Rules Governing the Education Access Rewards North Carolina Scholars Fund Program

A Program of the State of North Carolina
Administered by the State Education Assistance Authority
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PART I
SHORT TITLE, PURPOSE AND DEFINITIONS

.0100. Short Title. The Rules Governing the Education Access Rewards North Carolina Scholars Fund Program may hereinafter be cited as the “EARN Program Rules.”

.0101. Scope. The Education Access Rewards North Carolina Scholars Fund was created by the 2007 General Assembly to provide grants to certain eligible students to enable them to obtain an education beyond the high school level at public postsecondary institutions without incurring student loans to meet their financial needs during the first two years of their postsecondary education. As directed by the General Assembly, the Authority administers the Program pursuant to the Act and the EARN Program Rules. Each eligible community college and university plays a role in administering the grants for the eligible students that it enrolls. Funds for the grants are generally contingent each year upon appropriations made available to the Authority.

.0102. Definitions. Unless the context clearly indicates some other meaning, the capitalized words and terms below shall have the following meanings:

(a) “Academic Year” means a period of time in which a student in Matriculated Status is expected to complete the equivalent of at least two semesters or three quarters of academic work, beginning with the fall school term of any year.

(b) “Act” means Section 9.7(a) of Chapter 323 of the Session Laws of North Carolina of 2007, codified in G.S. § 116-209.26 of the General Statutes of North Carolina, as existing at the date of adoption of the EARN Program Rules, or as thereafter amended, and any subsequent budget or appropriations act affecting the Program.

(c) “Approved Institution” means a postsecondary institution that is either one of the institutions of higher education listed in G.S. § 116-4 or a community college as defined in G.S. § 115D-2(2) and has executed the EARN Participation Agreement.

(d) “Authority” means the State Education Assistance Authority, a political subdivision of the State, created and enabled under Article 23 of Chapter 116 of the North Carolina General Statutes.
(e) "Authorized School Official" means the person who is designated by the chief executive officer of the Approved Institution to administer the Program for the Approved Institution.

(f) "Central Processing System" means the United States Department of Education facility that processes FAFSA, determines a student's eligibility for aid and conducts a series of quality control and eligibility checks on the application data.

(g) "Cost of Attendance" means a student's total cost of attending a postsecondary institution as set forth in Section 472 of the Higher Education Act (20 U.S.C. § 1087ll).

(h) "Eligible Student" means a student who meets all of the requirements to receive a Grant under the Act and the EARN Program Rules.

(i) "FAFSA" means the Free Application for Federal Student Aid.

(j) "Fiscal Year" means each annual period which begins on July 1 in any calendar year and ends on June 30 in the following calendar year.

(k) "Foundation" means College Foundation, Inc., acting as an agent of the Authority.

(l) "Grant" means the grant awarded to an Eligible Student under the Program.


(n) "Matriculated Status" means, with respect to an Eligible Student, that the Student is recognized by the Approved Institution, without regard to any course credits earned while the student was in high school, as a first-time candidate in a defined program of study leading to an associate's degree, baccalaureate degree, diploma, or certificate.

(o) "Participation Agreement" means the agreement, in a form acceptable to the Authority, by which an Approved Institution agrees to administer the Program in compliance with the Act and the EARN Program Rules on behalf of the Eligible Students at the Approved Institution.

(p) "Program" means the Education Access Rewards North Carolina Scholars Fund program.

(q) "Residence Manual" means the most current edition of A Manual to Assist the Public Higher Education Institutions of North Carolina in the Matter of Student Residence Classification for Tuition Purposes as adopted from time to time by the Board of Governors of The University of North Carolina.

(r) "State" means the State of North Carolina.
(s) “State Auditor” means the Office of the Auditor of the State of North Carolina.

