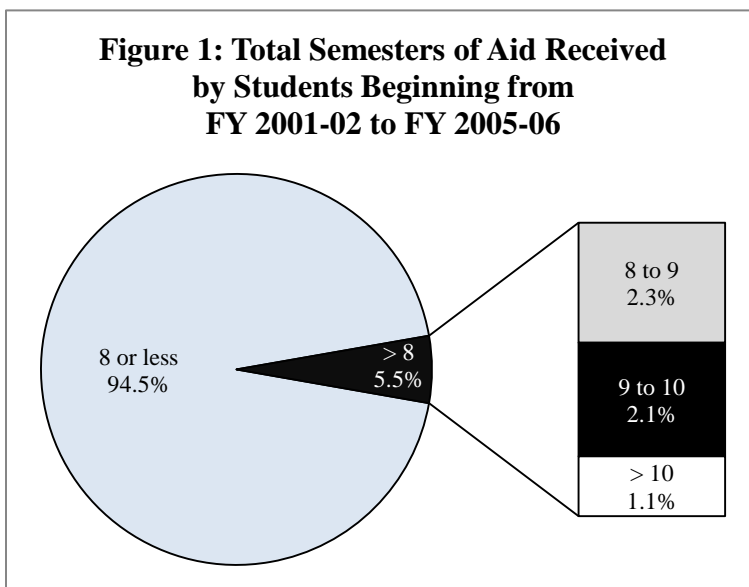
- Encourage students to complete college more quickly.
- Discourage students who have maxed out on aid receipt from completing their degree.
- Have no effect if students are already completing their degree within nine semesters.

To determine whether or not a nine semester limit would change the actual length of time recipients would receive aid, the State Education Assistance Authority analyzed the number of semesters that students received any aid between FY 2001-02 and FY 2010-11 from any of the following programs: Community College Grant, Education Lottery Scholarship, and UNC Need-based Grant. A student's semester was counted only once even if he received multiple grants within the semester. Finally, students were grouped into cohorts based on the student's first year of receiving any State grant aid. The analysis ends with the FY 2005-06, as this is the last cohort that could have received up to 12 semesters of State grant aid.

As shown in Figure 1, almost 95% of students received a total of eight semesters of aid or less. Of the remaining 5.5% of students:

- 2.8% received nine or less,
- 2.1% received more than nine but no more than ten, and
- 1.1% received more than ten.

In other words, an overall nine semester limit would have been sufficient for 96.8% of students².



IMPLEMENTATION

Finally, the group considered logistical issues related to implementing time limits.

TIMELINE

As a result of the efforts of the Joint Select Committee on State-funded Financial Aid³, the education agencies are currently working towards merging the State's need-based aid program for public schools students. The earliest this combination would take place is FY 2013-14, and the group recommends this as an appropriate time for the coordinated limits to begin as well. SEAA also notes that if this change is to be retroactive (in other words, if the semester count is to start before FY 2013-14), FY 2008-09 is the earliest possible year that counting should begin, due to data integrity problems. Finally, it is important to note that although the Need-based Scholarships for Students Attending Private Institutions of Higher Education program replaced three programs for private college students, it is a new program with new eligibility guidelines and will not have a program history prior to FY 2012-13.

LOGISTICS

As stated earlier, SEAA has the technical capability to track students' receipt of grants across systems. Currently, SEAA and the College Foundation Inc. (CFI) track receipt for the eight semester limit of the Education Lottery Scholarship. They are able to expand this capability to crosswalk between systems.

² It is important to note the following caveats, which may affect the distribution of students' semesters of aid receipt: (1) this analysis does not account for students in five-year programs, (2) it may include students in the middle of their academic careers, (3) it does not separately account for community college students, whose typical time to completion is four semesters.

³ S.L. 2010-31, Sec. 9.2, Appropriations Act of 2010, directed a work group (including SEAA, UNC, NCCCS, NCICU, and FRD) to study the simplification and consolidation of State-funded financial aid for students.

SEAA proposes that it send North Carolina colleges and universities a list of which students are eligible for grants at the beginning of each school year (and semester as appropriate), based on the standard time allowed. If a student receives a waiver from these time limits, this waiver would be included in the system and noted to the school.

