

Report on Incentive for Students to Enroll in Thirty Semester Hours
State Education Assistance Authority
April 15, 2016

Summary

The State Education Assistance Authority, pursuant to Section 11.8 of S. L. 2014-100 has implemented changes to the payment schedules for the North Carolina Community College Grant, the University of North Carolina Need-based Grant and the North Carolina Need-based Scholarships effective for the 2016-17 academic year. The SEAA anticipates that funds for students receiving the Community College Grant and Need-based Scholarship will be disbursed beginning in August and will be disbursed for the University of North Carolina Need-based Grant beginning in May 2017.

Introduction

S.L. 2014-100, Section 11.8, required the North Carolina State Education Assistance Authority, in consultation with the University of North Carolina, the North Carolina Community College System, and the North Carolina Independent Colleges and Universities, to study ways to structure financial aid payments schedules to encourage students to complete an average of 30 credit hours per academic year, make various reports, and implement the revised payment structures beginning with the 2016-17 academic year. The Authority has made two interim reports¹ to the Joint Legislative Education Oversight Committee as required, and now submits its final report about the payment schedules that will be implemented.

In studying the issue, the Authority reviewed initiatives in other states as well as gathered input from campus financial aid administrators as we explored how to implement a differentiated payment schedule to introduce an incentive to students to enroll in an average of 30 credit hours per academic year. In addition, the Authority evaluated how to accommodate changes to the central grant processing system that serves the three programs subject to the new requirement.

¹ SEAA submitted reports to the Joint Legislative Education Oversight Committee in April 2014 and March 2015 with analyses of the obstacles of instituting an incentive to complete an average of 30 credit hours per academic year (focused on incentivizing students to enroll in 15 or more hours per semester). The concerns remain that adult students, in particular, take lighter course loads to balance work and school with family responsibilities. In addition, certain programs, such as nursing and teaching require practicums that prohibit or impede enrollment in 15 hours in a given semester. While enrolled in fewer hours for certain semesters, these students are following their recommended courses of study, yet will not be eligible for the same levels of funding as their peers in other programs of study.

The State of North Carolina provides financial assistance through programs designed for undergraduate students enrolled in institutions of higher education in the state. Below is a list of the programs for each of the three sectors of higher education and the inaugural year in which the grants were made:

- University of North Carolina Need-based Grant (2000)
- North Carolina Community College Grant (2000)
- North Carolina Need-Based Scholarship (for independent colleges and nursing schools) (2012)
 - This program replaced the North Carolina Contractual Scholarship and North Carolina Legislative Tuition Grant.

Undergraduate students must be enrolled in at least six credit hours to be eligible for the UNC and community college grant programs and nine credit hours to be eligible for the private-institution grant each semester. The latter two programs utilize the Federal Expected Family Contribution (EFC) derived from Federal Methodology to determine the amount of state grant a student receives, similar to the process for determining Federal Pell Grant eligibility. The UNC Need-Based Grant uses a different formula to measure a student's expected family contribution, and bases the grant award amount on the cost of attendance, eligibility for federal tax credits, Pell and NC Education Lottery Scholarships received, and a student contribution.

Financial Aid as Incentive for Enrollment in Thirty Semester Hours

The NC Community College Grant and the North Carolina Need-Based Scholarship for private college students each have tables that reflect the grant amount by students' enrollment; full-time awards are prorated for students enrolled in fewer hours in bands of three semester hours equaling full-time, three-quarter time and half-time. To accommodate the incentive for students to complete 30 hours in a year, an additional table column, full-time plus, has been inserted for students who enroll in 15 or more hours per semester, reflecting an increased award amount over that of students enrolled in 12-14 semester hours. The institutions will bear the responsibility of ensuring that students' grants match the number of hours in which the student is enrolled and charged and for certifying that the student is in the appropriate number of hours.

The approach for the UNC Need-Based Grant program is different because UNC already incentivizes full-time enrollment, primarily through tuition policy. Undergraduate students' tuition charges are capped at 12 credit hours per semester, and students take any additional classes tuition-free. Instead, the UNC change is focused on assisting students that do not meet the 30 credit hour average in the fall and spring terms, but could meet it through summer term enrollment. Currently, there are limited funds available to students for summer school; the Department of Education

funded provided year-round Pell Grants for a limited time approximately five years ago, but discontinued the practice due to the high cost as an entitlement program. Under this proposal, cost is contained by reserving a fixed amount of the annual appropriation for the UNC NBG to provide funding for the grants.

Other Initiatives

As reported in March 2015, providing grants to students may encourage college completion in a four-year timeframe. However, the target population of this initiative is only a portion of the students enrolled in our educational institutions. A broad communication plan has the potential to be far more effective by ensuring that all students understand the course requirements to graduate in eight semesters. The Fifteen to Finish Campaign launched by Complete College America has proven to be highly effective in shortening the time to earn a degree, as well as improving overall completion rates, demonstrating that increasing awareness of the need to complete 15 hours a semester is a key aspect of influencing student behavior.

For additional information or comments, contact:

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