



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

Student Financial Aid State Funding Overview

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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 Grants/Scholarships
 - Private Need-Based Scholarship
 - Forgivable Loans
3. Nonpublic 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
 - Privately funded scholarships
 - Residency Determination Service (RDS)
- Provides outreach and student financial aid support services



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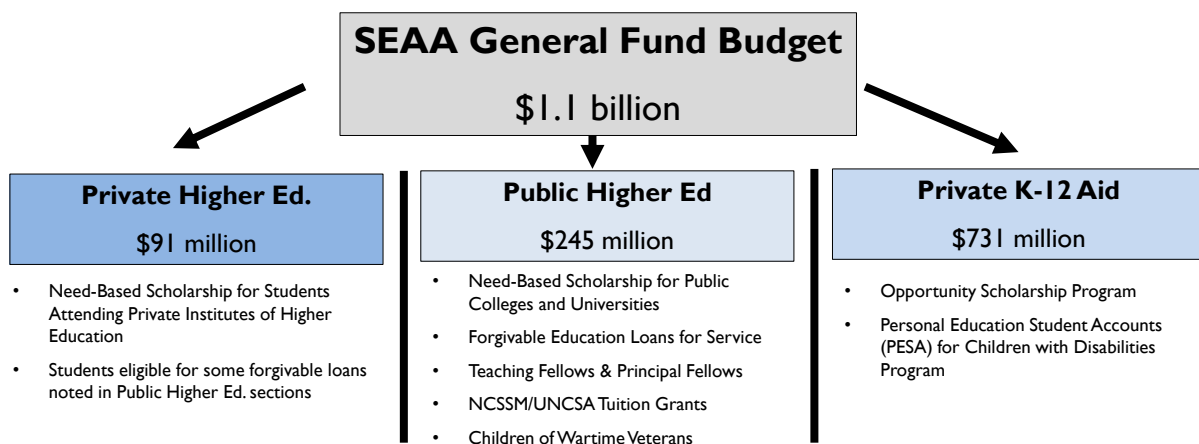
Grants, Scholarships, and Forgivable Loans

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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General Fund Budget – SEAA (FY 2025-26 Base)



Notes: SEAA also receives funds for FAFSA tracker and other services that total ~\$2M

Additional higher ed. financial aid programs funded in the UNC, NCCCS, JPS, and DHHS budgets (see handout in meeting packet for full list of higher ed. aid)

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Higher Education Financial Aid



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Need-Based Aid 101

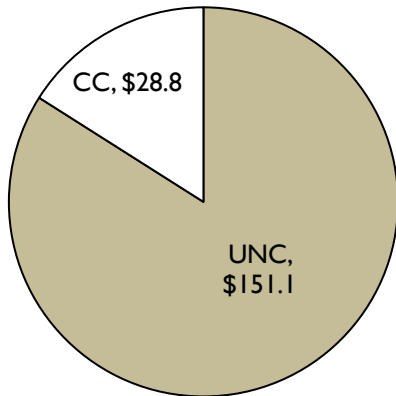
- State and federal financial need-based aid determined through the Free Application for Federal Student Aid (FAFSA)
- FAFSA determines Student Aid Index (SAI), which considers family income, assets, and family size to determine financial need
- Federal Pell Grant is a need-based award for undergraduate students, with eligibility and award amount determined by SAI and cost of attendance
- **159k** students attending North Carolina public colleges and universities received a Pell Grant in FY 2023-24, which totaled **\$760 million** in aid awarded
- State need-based aid designed to supplement Pell Grant awards



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Need-Based Scholarship for Public Colleges and Universities

