



North Carolina State Education
Assistance Authority

RECOMMENDATIONS FOR THE USE OF THE LONGLEAF COMMITMENT GRANT FUNDS

**Submitted to the
Joint Legislative Education Oversight Committee
by North Carolina State Education Assistance Authority
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I. EXECUTIVE SUMMARY

The Longleaf Commitment Grant Program (Longleaf grant) began in 2021 as a result of the COVID-19 pandemic. The initial allocation came from the Governor's Emergency Education Relief (GEER) funds. Subsequently, funds were appropriated in the 2022 and 2023 enacted budgets from both federal and State funding sources. Longleaf grants cover tuition and fees for recent North Carolina high school graduates attending a community college.

[Sec. 8A.7\(e\) of S.L. 2023-134](#) directed the State Education Assistance Authority (SEAA) to report to the Joint Legislative Education Oversight Committee on “recommendations for a permanent community college grant program that incorporates the goals of the Longleaf Commitment Grant Program...and the Need-Based Scholarship Program for Public Colleges and Universities.” In developing recommendations, SEAA reviewed the historic Longleaf program goals, Longleaf grant award allocations, and the Next NC scholarship which combines the federal Pell Grant award and the Need-Based Scholarship Program for Public Colleges and Universities (NC Scholarship).¹

Bearing in mind the goals of both programs, SEAA recommends consolidating the Longleaf grant into the Next NC Scholarship with two possible options for allocating the funds for community college students. Option 1 would provide an \$800 transfer grant for a student completing an associate degree at a community college and enrolling in a UNC institution. Option 2, preferred by the Community College System Office, mirrors the UNC base amount exactly and increases the guaranteed amount from \$3,000 to \$5,000. Both options increase funding for the neediest students. Additional information and analysis of both Options are included in this Report.

II. HISTORY OF THE LONGLEAF COMMITMENT GRANT PROGRAM

During the COVID-19 pandemic, SEAA was charged with distributing funds for the Longleaf grant. The Longleaf grant provides funds to cover tuition and fees for recent high school graduates enrolling at a North Carolina community college for up to two years.

¹ The NC Scholarship consolidated the UNC Need-Based Grant, the Community College Grant, and the Education Lottery Scholarship.

Initially, funds were allocated from the GEER funds and subsequently via appropriations in the enacted State budgets. To date, there have been three Longleaf grant cohorts.

A. Program Goals, Eligibility, and Grant Amounts.

Initially, the Longleaf grant's goals were to encourage recent high school graduates who were impacted by the COVID-19 pandemic to enroll in a community college, increasing FAFSA completion rates to pre-pandemic levels, and increasing graduation rates and transfer to four-year institutions.

To be eligible to receive a Longleaf grant, students must be residents of North Carolina for tuition purposes, have an Expected Family Contribution (EFC) at or below \$15,000, and enroll in a curriculum program. Each cohort had different high school graduating classes that were eligible.

For each of the three Longleaf grant cohorts, the grant amounts have remained the same. All eligible students receive at least \$700 per year for two years, with a maximum grant of \$2,800.

B. Appropriations, Disbursements and Students Served.

Funding sources have varied for each cohort of the program. Illustration 1 below summarizes each funding source, amount distributed, and students served.

Illustration 1

Cohort	Academic Years	Source of Funds	Amount Allocated/ Appropriated		Amount Distributed	Students Served²
			Non- Recurring	Recurring		
2021	2021-22 & 2022-23	GEER I EANS	\$10,784,354 \$3,200,000 ³	\$0	\$13,644,746	15,138
2022	2022-23 & 2023-24	<u>Sec. 8A.5 of S.L. 2021-180</u>	\$25,500,000	\$0	\$11,259,697	12,421
2023	2023-24 & 2024-25	<u>Sec. 8A.7 of S.L. 2023-134</u>		\$12,000,000	\$5,962,185 (2023-24 AY)	8,008

² The 2021 cohort included students who graduated from high school over two academic years (2019-20 and 2020-21), while the 2022 and 2023 cohorts only include one each. 2022 and 2023 cohorts' amounts distributed, and students served are as of March 2024 and are subject to change as certifications are finalized.

