

To: Representative Bryan R Holloway  
Representative Linda P. Johnson  
Senator Jerry W. Tillman

From: Elizabeth V. McDuffie, Executive Director

Date: March 2, 2015

Re: Interim Report to Joint Legislative Education Oversight Committee  
Study Financial Aid Payment Schedule to Incentivize Thirty Completed Hours  
per Year and Implement Revised Payment Schedule S.L. 2014-100, Section 11.8

As reported in April 2014, the State Education Assistance Authority (SEAA) consulted with the University of North Carolina General Administration, NC Community Colleges and the NC Independent Colleges and Universities regarding a payment schedule that would encourage students to enroll in a minimum of 30 credit hours or more each academic year. A tentative approach was identified with a recommendation that we await the federal reauthorization of the Higher Education Act of 1965 before launching our changes.

In the meantime, research into initiatives by other states to increase the number of credit hours in which full time students enroll has provided additional options for consideration. The SEAA is engaging representatives from the three higher education sectors in further discussion about the manner in which to structure our payment schedules to encourage enrollment in more credit hours.

Beyond the mechanics of structuring payment schedules to encourage students to take more hours, increased appropriations will be critical to the overall success of the State's programs while not negatively affecting enrollment of current students. Reallocating the current appropriations without additional funding will result in decreased awards for continuing students while they absorb the cost of increasing tuition OR fewer total students funded. Continuous funding for college expenses is not promised to students; however, major modifications in aid programs will affect continuing students' abilities to maintain their enrollment.

As we consider how to encourage students to enroll in more credit hours, we recognize that there are valid reasons why students enroll in less than 15 hours. Prospective teachers, nurses, and various allied health fields engage in practicums that may limit the number of credit hours a student can reasonably take. Another example is a prospective

student waiting to be formally admitted to a program with limited seats sometimes takes required classes at a community college before she is admitted, and then has fewer required courses to complete once admitted. Ideally, we will continue funding students enrolled in 12 to 14 hours and use new appropriations to encourage students to enroll in additional credit hours to graduate on time.

Finally, just as important as new funding for grants, colleges and universities will need to engage in early and frequent communication with students regarding the importance of completing 30 hours each year to graduate within four years. This effort extends beyond state grant recipients; all enrolled students can benefit from completing their courses of study in the appropriate timeframe.

Cc: Brett Altman, Fiscal Research  
Mark Bondo, Fiscal Research  
Jennifer Haygood, NCCCS  
Andrea Poole, UNC General Administration  
Hope Williams, NCICU  
Adam Brueggemann, OSBM