

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

Student Financial Aid State Funding Overview

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Fiscal Research Division
February 22nd, 2023

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Agenda – Student Financial Aid

1. Overview of Financial Aid in Education Budget
2. Higher Education Financial Aid
 - Public Need-Based Grants and Other Scholarships
 - Private Need-Based Scholarship
 - Forgivable Loans
3. Private K-12 Education Financial Aid
 - Opportunity Scholarship Program
 - Personal Education Student Accounts (PESA) for Children with Disabilities



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Overview of Financial Aid in Education Budget



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NC State Education Assistance Authority (SEAA)

- Administers most State-funded student aid programs
- Administratively housed in the UNC System Office
- In addition to State-funded aid, manages:
 - North Carolina's 529 Plan
 - Some private and federally-funded scholarships
 - Residency Determination Service (RDS)
- Provides outreach and student financial aid support services



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Grants, Scholarships, and Forgivable Loans

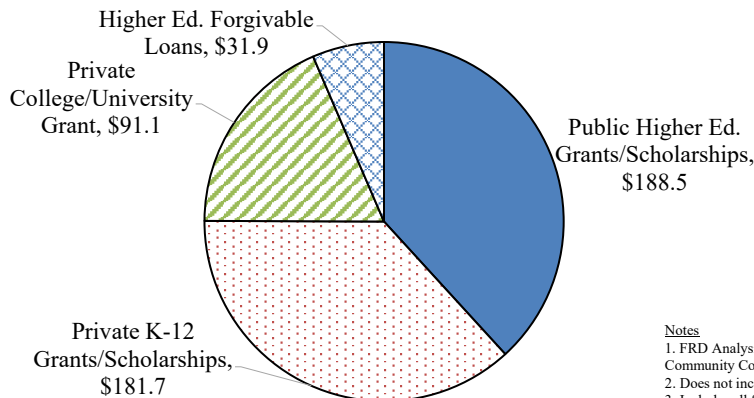
The State provides funding for three different types of student financial aid programs in the Education budget.

Grants	Scholarships	Forgivable Loans
<ul style="list-style-type: none"> • Provided to students who meet certain eligibility requirements • Often needs-based • Does not need to be repaid 	<ul style="list-style-type: none"> • Awarded based on merit or performance • Does not need to be repaid 	<ul style="list-style-type: none"> • A loan that is forgiven if the student fulfills certain requirements • Needs to be repaid as a loan if the student does not fulfill established requirements

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Grants, Scholarships, and Forgivable Loans

State-Funded Student Aid Programs in the Education Budget, FY 2022-23 (\$ millions)



Notes
 1. FRD Analysis of UNC System Office and Community College budgets
 2. Does not include any campus-specific items
 3. Includes all funds appropriated for Opportunity Scholarship awards in FY 22-23

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Higher Education Financial Aid



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Public Need-Based Grants and Other Scholarships