³ The original allocation was \$11,000,000. Of that amount, \$7,800,000 reverted in June 2023.

Cohort	Academic Years	Source of Funds	Amount Allocated/ Appropriated		Amount Distributed	Students Served ²
			Non- Recurring	Recurring		
Totals			\$39,484,354	\$12,000,000	\$30,866,628	35,567

For the 2022 cohort, Session Law 2021-180 required SEAA to submit an [initial report](#) by September 1, 2023 and a final report by September 1, 2024 to the Joint Legislative Education Oversight Committee.

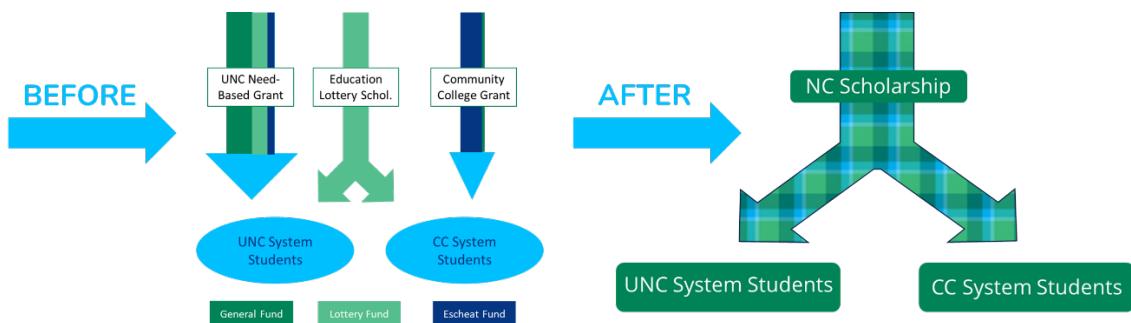
III. NEXT NC SCHOLARSHIP

A. Next NC Overview.

In 2019, the North Carolina Student Aid Study Group, convened by then-UNC System President Margaret Spellings and then-Community College System President Peter Hans, issued a report on [Strengthening North Carolina's Need-Based State Grant Programs to Support Student Success](#). The study group was made up of representatives from the UNC System and the North Carolina Community College System. One of the group's recommendations included simplifying a complex public postsecondary grant system, comprised of three separate grants: the UNC-Need Based Grant; the Community College Grant; and, the Education Lottery Scholarship. Each grant had different funding sources and eligibility criteria. The study group recommended consolidating the grants to create a single scholarship which would be simple, predictable, and user-friendly. The overarching goal of consolidation was to help students and families learn about their options and eligibility earlier in the process thereby enabling them to make better informed decisions about planning for, applying to, and paying for college.

In 2021, [Section 8A.2 of S.L. 2021-180](#) enacted the study group's recommendations by combining those three grants into the NC scholarship. This consolidation significantly simplified the process for students and families. See Illustration 2 below.

