

July 16, 1999

MEMORANDUM

To: Presidents
Vice Presidents/Deans of Student Services
Chief Academic Officers
Business Officers
Financial Aid Officers
Directors of Admissions
Public Information Officers

From: Brenda H. Rogers
Vice President for Administration

Subject: Policies for the North Carolina Community College Grant
and Loan Program

At today's meeting the State Board of Community Colleges approved policies for the North Carolina Community College Grant and Loan Program and the contract with the North Carolina State Education Assistance Authority (NCSEAA), the agency that will administer the program. The policies are attached.

Although we have encouraged students to submit the Free Application for Federal Student Aid (FAFSA) by July 15 in order for the payment to be received at the beginning of the fall term, we will have a second payment in the middle of the semester. If students submit the FAFSA for the spring term and were eligible to receive the grant for the fall term as well, there will be a retroactive payment. **There will only be two payments each term.**

The procedures are being developed and will be communicated as soon as possible. A meeting is scheduled with the NCSEAA and the College Foundation on July 26, at which time we plan to complete the time schedule and review the training necessary for financial aid officers. I know that you want more details now, but please understand that we have had to have the policies in place and a contract with NCSEAA before we could proceed.

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We are preparing information to be sent to the colleges regarding the procedures for implementing the program, including training that will be provided to financial aid counselors. Major Boyd in the System Office will be coordinating the training program, and Dr. Janyth Fredrickson is working on a fact sheet to distribute to college personnel.

The most important point is that students must complete and submit the Free Application for Federal Student Aid (FAFSA) in order to be eligible for the grant.

Further information will be forthcoming.

BHR:sh

Attachment

c: Dr. Elizabeth Johns
Dr. Janyth Fredrickson
Dr. Major Boyd

Policies for the North Carolina Community College Grant and Loan Program

Section 9.4 of Ratified House Bill 168 appropriates \$5 million to provide need-based financial assistance for community college students. The new program will be entitled the North Carolina Community College Grant and Loan Program. The State Board of Community Colleges is required to establish rules and policies for the implementation of the grant and loan program. The following are policies for the administration and implementation of the program.

Policies for the North Carolina Community College Grant Program

1. The State Board of Community Colleges will contract with the North Carolina State Education Assistance Authority (NCSEAA) to administer the financial aid program. Procedures for administering the program will be developed by the NCSEAA and the North Carolina Community College System (NCCCS) Office.
2. To be eligible for need-based grants under this program, students must meet the following criteria:
 - (a) be admitted to a curriculum program and be enrolled for at least six credit hours per semester;
 - (b) be a North Carolina resident;
 - (c) have completed and submitted the Free Application for Federal Student Aid (FAFSA);
 - (d) qualify for the grants based upon a valid Expected Family Contribution (EFC) calculation under Federal Methodology and the program's recognized "required educational expenses" for attending a North Carolina community college; and
 - (e) meet all other eligibility requirements for federal Pell Grant.
3. Financial aid officers at the community colleges will certify eligibility of their students. A graduated schedule will be used to provide grants to curriculum students whose (a) federal Pell Grants are less than the "required educational expenses" and (b) estimated income tax liability (according to federal guidelines) is too low for the family to be eligible for the federal tax credit. The program's recognized "required educational expenses" for a North Carolina resident will be determined annually based upon tuition and fees for fall and spring terms, the estimated cost of books and supplies, and a small travel allowance. The amount may be adjusted to ensure that all eligible applicants receive need-based grants.
4. The State Board of Community Colleges will receive an end-of-year report from NCSEAA and will review its rules and policies annually. The NCSEAA will transmit data on community college students applying for and receiving grants to the System Office, which has responsibility for evaluating the program.
5. Consistent with this act, each community college will designate at least one financial aid counselor to inform students of federal financial aid programs, the Hope and Lifetime Learning Tax Credits, the North Carolina Community College Grant Program, and other financial aid options. The NCCCS Office will coordinate a training program for financial aid counselors and will disseminate information about the program to the public.

Policies for the North Carolina Community College Loan Program

This act allows the State Board of Community Colleges to use some of the need-based financial assistance funds for short-term loans. The State Board will allocate a minimum of 5% of the \$5,000,000, or \$250,000, for short-term loans to be administered by the community colleges for curriculum students. Community colleges may request funds from the Business and Finance Division of the System Office. Amounts for which colleges are eligible to receive will be based upon the financial need of students, determined by the college's proportion of all community college Pell Grant recipients in the previous year. Each college will administer the program according to its policies and procedures as long as they are consistent with those of the State Board of Community Colleges. To ensure that students repay the loans, colleges must report students who default on repaying their loans to the North Carolina Department of Revenue and the System Office. Colleges will report annually to the System Office the number of loans granted, the total amount loaned (which may exceed the amount allocated if loans are repaid and new loans are made), and the balance in the loan fund as of June 30.