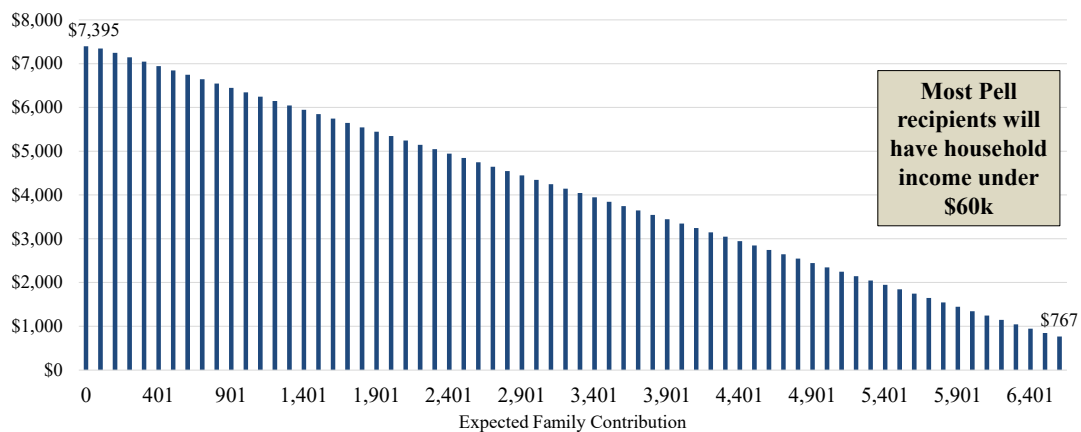


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Need-Based Aid 101

- State and federal financial need-based aid determined through the Free Application for Federal Student Aid (FAFSA)
- FAFSA determines Expected Financial Contribution (EFC), which considers family income and wealth, to determine financial need
- Federal Pell Grant is a need-based award for undergraduate students, with eligibility and award amount determined by EFC and cost of attendance
- State need-based aid designed to complement Pell Grant

Federal Pell Grant, FY 2023-24 Schedule



Need-Based Scholarship for Public Colleges and Universities

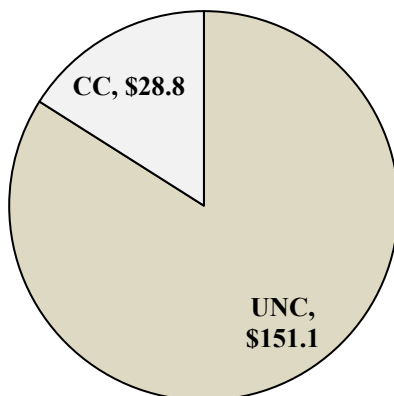
- Starts in FY 2023-24
- \$179.9 million need-based grant for students attending UNC institutions or NC community colleges
- Combines previously separate UNC Need Based Grant, Community College Grant, and Education Lottery Scholarship (S.L. 2021-180)
- Funding sources are General Fund, Escheat Fund, and Education Lottery Fund
- Set amounts divided between UNC students and community college students



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Need-Based Scholarship for Public Colleges and Universities

\$179.9 million, FY 2023-24



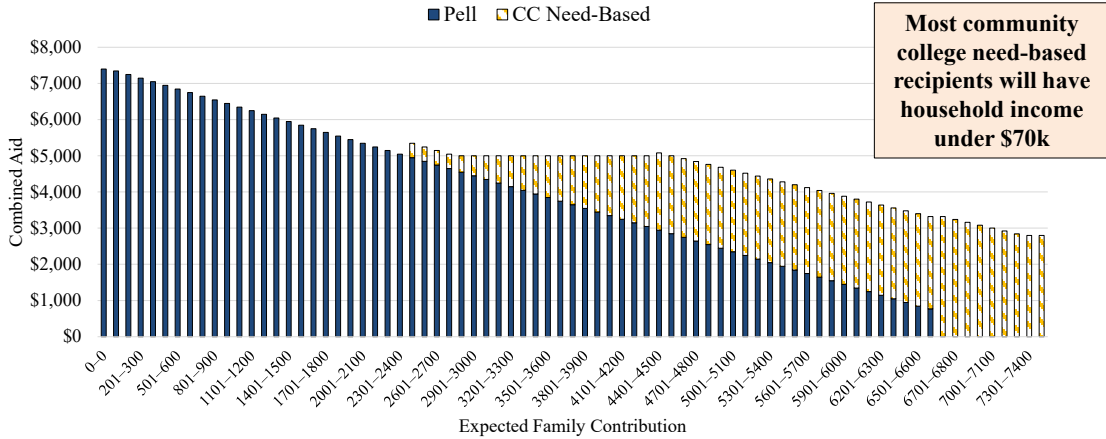
- UNC and Community College portions based on amount each received through UNC Need-Based Grant, CC Grant, and Education Lottery Scholarship
- Award amounts and EFC levels vary depending on cost of attendance at each school



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Need-Based Scholarship for Public Colleges and Universities