Illustration 2



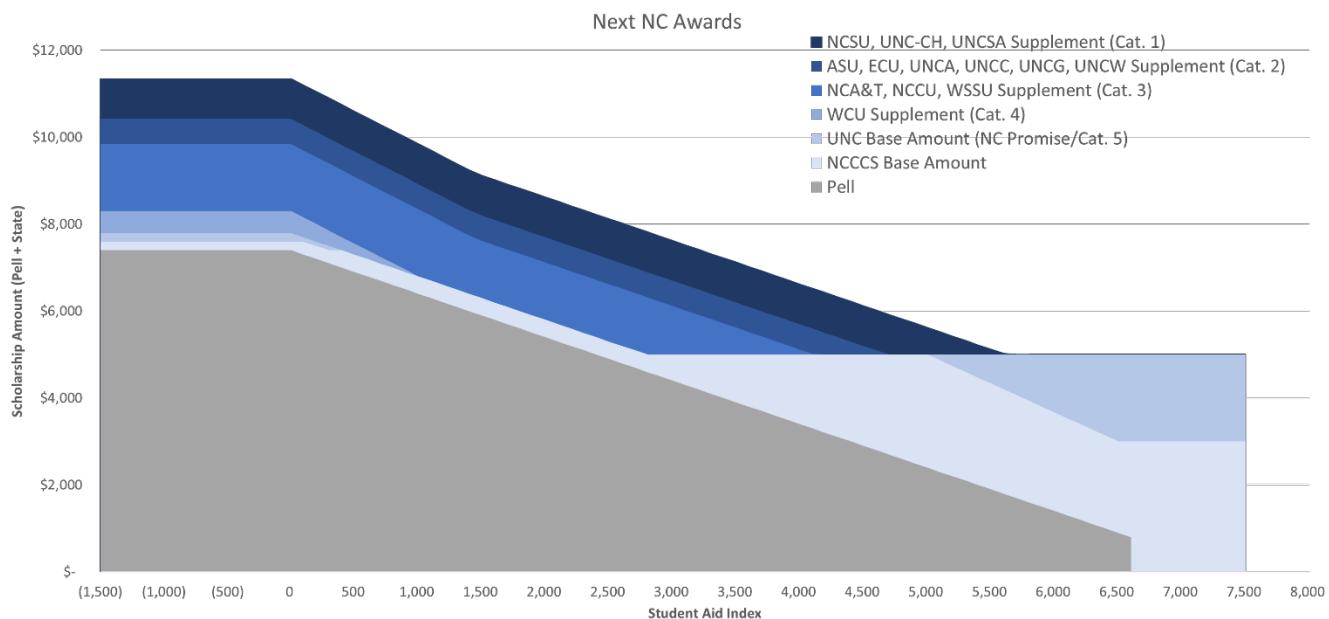
Beginning with the 2024-25 academic year, the federal Pell Grant and the NC Scholarship have been combined into the [Next NC Scholarship](#).⁴ The only application required is the federal FAFSA. Qualifying students attending a community college will receive at least \$3,000 in state and federal aid, and students attending a UNC constituent institution will receive at least \$5,000. Next NC recipients must 1) be a NC resident for tuition purposes; 2) have a household Adjusted Gross Income (AGI) of \$80,000 or less and a Student Aid Index (SAI)⁵ at or below 7,500; 3) be a high school graduate; and, 4) enroll in an undergraduate curriculum program. Illustration 3 shows Next NC awards to all students for FY 2024-25.

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⁴ The federal Pell Grant and the NC Scholarship were originally combined in the 2023-24 academic year; however, because of federal FAFSA changes that were not effective until the 2024-25 academic year, promotion of Next NC is beginning with that academic year.

⁵ SAI replaces EFC as the federal need calculation effective for the 2024-25 academic year.

Illustration 3



IV. NEXT NC AND THE LONGLEAF COMMITMENT GRANT PROGRAM

The Longleaf Commitment Grant differs from the Next NC Scholarship in several key ways, as shown in Illustration 4 below.