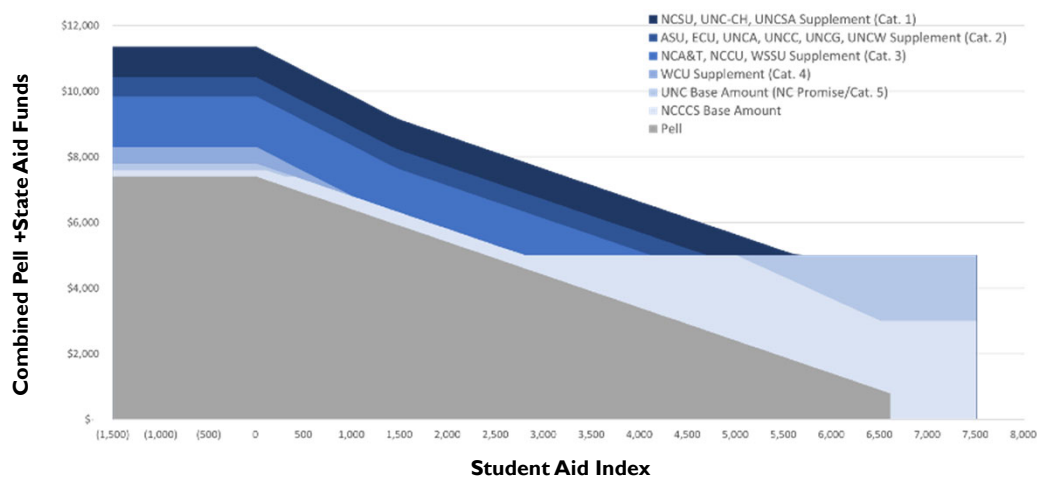
\$179.9 million, FY 2024-25



- Consolidation of three former State-funded need-based scholarships
- UNC and Community College portions based on amount each received through UNC Need-Based Grant, CC Grant, and Education Lottery Scholarship
- Award amounts vary depending on cost of attendance at each institution and a student's financial need
- Supplements Pell Grant funding

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NextNC Scholarship (Pell + State Funding)



Graphic provided by SEAA, FY 2024-25 Awards

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FY 2023-24 Distribution of State Funds for Need-Based Aid

FY 2023-24 State UNC and Community College Need-Based Statistics

Institution	Awards Provided	Average Award	Total Aid Distributed
UNC Institutions	54,733	\$2,264	\$123,534,819
Community Colleges	11,204	\$1,147	\$12,854,492

FY 2023-24 SEAA NC Need-Based Scholarship Program for Public Colleges and Universities Report

Note: does not include funds SEAA provided for summer awards (\$3.6M) and transitional funding for students who would have lost funding due to federal FAFSA changes (\$8.1)

Examples of Other Public Grants/Scholarships

NC School of Science and Mathematics and UNC School of the Arts Tuition Grants (\$7.1M)

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

Cheatham-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

Community College Short-Term Workforce Credential Financial Aid (\$1.0M)

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

Finish Line Grants (\$1.5M)

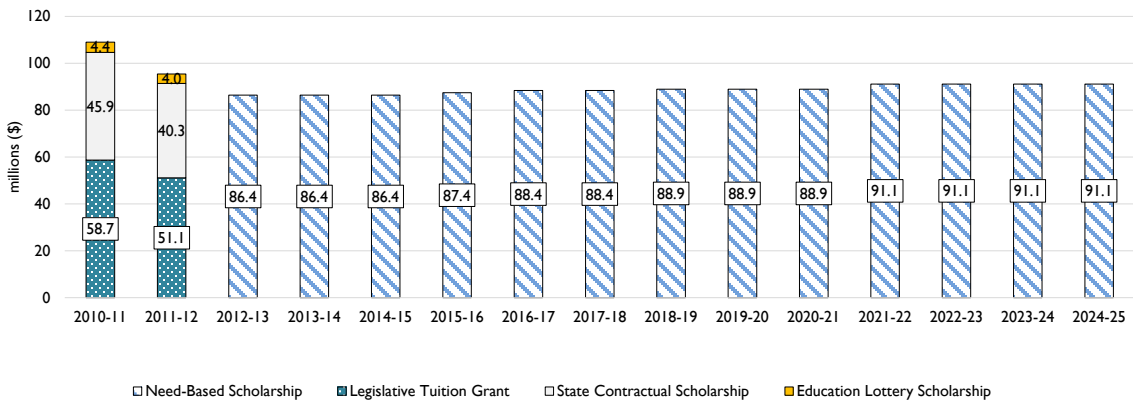
Provides financial assistance of up to \$1,000 to community college students who are close to completing their education but experience unanticipated financial hardship

Note: Handout in meeting packet includes list of all higher education State-funded financial aid programs

Need-Based Scholarship for Private Colleges and Univ.