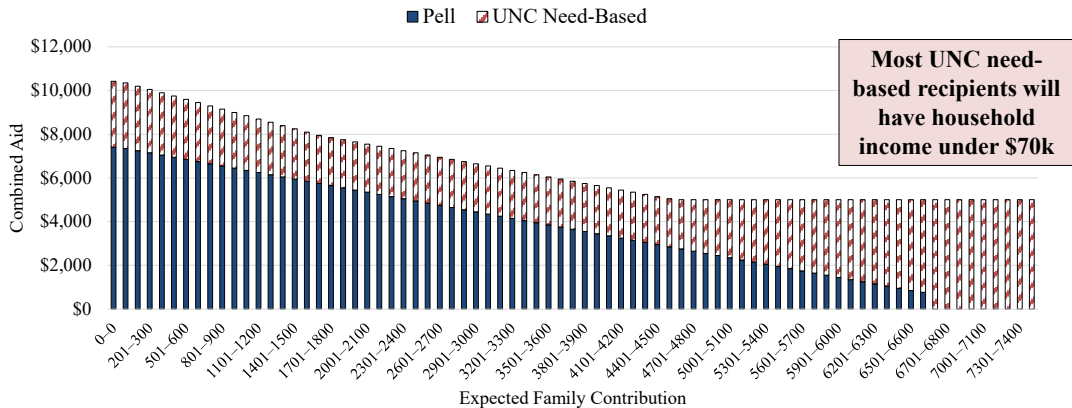
FY 2023-24 Community College Need-Based Payment Schedule



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Need-Based Scholarship for Public Colleges and Universities

FY 2023-24 UNC Need-Based Payment Schedule: ASU, ECU, UNCG, UNCC, UNCW, UNCA



Note: UNC institutions have varying payment schedules depending on their cost of attendance

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FY 2021-22 Actual Public Need-Based Grant Awards

FY 2021-22 UNC and Community College Need-Based Statistics

Award	Awards Provided	Average Award	Total Aid Distributed
UNC Need-Based Grant	48,503	\$2,282	\$110,710,923
Community College Grant	20,113	\$658	\$13,230,789
Education Lottery Scholarship	27,143	\$1,317	\$35,755,184

FY 2021-22 SEAA End-of-Year Reports



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Additional Public College and University Grants/Scholarships

NC School of Science and Mathematics and UNC School of the Arts Tuition Grants (\$3.5M)

4-year scholarship for students graduating from the NCSSM or UNC SA high school programs who go on to attend at UNC institution

Community College Short-Term Workforce Credential Financial Aid (\$3M)

Provides financial assistance for up to \$750 for resident students who enroll in noncredit, short-term workforce training programs that lead to industry credentials

Ceatham-White Scholarships (\$1.8M)

Merit Scholarship that provides the full cost of attendance for students at North Carolina Central University and NC A&T University

Comprehensive Transition Program (CTP) Scholarships (\$304K)

Awards for students enrolled in the CTP program, which is for certain students with intellectual disabilities who attend UNC institutions



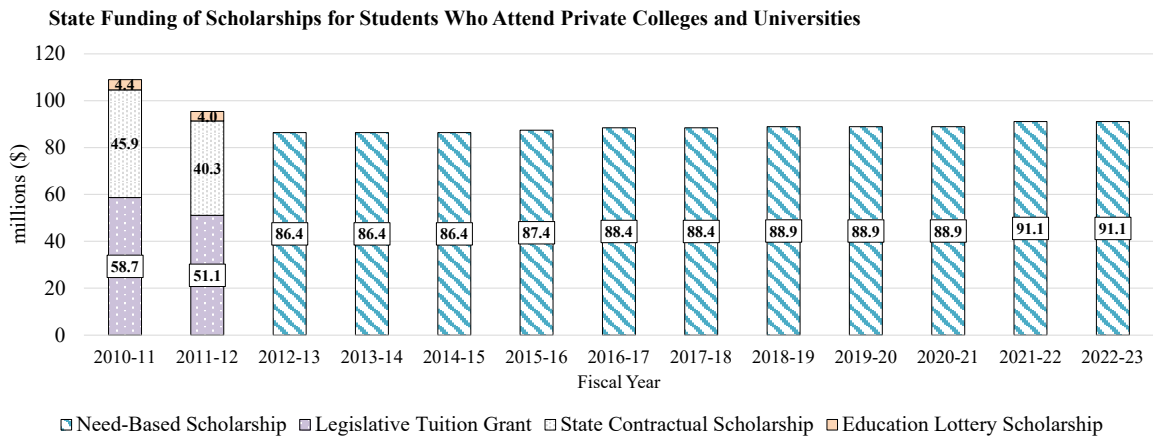
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Private Need-Based Scholarship