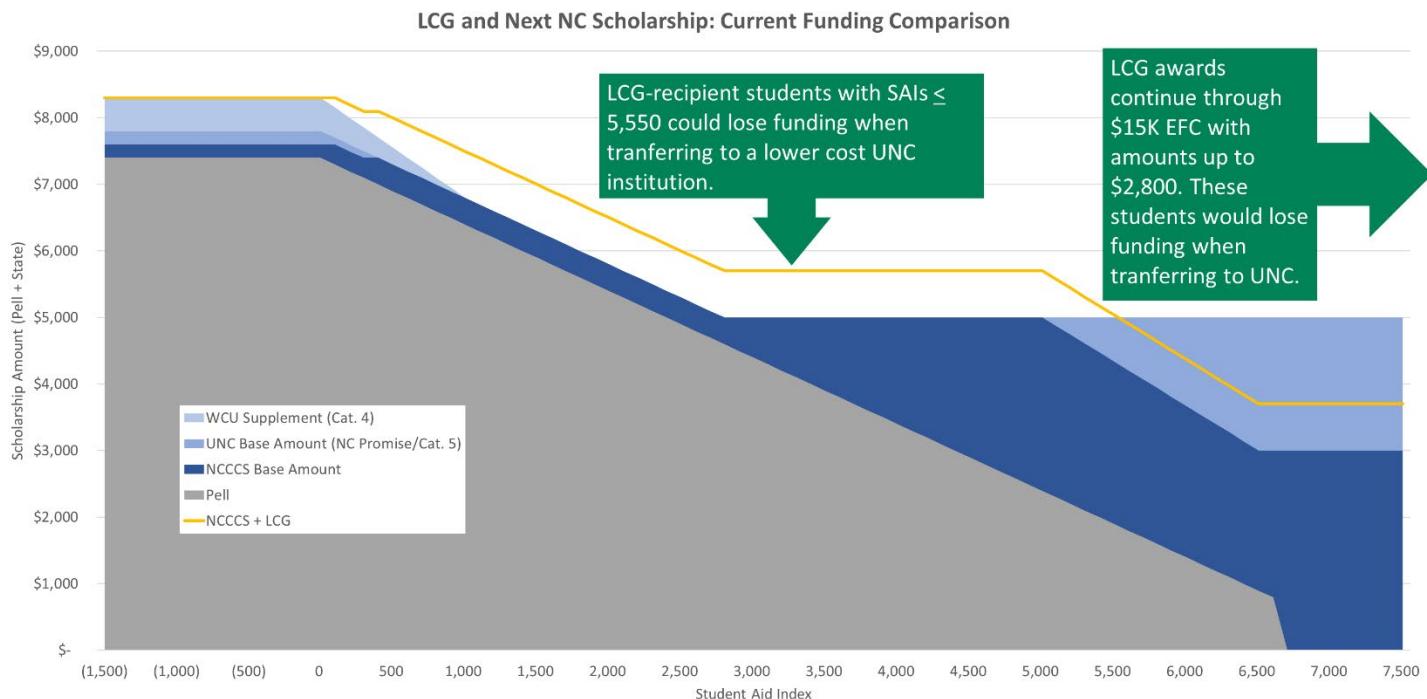
Illustration 4

Next NC Scholarship	Longleaf Commitment Grant
Available regardless of high school graduation date	Only available to certain high school graduating classes
AGI limit of \$80,000	No AGI limit
SAI limit of 7,500 (formerly EFC limit of \$7,500)	EFC limit of \$15,000

Because of the differing eligibility requirements, Longleaf grant recipient students who transfer to a UNC institution and qualify for a Next NC Scholarship may see a reduction in State aid. Additionally, Longleaf grant-eligible community college students receive

more State aid than other community college students with identical financial need. See Illustration 5 below.

Illustration 5



V. RECOMMENDATION AND OPTIONS.

Section 8A.7(e) of S.L. 2023-134 directed SEAA to make “recommendations for a permanent community college grant program that incorporates the goals of the Longleaf Commitment Grant Program and the (NC scholarship). Since the Longleaf grant is for a two-year cohort, any changes should not become effective until the 2025-26 academic year to ensure Longleaf grant funds remain available for the 2023 cohort during the 2024-25 academic year.