For waivers, although the school-based participants of the January 13th meeting generally agreed that they would prefer the waiver-granting responsibility be centralized, in the end the group agreed that the following would be the most logical process for the granting of waivers:

- Schools would identify students meeting the requirements of waivers, either through their own process or at the request of a student.
- Schools would maintain review boards able to determine the appropriateness of waivers, similar to how the UNC schools current grant waivers from tuition surcharges.
- Schools would be responsible for maintaining the appropriate documentation of waivers.
- Periodically, schools would send a file to CFI with the exceptions, and CFI would include them in their system.

LEGISLATIVE CHANGES

A draft bill is included in Appendix C of this report. In summary, the bill makes the following changes that would be needed to implement this time limit:

- Community college grant: Establish a statutory time limit for the program (new section G.S. 115D-40.2).
- Education Lottery Scholarship: Change the current eight semester limit to match the nine semester limit for the UNC Need-based Financial Aid Program (new section G.S. 115C-499.2A).
- UNC Need-based Financial Aid Program: Modify the waiver criteria conform to recommendations (modify G.S. 116-25.1).
- Need-based Aid for Students Attending Private Institutions of Higher Education: Modify the waiver criteria conform to recommendations (modify G.S. 116-281).
- Coordinated time limit: Establish a new section requiring SEAA to ensure that no student receives more than nine semesters of combined aid (new section G.S. 116-209.19A).

Appendix A: Attendees of January 13, 2012 Meeting

Attendees of January 13, 2012 Meeting

SCHOOL PARTICIPANTS

UNC System

Tony Carter, Director
Office of Student Financial Aid
UNC-Charlotte

Sherri Avent, Director
Office of Student Financial Aid
NC A&T

Jane Kamiab, Director
Office of Student Financial Aid
UNC School of the Arts

NC Community College System

Lisa Koretoff, Director
Office of Financial Aid
Guilford Technical Community College

Chad Williams, Director
Office of Financial Aid and Veterans
Affairs
Randolph Community College

Regina Huggins, Dean
Student Support Services
Wake Technical Community College

NC Independent Colleges and Universities

Leah Hill, Director
Office of Student Financial Services
NC Wesleyan College

Michelle Day, Director
Office of Financial Aid
Campbell University

SYSTEM PARTICIPANTS

Jennifer Haygood
Vice President and Chief Financial
Officer
NC Community College System

Timothy McDowell
Vice President of Government Relations
and Public Information
NC Independent Colleges and
Universities, Inc.

Bruce Mallette
Vice President for Academic and
Student Affairs
University of North Carolina – General
Administration

Lesley Cates
Director of State Government Relations
University of North Carolina – General
Administration

SEAA AND COLLEGE FOUNDATION INC. PARTICIPANTS

Steve Brooks
Executive Director (SEAA)

Elizabeth McDuffie
Director of Education, Training, and
Outreach (SEAA)

Bill Cox
Deputy Director of Grants, Training, and
Outreach (SEAA)

Trae Brookins
University Program Specialist (SEAA)

Traci Mitchell
Origination and Adjustment Services
Manager (CFI)

