

Rules and Procedures for the UNC Need Based Grant

Need-based State grant aid is intended to *complement*, not merely to supplement, efforts of the federal government and institutions of higher education in meeting the needs of students. The intent of the UNC Need Based Grant program is to serve North Carolinians who would find it difficult – or impossible – to gain access to higher education in our University of North Carolina system, even with federal and institutional resources directed toward their costs. The following points outline the basic rules and procedures for the UNC Need Based Grant program:

Brief Summary of the Process:

- Students apply for the UNC Need-Based Grant by filing a Free Application for Federal Student Aid (FAFSA) and listing at least one UNC campus as a destination point for the data from the federal processor.
- College Foundation, Inc. (CFI), acting on behalf of the North Carolina State Education Assistance Authority (NCSEAA), receives this data and, via the CFNC website, notifies campus financial aid offices of potentially eligible students.
 - As long as funding is available, potentially eligible students are listed as “eligible and funded”.
 - If funding is exhausted, potentially eligible students are listed as “eligible, but unfunded.”
- Campus officials review the list of “eligible and funded” and certify awards for students who meet required enrollment status and financial status criteria.
 - Definitions for enrollment status and requirements for verification and resolution of conflicting information are the same as for federal aid.
 - To assure the integrity of the State program, the State aid is certified using the same federal ISIR transaction number as is used for federal aid.
- As part of the grant budgeting process, advance predictions are made to anticipate the number of certifications and the likelihood of all campuses being able to complete certification before the depletion of funds. If more certifications than anticipated are received from campuses for a given term, CFI may have to stop additional certifications to avoid over expending the budget.
- CFI transmits funds for certified students to the campus.

- Campus officials disburse these funds to each eligible student and return to CFI any funds for which non-enrollment or enrollment status or financial status changes occur.

Summary of the Eligibility Formula:

- The program utilizes data from the FAFSA and targets funds mainly toward students who are also eligible for federal aid. As such, it follows federal aid definitions such as full time and half time enrollment status and satisfactory academic progress. Three quarter time status is not used in the UNC Need Based Grant; if a student is enrolled at least half time but less than full time, then the student is treated as a half-time student.
- There are intended differences between the program's definitions of "need" and the definition contained within the Federal Methodology (FM).
- Acknowledging these differences *broadens the targets* for state aid and *provides needed assistance* for students receiving inadequate federal aid.
- FM is one measure of "need," and the UNC Need Based Grant methodology is another measure. Neither is "right" or "wrong" and both are appropriate in fulfilling the legislative intent behind particular programs of aid.
- Specific methodological differences between the UNC Need Based Grant and the federal methodology are summarized as follows:
 1. While the program uses the FAFSA as the primary data source, it also uses logic to recalculate total income and taxes paid in cases where insufficient federal questions or edits appear to have permitted erroneous or incomplete data into the system.
 - i. If parental wages are greater than the AGI, then sum of wages (minus up to \$4,000 of any amount in FAFSA Worksheet B), is used in the calculation in place of reported AGI. This avoids counting of losses that offset normal income.
 - ii. Reported federal income tax paid is compared to a calculated federal income tax amount and the lower of the reported or calculated is used.
 2. The program uses allowances from the Institutional Methodology of the College Board rather than from the Federal Methodology, as these tables are more economically sound and are updated annually to reflect changing economic conditions.
 3. The program disregards data on dependent student income.

4. The program combines student and parent assets into “family assets” and then protects significant parental and student assets (\$90,000 protected in 2005-06) from any assessment. Remaining assets above the protection amount are assessed at a flat 5% rather than assessed separately at 5.6% parental and 35% student as in the federal formula.
5. Instead of calculating contributions on these assets and student work, the program assumes a “*self-help*” level of \$4,500 per year as a standard expectation. In this way, the program encourages students to work and save for college expenses.
6. The program does not incorporate the federal “overaward” provisions. The amount per student is reduced only if entitlement aid (aid that the financial aid administrator cannot change such as Pell, Teaching Fellows, etc.), in combination with the UNC Grant, exceeds Cost of Attendance (COA - same definition as federal aid). In that case, the UNC Grant is reduced to prevent exceeding COA. If the resulting award is less than the minimum award of \$200, the award is reduced to “zero”.
7. The program calculates an expected federal tax credit as a standard expectation. The calculation is based upon an expected average credit from either the Hope or Lifetime Learning Credits, without regard to the reported year in school of the student or to the income or tax filing status of the individual student.
8. Eligibility is the result of the Cost of Attendance (allowable tuition and fees plus a fixed amount for other educational costs) minus the calculated state EFC as described above, minus the self help expectation, minus any federal Pell Grant, minus the tax credit expectation. Awards are subject to a minimum of \$200 and a maximum of \$3,250 (\$3,450 at NC School of the Arts).