State provided **14,559** awards to students who attended private colleges and universities in FY 2023-24, with an average award of **\$5,521**. Also designed to supplement Pell Grant.

State Funding History



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Recurring Forgivable Loan Programs

The State provides **recurring** funding for three forgivable loan scholarship programs, 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

Forgivable Education Loans for Service (\$16.6M)

FY 2024-25 New FELS Recipients and Waitlist by Program Area



Teaching Fellows Program (\$6M)

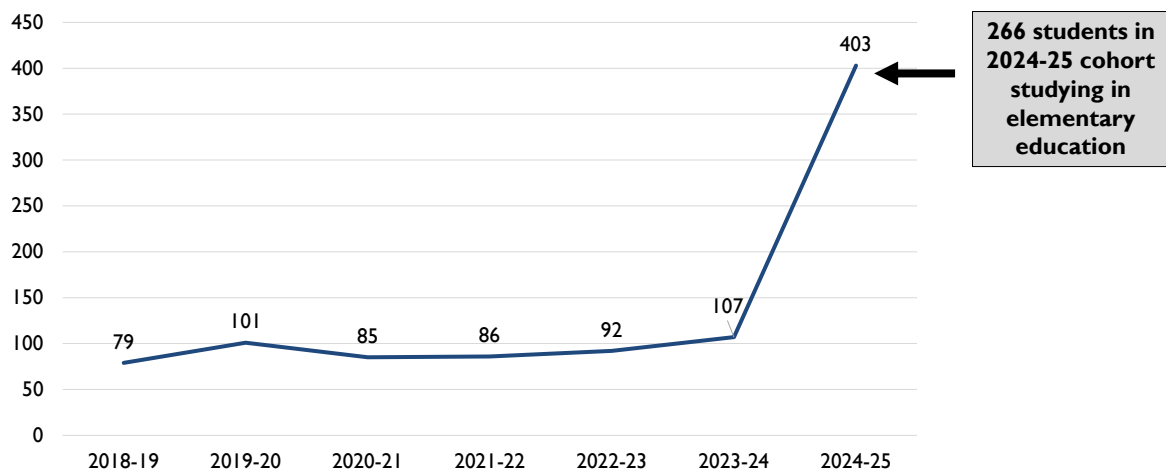
Forgivable loans to up to **\$10,000** annually for students who study at select educator preparation programs with a focus on special education, STEM, or elementary education (Science of Reading requirement).

- Includes mentorship and support programs for candidates
- 10 eligible programs per year - currently Appalachian State University, East Carolina University, Elon University, Fayetteville State University, Meredith College, NC A&T University, NC State University, UNC Chapel Hill, UNC Charlotte, and UNC Pembroke
- 2023 budget increased award amount, lowered loan forgiveness time, added elementary education, and increased programs from 8 to 10 - beginning with FY 2024-25 cohort



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Teaching Fellows Program Cohort Size by Year



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Principal Fellows Program (\$9.3M)

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 grant programs in any fiscal year – typically 6-year grant-cycles
- Loan is forgiven more quickly if administrator serves in a high-needs school
- Current funding of \$9.3M can support ~240 principal candidates at a time