Appendix B: Results of Survey of Other States

Appendix B: Results of Survey of Other States on Limits to State Grants

State	Agency Name	Does your state have limits on how long		If your state has multiple grant		Does your state have limits on how long	
		Answer	Comments	Answer	Comments	Answer	Comments
Alaska	Alaska Commission on Postsecondary Education	Dollar amount [Orig. answer: Other (please elaborate)]	Dollar amount limit that equates to grant award for four years of full time study.	No--do not have multiple grant programs		No limit	No specific limit on community college attendance.
Arkansas	Arkansas Department of Higher Education	Dollar amount [Orig. answer: Other (please elaborate)]	Measured by total dollars received. The maximum amount is based on 8 semesters full time.	No- no cross-sector counting is done		No limit	No limit for our grant program but our Academic Challenge Scholarship (lottery funded) does have limits at 2 year schools.
Connecticut	Connecticut Department of Higher Education	Other (please elaborate)	Varies by state program. One program has an 8 semester limit and two others go by the institution's SAP policy.	No- no cross-sector counting is done		No limit	
Delaware	Delaware Higher Education Office	10 or more semester limit or equiv.	We are not limited to baccalaureate degree seeking students. Our code states "No student shall receive more than 5 annual scholarships for either undergraduate or graduate study."	No--do not have multiple grant programs		No limit	
Idaho	Idaho State Board of Education	8 semester limit or equiv.		Yes		No limit	
Illinois	Illinois Student Assistance Commission	9 semester limit or equiv. [Orig. answer: Other (please elaborate)]	Illinois- Students are limited to 135 paid MAP credit hours. It's essentially a 9 semester limit but there isn't a requirement for continuous enrollment. We consider 15 hours to be full time.	No--do not have multiple grant programs	Illinois- MAP is usable at any MAP eligible institution of which there are 12 public four year, 48 public 2 year, 46 private 4 year, 5 private 2 year, and 11 proprietary. There are also a smattering of hospital/nursing schools. MAP used anywhere counts against the 135 hour limit.	5 semesters or equivalent for associate degree	Illinois- A student is limited to 75 MAP paid credit hours if they have not been classified a junior. A student in a traditional 2 year program at a community college will not obtain "junior" status and cannot get more than 75 hours of assistance.

Appendix B: Results of Survey of Other States on Limits to State Grants

State	Agency Name	Does your state have limits on how long		If your state has multiple grant		Does your state have limits on how long	
		Answer	Comments	Answer	Comments	Answer	Comments
Indiana	State Student Assistance Commission of Indiana	8 semester limit or equiv.	Student is charged 6 units each semester or 4 units each trimester or quarter, and has up to 48 units to use. If student goes part time (2-11 credit hours) student uses 3 per semester or 2 per quarter or trimester.	Yes	See units discussion for making semester/trimester/quarter changes work.	No limit	Student could use up all 8 semesters of eligibility attending 'badly' at a 2 year college.
Iowa	Iowa College Student Aid Commission	8 semester limit or equiv.	Code states students are eligible for 8 full-time semesters (or the equivalent) or 16 part-time semesters (or the equivalent) for most programs.	No- no cross-sector counting is done	In Iowa, our primary programs are sector specific. If a student received a Vocational-Technical Grant at a community college, and the next year received an Iowa Tuition Grant at a private college, those limits would be tallied separately since they are separate programs. Some of our smaller state programs are available to students across all sectors. For these programs, we tally the cumulative receipt across sectors (since the student can receive funds from the same program across different sectors).	4 semesters or equivalent for associate degree	
Kansas	Kansas Board of Regents	8 semester limit or equiv.	The limit is 8 semesters unless the student is enrolled in a program of study that requires 5 years. For example, an architecture program.	Yes		Limit is related to the length of the program of study	

Appendix B: Results of Survey of Other States on Limits to State Grants

State	Agency Name	Does your state have limits on how long		If your state has multiple grant		Does your state have limits on how long	
		Answer	Comments	Answer	Comments	Answer	Comments
Kentucky	Kentucky HEAA	9 semester limit or equiv.		No--do not have multiple grant programs	Grant eligibility is limited to 5 semesters at a 2-year institution; 9 semesters at a 4-year institution. Utilization is measured by student, not institution.	5 semesters or equivalent for associate degree	
Maine	Finance Authority of Maine	10 or more semester limit or equiv.		No- no cross-sector counting is done		No limit	
Maryland	Maryland Higher Education Commission	8 semester limit or equiv.	For main need-based program. Other programs may allow longer limits.	No--do not have multiple grant programs	We have one main need-based aid program, not separate programs for different sectors. However, all enrollment, regardless of where, counts toward the 8 semester maximum.	6 semesters or equivalent for associate degree	Maximum of 3 years (6 semesters)
Minnesota	Minnesota Office of Higher Education	8 semester limit or equiv. [Orig. answer: Other (please elaborate)]	Minnesota's limit is 8 full-time semesters of State Grant receipt or 8 full-time semesters of postsecondary attendance (regardless of whether the student received State Grant), whichever comes first.	No--do not have multiple grant programs		No limit	Title IV SAP policy applies.
Mississippi	Mississippi Office of Student Financial Aid	8 semester limit or equiv.	Our primary state grant is capped at 8 semesters/12 trimesters of eligibility; however, if a student fails to make SAP, he loses the award even if he hasn't maxed out his time of eligibility.	Yes		Limited to the first associate degree only	Student still must make SAP AND, if student receives 6 semesters at community college, he can only receive 2 semesters at 4-year, so he penalizes himself. Also, in MS, the student receives more money at junior/senior level than at freshman/soph level, so the incentive is to take 2 semesters at 2-year and transfer.