(t) “Total Family Income” means total income attributed to the parent or parents, on which the student is dependent, or attributed to the student if the student is certified as a ward of the court, calculated using adjusted gross income and other income as reported on the Institutional Student Information Record (ISIR) for the student and any adjustments reported on the student’s FAFSA or using such other method and sources of verifiable information determined by the Authority as necessary to meet the requirements and intent of the Act.
PART II
STUDENT ELIGIBILITY FOR GRANTS

.0200. General Rule. A student is eligible to receive a Grant for an Academic Year if the Approved Institution at which the student is enrolled, or admitted for enrollment, determines that the student:

(a) is classified as a dependent student for purposes of eligibility for federal financial aid under the Higher Education Act or is certified by the North Carolina Department of Health and Human Services as a ward of the court;

(b) is a resident of North Carolina and the United States and is a resident for tuition purposes under G.S. § 116-143.1 and the Residence Manual;

(c) within seven months of the Fiscal Year in which the grant is first disbursed:
   i. graduated from a North Carolina high school;
   ii. received a General Education Development certificate from a North Carolina institution; or
   iii. completed a high school education in a home school setting in compliance with G.S. § 115C-564;

(d) is admitted, enrolled and classified as an undergraduate student in Matriculated Status on a full-time basis;

(e) demonstrates that Total Family Income does not exceed two hundred percent (200%) of the applicable federal poverty guideline for the student’s family size under the poverty guidelines published annually by the federal Department of Health and Human Services;

(f) meets all of the eligibility requirements, except the expected family contribution requirement, for the federal Pell Grant under the Higher Education Act and applicable federal regulations;

(g) has not received the Grant for more than the maximum period of time established by the Act and the EARN Program Rules;

(h) has complied with the registration requirements of the Military Selective Service Act or is exempt from the registration requirements; and
(i) is not in default, or does not owe a refund, under any federal or state loan or grant program.

.0201. Determination of Eligibility Based on Total Family Income. Determination of Total Family Income for an Eligible Student shall be made on the basis of information available to the Approved Institution from such student’s FAFSA, federal income tax returns filed by the student’s parent or parents or filed by the student if certified as a ward of the court, or such other source of information as the Authority directs by memorandum issued in accordance with Rule .0401. The Authority may establish standards for measuring such other sources of income information and for determining that the availability of certain assets disqualifies an Eligible Student from receiving a Grant and may direct Approved Institutions to apply such standards pursuant to Rule .0401.

.0202. Satisfactory Academic Progress Requirement. An Eligible Student may receive a Grant for the Eligible Student’s second Academic Year provided that the Eligible Student meets the standards by which the Approved Institution measures a student’s satisfactory academic progress toward completion of a program of study for the purposes of determining eligibility for federal financial aid under the Higher Education Act.

.0203. Limitation on Eligibility.

(a) An Eligible Student may not receive a Grant for more than the equivalent of two Academic Years.

(b) An Eligible Student may not receive a Grant in an amount that, when combined with the total amount of financial aid for which such student is eligible, exceeds the Eligible Student’s Cost of Attendance.
PART III
APPROVED INSTITUTIONS; REQUIREMENTS AND PROCEDURES

.0300. Participation Agreement Required. To administer Grants on behalf of Eligible Students, an Approved Institution shall enter into a Participation Agreement with the Authority. Each Participation Agreement between the Authority and an Approved Institution, upon proper execution, shall remain in effect until it is terminated pursuant to the terms of the Agreement.

.0301. Grant Application Procedures; Determination and Certification of Eligible Students.

(a) Method of Applying for Grants. In order to be considered for a Grant, a student must complete the FAFSA, listing at least one Approved Institution, and submit it to the Central Processing System in a timely manner.

(b) Determination of Eligible Students. The Approved Institution shall employ procedures consistent with the Act and the EARN Program Rules to determine whether or not each student, whom the Foundation identifies as potentially eligible for the Program and for whom the Approved Institution receives an Institutional Student Information Record (ISIR) from the Central Processing System, is eligible for a Grant under the EARN Program Rules.

(c) Grants within an Academic Year. An Approved Institution may award a Grant to an Eligible Student for each of one or more semesters or quarters during an Academic Year, provided that total Grant amount, when combined with the total amount of financial aid for which such student is eligible for that Academic Year, does not exceed the Eligible Student’s Cost of Attendance.

(d) Denial of Grant Applications. If, after an initial Grant award, the Approved Institution determines that a student is not eligible to receive a Grant, the Approved Institution shall notify the student of the determination in any manner permitted for comparable determinations under the Higher Education Act and shall notify the Foundation in a manner acceptable to the Authority.