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Need-Based Scholarship for Private Colleges and Universities

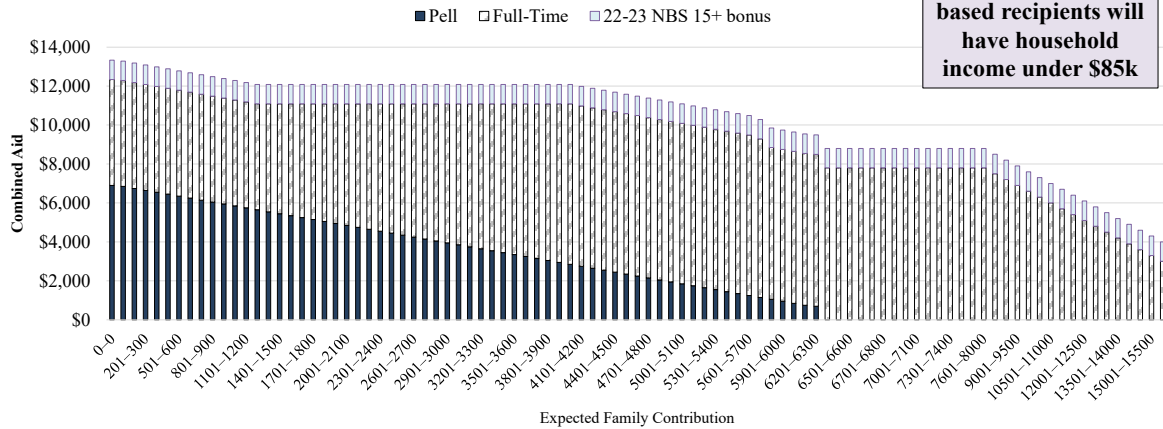
State provided 16,376 awards to students who attended private colleges and universities in FY 2021-22, with an average award of \$5,283.



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Need-Based Scholarship for Private Colleges and Universities

FY 2022-23 Need-Based Scholarship Payment Schedule



Forgivable Loans

Grants, Scholarships, and Forgivable Loans

The State provides funding for three forgivable loan scholarship programs on a recurring basis, which encourage students to study and work in certain professions in North Carolina.

1. Forgivable Education Loans for Services (FELS) - \$16.6 million
2. Teaching Fellows Program - \$6.0 million
3. Principal Fellows Program - \$9.3 million



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Forgivable Education Loans for Service Program

Provides forgivable loans to North Carolina students who go on to work in a certain **critical employment shortage professions**.

Approved Program Categories

Education
Allied Health
Nursing
Medical

Full-Time Maximum Annual Awards

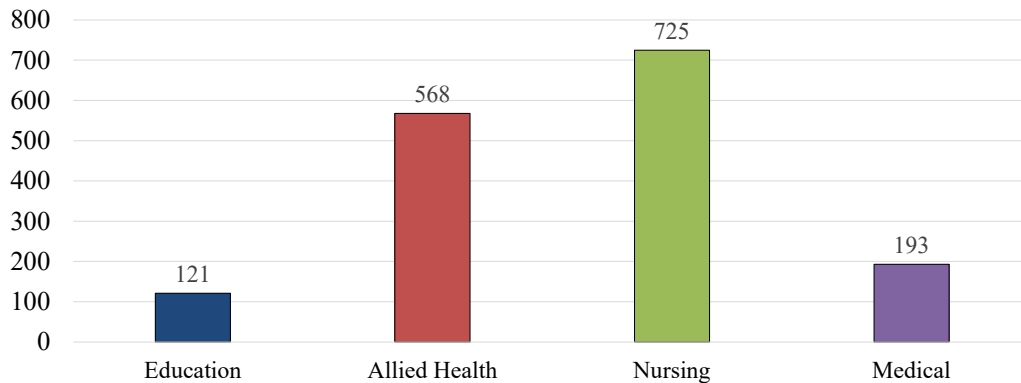
Associate Degree - \$3,000
Bachelor Degree - \$7,000
Master's Degree - \$10,000
Doctoral Degree - \$14,000