Appendix B: Results of Survey of Other States on Limits to State Grants

State	Agency Name	Does your state have limits on how long		If your state has multiple grant		Does your state have limits on how long	
		Answer	Comments	Answer	Comments	Answer	Comments
Missouri	Missouri Department of Higher Education	10 or more semester limit or equiv.		No- no cross-sector counting is done		Limit is related to the length of the program of study	This limit is for the community college specific program. Our comprehensive need-based program uses the 5 semester limit.
Nebraska	Nebraska Coordinating Commission for Postsecondary Education	No limit other than receipt of baccalaureate degree		No--do not have multiple grant programs		No limit	
North Carolina	North Carolina State Education Assistance Authority	9 semester limit or equiv.	SAP also applies	No- no cross-sector counting is done		No limit	Inst. SAP policy applies
Oklahoma	Oklahoma State Regents for Higher Education	10 or more semester limit or equiv. [Orig. answer: Other (please elaborate)]	Two of our state grants use a five year time frame to limit grant recipients. Our biggest program "Oklahoma's Promise" allows students to receive the grant/scholarship for up to 5 years including summers or receipt of a baccalaureate degree whichever comes first. Also, our equalization grant that is paid to private school students also uses a 5 year time frame.	No- no cross-sector counting is done		No limit	
Oregon	Oregon Student Assistance Commission	8 semester limit or equiv.	Grant eligibility is limited to equivalent of 4 years at full-time and is prorated for half-time.	No--do not have multiple grant programs		No limit	Students have a limit on total years of enrollment; no limits by institution type.
Pennsylvania	American Education Services/PA Higher Education Assistance Agency	8 semester limit or equiv.		No--do not have multiple grant programs		4 semesters or equivalent for associate degree	

Appendix B: Results of Survey of Other States on Limits to State Grants

State	Agency Name	Does your state have limits on how long		If your state has multiple grant		Does your state have limits on how long	
		Answer	Comments	Answer	Comments	Answer	Comments
Rhode Island	Rhode Island Higher Education Assistance Authority	8 semester limit or equiv.	Up to 8 full-time semesters (or equivalent) of grant or scholarship funds. The only exception is if the student is enrolled in a mandatory 5-year program (like the undergrad programs at Northeastern University).	No--do not have multiple grant programs	Although we don't have programs for different sectors as described in the question, if a student transfers from one institution to another, grant or scholarship funds received at the prior institution are factored into the student's total limit.	No limit	We do not have specific rules for community college students.
South Carolina	South Carolina Higher Education Tuition Grants Commission	8 semester limit or equiv.	SC Tuition Grants Program	No- no cross-sector counting is done		No limit	"No limit" is not the correct answer but the survey required an answer to continue. There are no community colleges in the Tuition Grants Program so it is "N/A."
Tennessee	Tennessee Student Assistance Corp	8 semester limit or equiv.		No--do not have multiple grant programs		4 semesters or equivalent for associate degree	
Texas	Texas Higher Education Coordinating Board	Other (please elaborate)	A student receiving awards through the TEXAS Grant Program (an undergrad program) may receive them until he/she reaches the first of: 150 hours paid for with the grants, receipt of a baccalaureate degree, or 5 years (if enrolled in a 4-year degree plan), 6 years (if enrolled in a degree plan of more than 4 years). The hours and years of eligibility are under discussion and may well be amended in spring 2013 when our Legislature meets again.	Yes	In our 4-year program both 2- and 4- year colleges can participate. If a 2-year college student in the 4-year program later transfers to a university, the count of hours is continued.	No limit	We do have a limit, but it is not one of the listed options. Our 2-year college program is limited to 75 hours, 4 years or until the student acquires an Associate's degree, whichever comes first.