At its inception, the Longleaf grant was designed to encourage recent high school graduates to enroll in a community college after the COVID-19 pandemic. An additional goal of the Longleaf grant was to increase graduation rates and transfers to four-year institutions. Bearing this in mind and considering the recommendations of the North Carolina Student Aid Study Group, which included several State and local community

college representatives, SEAA recommends consolidating the Longleaf grant into the Next NC Scholarship by allocating the \$12 million recurring appropriation to community college students eligible for that scholarship. Including these funds in the Next NC Scholarship maintains the primary goal of making financial aid simpler and easier to understand and avoids permanently creating a separate scholarship program only available to a portion of community college students and not portable to the UNC System upon transfer.

SEAA considered two options for allocation of the funds through Next NC and presented them to Community College System Office leadership. Those two options are detailed below. Both options increase funding for the neediest students to the same level as provided to UNC students at the lowest cost UNC institutions. Option 1 additionally provides transfer grants to students completing an associate degree and transferring to a UNC institution while Option 2 mirrors the UNC base amount exactly and increases the guaranteed amount from \$3,000 to \$5,000.

A. Option 1. Transfer Grant of \$800.

In addition to recommending consolidating State-funded grants, the North Carolina Student Aid Study Group also recommended incentivizing student success and reducing time to degree completion. Specifically, the Group recommended:

“Implement(ing) and study(ing) a program to provide a one-time award to students who earn a college transfer associate degree covered by the Comprehensive Articulation Agreement prior to transferring to a UNC System institution.”⁶

The Group recommended a one-time transfer bonus of \$1,000. While funding is not sufficient with the current Longleaf grant appropriation to provide a \$1,000 transfer bonus, there are sufficient funds to provide an \$800 transfer grant to a student completing an associate degree at a community college and enrolling in a UNC institution. Option 1 would also increase the supplement to \$400 for the neediest students, matching that of the lowest cost UNC institutions.

A transfer bonus upon completion of an associate degree could incentivize students to remain at a community college through degree completion. Under the [Comprehensive Articulation Agreement](#), a student who obtains an associate degree from a North Carolina community college is guaranteed admission at one or more

⁶ [Strengthening North Carolina’s Need-Based State Grant Programs to Support Student Success, pg. 19.](#)

UNC constituent institutions. In addition to the Comprehensive Articulation Agreement, there are several other [degree-specific articulation agreements](#) between the Community College System and the UNC System. Finally, one of the initial goals of the Longleaf grant was to increase the rates of community college graduation and transfers to four-year institutions. A transfer grant could help towards achieving that goal.