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Forgivable Education Loans for Service Program

FY 2022-23 New FELS Recipients by Program Area



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Teaching Fellows Program

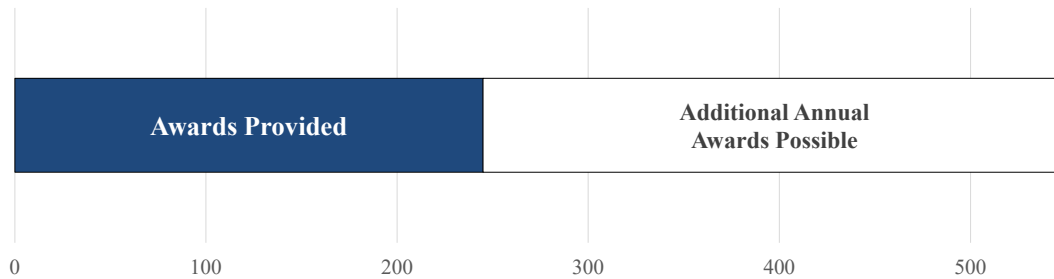
Provides forgivable loans to up to \$8,250 annually for 4 years to students who study at select educator preparation programs with a focus on special education or science, technology, engineering, and math.

- Includes mentorship and support programs
- 8 eligible programs: Elon University, Fayetteville State University, Meredith College, NC A&T University, NC State University, UNC Chapel Hill, UNC Charlotte, and UNC Pembroke
- Loan is forgiven more quickly if teacher serves in school identified as low-performing

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Teaching Fellows Program, FY 2022-23

The NC Teaching Fellows Program provided 245 awards for a value of \$1.9 million in FY 2022-23. The Program has the capacity to provide approximately 550 awards annually based on its recurring funding level.



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Principal Fellows Program

Provides forgivable loans valued at \$40,000 to students who study at select principal preparation programs and go on to serve as a school administrator.

- Principal Fellows Commissions provides competitive grants to principal preparation programs to support student costs at each school
- 8 current programs: Appalachian State University, North Carolina Central University, East Carolina University, NC State University, UNC Chapel Hill, UNC Charlotte, UNC Greensboro, and Western Carolina University
- Loan is forgiven more quickly if administrator serves in a high-needs school
- Current funding can support ~122 principal candidates per year



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Private K-12 Education Financial Aid



Opportunity Scholarship Program



Opportunity Scholarship Program

Need-based grants for students who attend private school and meet certain income and other eligibility requirements.

- For FY 2023-24, awardees must have income levels not to exceed 200% of the reduced-priced lunch (RPL) qualification, unless in foster care
- New Opportunity Scholarship recipients are generally eligible if they previously enrolled in public school prior to applying for grades 3-12
- No prior public-school requirement for grades K-2
- Award values equal a maximum of 90% of the prior year's State per pupil allocation for public school
- Maximum award value is \$6,492 for FY 2023-24



Opportunity Scholarship Program Income Eligibility

While maximum award is \$6,492 for FY 2023-24, the award value is limited to tuition and fees:

- 100% reduced-priced lunch income or below: award cannot exceed tuition and fees
- 100%-200% of reduced-priced lunch level: award cannot exceed 90% of tuition and fees