Appendix B: Results of Survey of Other States on Limits to State Grants

State	Agency Name	Does your state have limits on how long		If your state has multiple grant		Does your state have limits on how long	
		Answer	Comments	Answer	Comments	Answer	Comments
Vermont	Vermont Student Assistance Corporation	10 or more semester limit or equiv.	10 semester for a four year degree and utilize the institutional SAP policy.	Yes	Our multiple grant programs are by enrollment type not sector. We count all semesters regardless of school attended as equal and combine PT and FT semesters when calculating the 10 semester limit.	No limit	The limit is the same for all Vermont residents regardless of college however a student at a two year college can run into SAP issues. We will limit a students eligibility if the school alerts us to a SAP issue.
Virginia	State Council of Higher Education for Virginia	Other (please elaborate)	two of our primary grants are limited to four years, but our baseline need-based award has no limit	No- no cross-sector counting is done		No limit	depends on the financial aid program. one is limited to 4 years, the rest are not necessarily limited.
Washington	Higher Education Coordinating Board	10 or more semester limit or equiv.	Program offers a five-year award that can be prorated for all part-time levels. Also have a 125% maximum time frame policy; no grant for a 2nd associates degree; and a separate state SAP policy regarding completion of credits each term.	No--do not have multiple grant programs	We have sector award amounts - the five year limit is regardless of sector except the "no 2nd associates degree" rule.	Limited to the first associate degree only	No more than 125% of length of program (for all sectors) as well as no 2nd AA degree (within 5 years if SNG received during first degree).
Washington DC (response 1)	Washington DC	10 or more semester limit or equiv.		Yes		Limited to the first assoc degree only	8 semesters
Washington DC (response 2)	Washington DC	Other (please elaborate)	Six years or age 25	Yes		Limit is related to the length of the program of study	The student is limited to 4 academic years.

Appendix B: Results of Survey of Other States on Limits to State Grants

State	Agency Name	Does your state have limits on how long		If your state has multiple grant		Does your state have limits on how long	
		Answer	Comments	Answer	Comments	Answer	Comments
West Virginia	West Virginia Higher Education Policy Commission	8 semester limit or equiv.	This is for both our full-time need-based grant and our merit based grant. We also have a need-based part-time student grant that students can only receive for an additional nine years after the first year of the award.	Yes	We have multiple grant programs but not for different sectors. Rather one is for full-time students and the other is for part-time students. We do keep track of whether a student has maxed out within a program across multiple institutions but there is no limit for the total number of semesters a student can receive any form of aid across programs.	4 semesters or equivalent for associate degree	For the merit program, community college students are limited to 4 semesters but can then receive another 4 semesters if they go on to pursue a bachelor's. Neither need-based program (full or part-time) sets a separate limit for community college students.

Appendix C: Draft Legislation

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011**

U

D

BILL DRAFT 2011-LH-177 [v.11] (02/28)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)

3/1/2012 4:28:26 PM

Short Title: Student Financial Aid/Semester Limit.

(Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED
AN ACT TO STANDARDIZE THE TIME LIMITS THAT RESTRICT THE NUMBER OF
SEMESTERS THAT A STUDENT MAY RECEIVE CERTAIN STATE-FUNDED,
NEED-BASED GRANTS AND SCHOLARSHIPS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 115C-499.2(6) is repealed.

SECTION 2. Article 35A of Chapter 115C of the General Statutes is amended
by adding a new section to read:

"§ 115C-499.2A. Limit receipt of scholarship to traditional graduation time period.

(a) Except as otherwise provided by subsection (c) of this section, a student with a matriculated status at a constituent institution of The University of North Carolina shall not receive a scholarship for more than nine full-time academic semesters, or its equivalent if enrolled part-time, unless the student is enrolled in a program officially designated by the Board of Governors as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a scholarship for more than 11 full-time academic semesters or the equivalent if enrolled part-time.