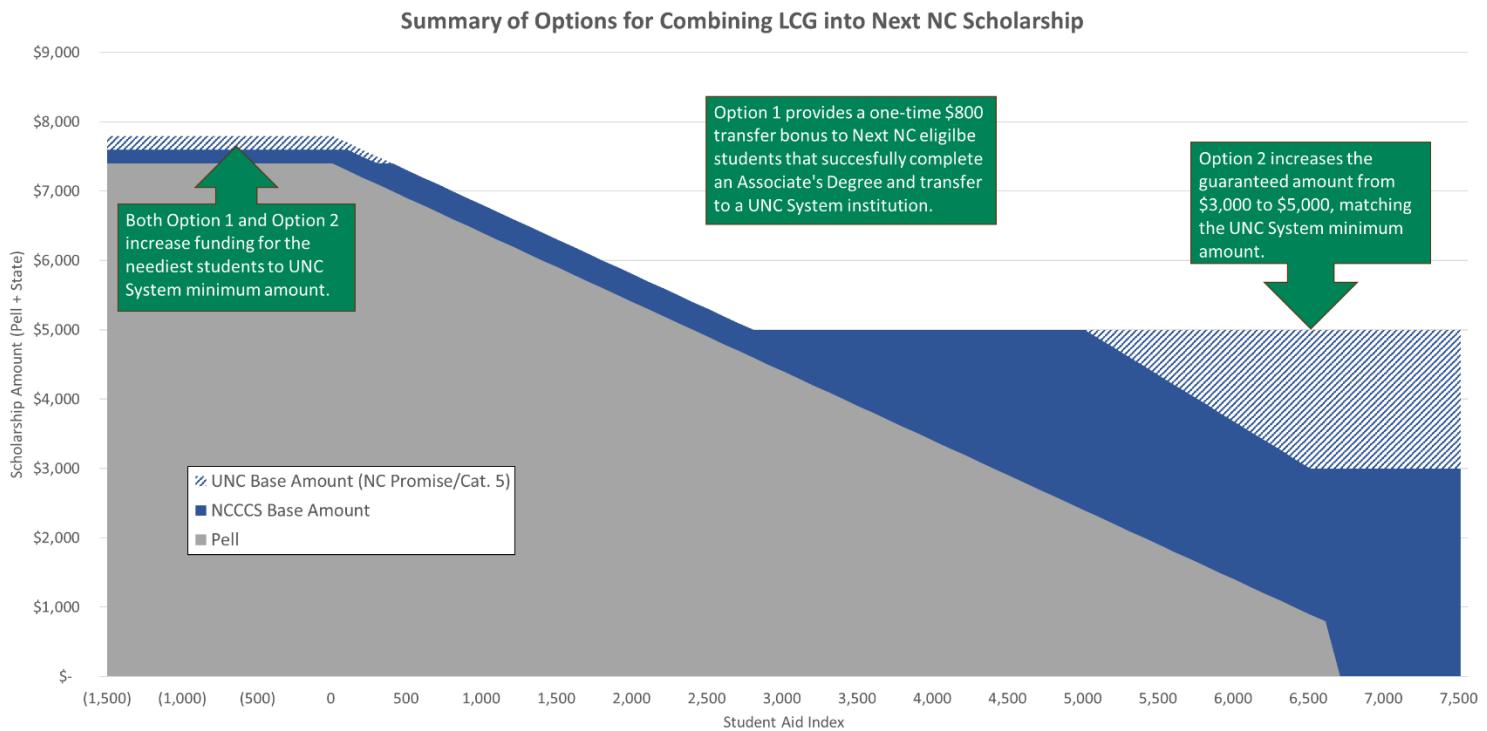
B. Option 2. Increase Next NC Scholarship for Community College Students to \$5,000.

Option 2 is to increase the guaranteed Next NC Scholarship for community college students from \$3,000 to \$5,000. This increase would fully align the community college formula with the lowest cost UNC institutions. This increased grant amount may further incentivize community college enrollment especially among working students who may have additional cost-of-living expenses. In discussions with the Community College System Office leadership and after they received feedback from the community college financial aid review committee, the Community College System Office prefers this option.

Illustration 6 shows both options in comparison to the current Next NC Scholarship awards for community college students and the lowest cost UNC institutions.

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Illustration 6



VI. COST COMPARISON OF CURRENT AND PROPOSED OPTIONS

Per G.S. 116-209.85, the Community College Reserve portion of the NC Scholarship contains approximately \$28 million per year for community college scholarships. SEAA projects that each of these two options would cost roughly \$40 million – approximately the total of the Community College Reserve and the recurring appropriation for the Longleaf grant. See Illustration 7 below.

Illustration 7

Comparison of Current Formula and Proposed Options	Projected Cost
2024-25 CC Student Formula: Tier step State (\$200, \$300, \$400) for lowest SAI students, \$3,000 guarantee	\$23,438,376 ⁷
Option 1: \$400 State supplement for lowest SAI students, maintain \$3,000 guarantee, and \$800 transfer bonus for Assoc. Degree recipients	\$40,224,193
Option 2: \$400 State supplement for lowest SAI students and \$5,000 guarantee	\$38,743,500

⁷ Because the federal need calculation is transitioning from Expected Family Contribution (EFC) to Student Aid Index (SAI), projections are based on estimated SAI for 2022-23 students. Given the uncertainty of these projections and the fluctuation of NCCCS enrollment, the estimate for FY 2024-25 is more conservative.