Nonpublic K-12 Education Financial Aid



Opportunity Scholarship Program, FY 2024-25

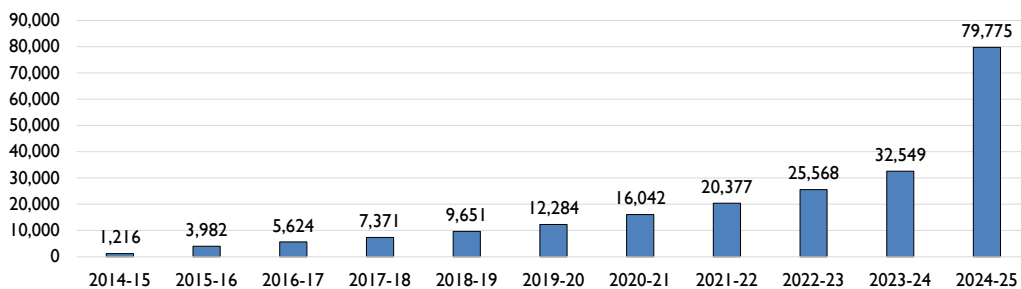
- Grant for students who attend an eligible North Carolina private school
- Awards vary by household income – divided into four tiers and based on the Reduced-Priced Lunch (RPL) income calculation
- Awards between 45%-100% of the prior year’s per pupil allocation for public schools

Tier	Income Calculation	Award Value	Max. Family of 4 Income	FY 2024-25 Recipients
1	<100% RPL	\$7,468	\$57,720	23,711
2	100% to 200% RPL	\$6,722	\$115,440	22,211
3	200% to 450% RPL	\$4,480	\$259,750	22,408
4	450% RPL or No Income Provided	\$3,360	--	11,445
Total				79,775

Opportunity Scholarship Awards Provided

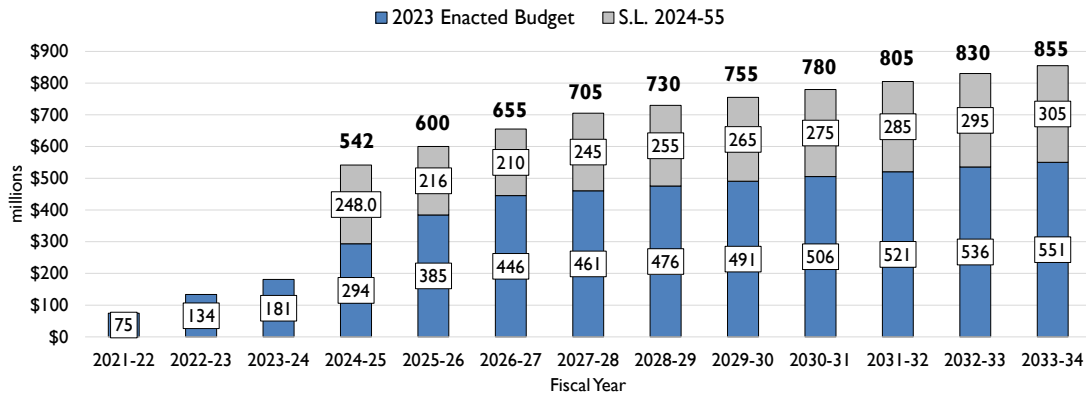
- The 2023 budget expanded award eligibility to all income levels and removed the remaining prior-public school requirements (previously only lifted for grades K-2)
- Report due June 2025 from DPI on the number of new 2024-25 Opportunity Scholarship recipients that attended a public school the prior year

Awards Provided Each Fiscal Year



Opportunity Scholarship Award Allocation Schedule

The 2023 budget and S.L. 2024-55 provided additional funds to support the expansion of the program to provide awards to all 2024-25 applicants and adjusted the future award schedule.



Personal Education Student Accounts for Children with Disabilities Program (\$76 million FY 2025-26 Base)

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
- 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
- 5k estimated award recipients in FY 2024-25
- S.L. 2024-55 increased funding by \$25 million in FY 2024-25 to remove waitlist
- Funding increases by \$1 million annually until FY 2032-33 under current law

Questions?

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