Availability and Offering of Funds

- In late winter or early spring, as soon as the Governor’s budget request is made to the General Assembly, NCSEAA determines a probable amount of funding available for the upcoming year. This determination utilizes the base or continuation budget but will generally NOT include recommendations for increased appropriations. Those will be incorporated after passage by the General Assembly.
- Based upon experience to date, the funds are offered using the following formula:
 - The total budget minus a reserve for spring-only awards (the “*spring reserve*”) is considered. This net after reserve for spring is

multiplied by a factor, currently 1.2, to provide a level of over-commitment to plan for non-enrollees among eligible applicants. The result is called the “*initial offering*.”

- The initial offering is made and potentially eligible students rosters are communicated to campuses.
 - *(Total potentially eligible students are processed by CFI and campuses are notified of certification potential until the initial offering is depleted; at that point students who meet eligibility formula standards are labeled “eligible but unfunded” by CFI. These students are thus ready for awards if additional funds are appropriated for the program or if the prediction formula is insufficient to expend the budgeted total).*
- Campuses package awards and notify students of the potential aid during the spring and early summer, as part of their regular financial aid award process.
- Certifications by campuses are permitted on and after July 1. Once a campus certifies a student for the grant, that student’s record is locked and cannot be certified by another campus.
- Once certifications begin, CFI monitors them by semester.
 - Fall certifications by campuses are permitted up to the amount of the initial offering divided by 1.915. (Based on previous experience in the program, the assumption is made that fall awards will be renewed for spring semester at 91.5% of total fall awards).
 - Campuses have the option of certifying for both semesters or for certifying eligibility a semester at a time. In either case, a student certified as eligible for fall is equally expected to be funded for spring if he or she re-enrolls. Fall students continuing into spring will have priority over students who did not have fall awards but enroll in spring.
 - If additional appropriations are made by the General Assembly after the initial offering, these generally will be offered to late applicants and combined with the spring reserve rather than modifying the eligibility formula for the current year.
- Students enrolling in the spring who do not have fall awards will be considered for funding from the spring reserve, assuming that all fall recipients who re-enroll are funded.
 - Applications for spring will be considered in order of the date they were filed. Thus, students enrolling both fall and spring who apply too late to receive funds for fall, may receive a spring-only award, as may students who enroll only in spring.
 - The spring reserve plus any additional appropriation by the General Assembly will be used to process awards for late applicants and for spring enrollees.

- Note that the spring reserve would be used first to offset the over-commitment issue should the initial offering prove to be too high and secondly for the spring awards needed for fall recipients continuing into spring enrollment. If, however, the prediction formula works precisely as intended, the total spring reserve will be available for spring awards.
- For example, if the program is budgeted for \$47,365,000, the formula outlined above would work as follows:
 - Spring reserve is \$2,365,000.
 - Over-commitment = \$45,000,000 times 1.2 = \$54,000,000.
 - Fall certification maximum = \$45,000,000 divided by 1.915 = \$23,500,000 (rounded)
 - Funding needs expected for spring renewals = \$23,500,000 times .915 = \$21,500,000.

Student Eligibility:

- When a campus aid administrator completes the certification of a student for a **UNC-Need Based Grant**, he or she is affirming that
 1. the student meets the definition of “Eligible Student” for Title IV aid
 2. the student meets the following eligibility requirements:
 - i. is a North Carolina resident for tuition purposes
 - ii. attends or plans to attend one of the 16 constituent institutions of the University of North Carolina in an eligible program taking at least six credit hours as an undergraduate student in matriculated status;
 - iii. is enrolled in the correct number of hours indicated for the grant (minimum of 12 semester hours of enrollment for full time and 6 semester hours for half-time)
 3. the student and family household information and financial data are the same used for federal aid eligibility determination by the campus, with disbursement of state aid based on same ISIR transaction number as is used for disbursement of federal aid.

Refunds:

- Refunds of grants must be made under the following circumstances:
 1. Grant awards are made on the basis of the campus certification of the student enrollment status as of the census date or the certification date, whichever is later.

2. If, after the census or certification date, a student makes a change to either additional or fewer hours of enrollment, normally the grant remains the same.
3. However, if the campus adjusts the tuition as a result of a drop in hours or a withdrawal, the grant program must receive its pro-rata share of any refund before the student receives any refund. If there is no refund of tuition, there is no refund to the grant program.
4. Grant funds received by the campus for students who were expected to enroll but did not enroll must be promptly returned CFI.