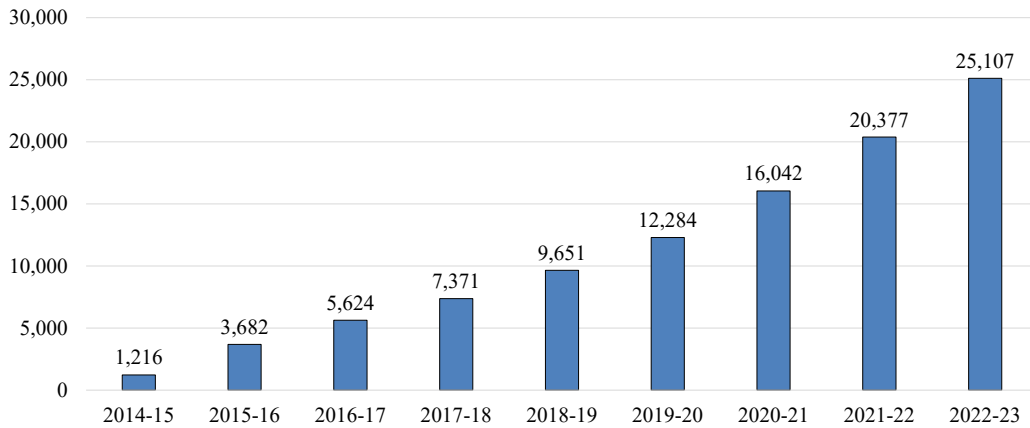
Household Income Eligibility Guidelines, FY 2023-24

Household Size	100% RPL	200% RPL
2	\$36,482	\$72,964
3	\$45,991	\$91,982
4	\$55,500	\$111,000
5	\$65,009	\$130,018
6	\$74,518	\$149,036



Opportunity Scholarship Awards Provided

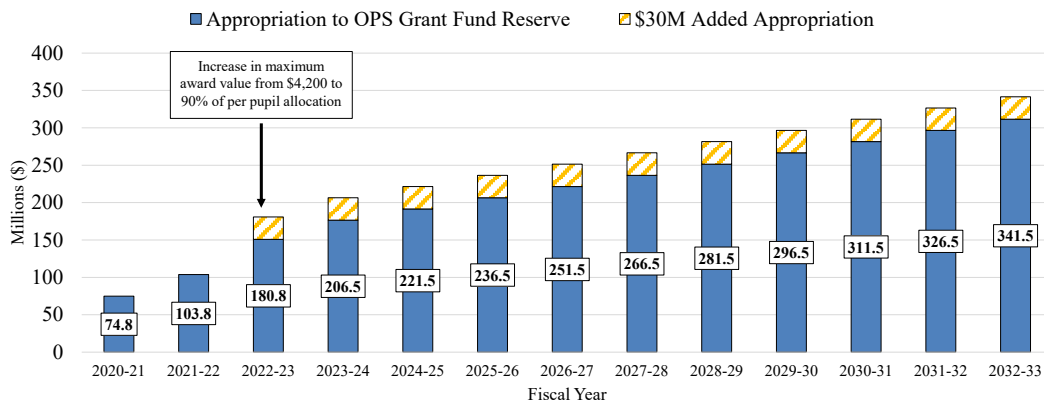
Opportunity Scholarship Annual Awardees, FY 2014-15 to FY 2022-23



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Opportunity Scholarship Appropriation Schedule

Appropriation Schedule to Opportunity Scholarship Program (OPS), Current Law



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Personal Education Student Accounts (PESA) for Children with Disabilities



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PESA Program

Provides education savings accounts (ESAs) for students with disabilities to spend on educational expenses in a private school, home school, or co-enrollment setting.

- Annual awards of \$9,000 or \$17,000, depending on student's disability
- 3,285 estimated award recipients in FY 2022-23
- Eligible expenses include tuition and fees, tutoring, textbooks, transportation, educational therapies, and educational technologies
- If eligible, students can receive both an Opportunity Scholarship and PESA award



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Major State Non-Education Budget Student Aid Programs

Scholarship for Children of War Veterans Scholarship

Department of Military and Veterans Affairs

National Guard Tuition Assistance Program (NC TAP)

Department of Public Safety

Golden LEAF Scholarship

Golden Leaf Foundation (using State Master Settlement Agreement Funds)

Child Welfare Postsecondary Support Program (NC Reach)

Department of Health and Human Services



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Questions?

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