(b) Except as otherwise provided by subsection (c) of this section, a student with a matriculated status at a community college shall not receive a scholarship for more than five full-time academic semesters, or the equivalent if enrolled part-time.

(c) Upon application by a student, the appropriate post-secondary institution may grant a waiver to the student who may then receive a scholarship for the equivalent of one additional full-time academic semester, if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree, diploma, or certificate: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors or the State Board of Community Colleges as appropriate shall establish policies and procedures to implement the waiver provided by this subsection."

SECTION 3. Article 3 of Chapter 115D of the General Statutes is amended by
adding a new section to read:

"§ 115D-40.2. Limit receipt of North Carolina Community College grants to traditional graduation time period.

(a) Except as otherwise provided by this section, a student shall not receive a need-based grant from the North Carolina Community College Grant Program for more than five full-time academic semesters, or the equivalent if enrolled part-time.

(b) Upon application by a student, the community college may grant a waiver to the student who may then receive a grant from the North Carolina Community College Grant Program for the equivalent of one additional full-time academic semester, if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree, diploma, or certificate: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The State Board shall establish policies and procedures to implement the waiver provided by this subsection."

SECTION 4. G.S. 116-25.1(b) reads as rewritten:

"(b) Upon application by a student, ~~the student may receive a grant for one additional part-time or the constituent institution may grant a waiver to the student who may then receive a grant for the equivalent of one additional~~ full-time academic ~~semester as appropriate, semester,~~ if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship, ~~including inability to enroll in the appropriate courses due to reduced course offerings, hardship.~~ The Board of Governors shall establish ~~the appropriate policies and~~ procedures to implement the ~~additional semester extension waiver~~ provided by this subsection."

SECTION 5. G.S. 116-281(6) is repealed.

SECTION 6. Article 34 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-281.1. Limit receipt of scholarship to traditional graduation time-period.

(a) A student shall not receive a scholarship under this Article for more than nine full-time academic semesters, or the equivalent if enrolled part-time, unless the student is enrolled in a program officially designated by the eligible private postsecondary institution as a five-year degree program. If a student is enrolled in such a five-year degree program, then the student shall not receive a scholarship under this Article for more than 11 full-time academic semesters or the equivalent if enrolled part-time.

(b) Upon application by a student, the eligible private postsecondary institution may grant a waiver to the student who may then receive a scholarship for the equivalent of one additional full-time academic semester, if the student demonstrates that any of the following have substantially disrupted or interrupted the student's pursuit of a baccalaureate degree: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The eligible private postsecondary institution shall establish policies and procedures to implement the waiver provided by this subsection."

SECTION 7. Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-209.19A. Limit receipt of need-based grants and scholarships to traditional graduation time-periods.

The Authority administers the following need-based grant and scholarship programs: the Education Lottery Scholarships, North Carolina Community College Grant Program, The University of North Carolina Need-based Financial Aid Program, and Need-based Scholarships for Students Attending Private Institutions of Higher Education. G.S. 115C-499.2A, G.S. 115D-40.2, G.S. 116-25.1, and G.S. 116-281.1 limit the number of semesters that a student may receive a grant or scholarship from any of those programs and also provide the circumstances in which a waiver to those limits may be granted by the appropriate postsecondary institution. The Authority shall enforce these limitations in administering these programs so that unless a waiver is granted by the appropriate postsecondary institution, no

1 student shall receive a grant or scholarship from any of those programs or any combination of
2 those financial aid programs while pursuing a degree, diploma, or certificate for more than any
3 of the following time periods: (i) nine full-time academic semesters or its equivalent if enrolled
4 part time, or (ii) eleven full-time academic semesters or its equivalent if the student is enrolled
5 in a program officially designated as a five-year degree program.

6 A postsecondary institution that grants a waiver under G.S. 115C-499.2A, G.S. 115D-40.2,
7 G.S. 116-25.1, or G.S. 116-281.1 shall certify the granting of the waiver in a manner acceptable
8 to the Authority and shall also maintain documentation substantiating the reason for the
9 waiver."

10 **SECTION 8.** This act becomes effective July 1, 2013, and applies to the 2013-
11 2014 academic year and each subsequent academic year.