(e) Certification of Grant Recipients. To ensure that only students who qualify under the Act and the EARN Program Rules receive Grants, each Approved Institution shall certify each Eligible Student receiving a Grant at least annually in a manner approved by the Authority. Notice regarding certification requirements shall be issued in accordance with Rule .0401, and
certification via the software provided on the College Foundation of North Carolina website (www.CFNC.org) is hereby approved.

.0302. **Amount of Grant Payable.** The General Assembly determines the maximum amount of a Grant payable to each Eligible Student who qualifies for the Grant and appropriates the funds for the Program for each Fiscal Year. In the event there are insufficient funds to provide the maximum Grant amount to each Eligible Student for an Academic Year, the Authority reserves the right to require Approved Institutions to submit a list of those Eligible Students who had at least one Academic Year of college credit as of the date they first entered Matriculated Status. The Authority further reserves the right to reduce the amount of a Grant, effective for semester or term immediately following the fall semester or term, for each Eligible Student who first entered Matriculated Status with less than one Academic Year of college credit.

.0303. **Institutional Method for Handling Program Funds.** Immediately upon receipt of Grant funds from the Authority, each Approved Institution shall deposit the funds into a separate account identified as the “Education Access Rewards North Carolina Account” within the Approved Institution’s accounting system. An award to each Eligible Student who qualifies for a Grant under the EARN Program Rules shall be made by a debit against the Education Access Rewards North Carolina Account and a credit to the Eligible Student’s account at the Approved Institution. The Approved Institution shall notify each Eligible Student of the source and amount of the Grant in any manner permitted for notification of federal Pell Grants under the Higher Education Act.

.0304. **Designation and Role of Authorized School Official.** The Authorized School Official shall maintain institutional records, consult with Eligible Students about Grants and perform such acts as may be necessary for the Approved Institution to comply with the Act and the EARN Program Rules.

.0305. **Audit Requirements for Approved Institutions.** Each Approved Institution shall be subject to audit and review by the Authority and the State Auditor to determine if the Approved Institution is complying with the Act and the EARN Program Rules.
.0306. Inspection of Records. Each Approved Institution shall make all Program records available to the Authority for inspection upon request. All Program records must be retained by the Approved Institution for a period of five years or until any audit exceptions have been resolved, whichever is longer.

.0307. Authority's Reliance upon the Certification of the Approved Institution. For disbursement of Grants and other purposes, the Authority may rely on the certifications of the Authorized School Official submitted in accordance with the EARN Program Rules.

.0308. Refund of Grant Funds to the Foundation.

(a) Grant Funds Not Expended Due to Student Ineligibility. If, after disbursement of a Grant, an Eligible Student for whom an Approved Institution awarded a Grant withdraws from the Approved Institution or otherwise becomes ineligible for the Grant during the Academic Year for which the Grant was awarded, then the Approved Institution shall promptly refund the Grant in accordance with policies that it follows for refunds for programs under the Higher Education Act.

(b) Grant Funds Not Expended Prior to the End of the Fiscal Year. Any Program funds not expended by the Approved Institution for EARN Grants as of the end of the Fiscal Year shall be returned to the Foundation by the Approved Institution within 30 days of the end of the Fiscal Year.

c) Effect of Delay in Remitting Refunds. The Foundation shall withhold disbursement of Program funds to an Approved Institution for a subsequent Fiscal Year in the event that the Approved Institution does not remit a refund as required by this Rule .0308.
.0400. **College Foundation, Inc., as Central Administrator.** The Foundation, as agent of the Authority, is hereby authorized and directed to develop, adopt, and implement such policies and procedures as may be necessary to assist the Authority in the administration of the Program, in accordance with the Act and the EARN Program Rules. In the event of any conflict between the Act and the EARN Program Rules, the executive director of the Authority is authorized to direct the Foundation to implement temporary policies in compliance with amendments to the Act pending action by the Board of Directors to amend the EARN Program Rules.

.0401. **Interpretive Guidance.** The executive director, or appropriate division director of the Authority, may from time to time issue guidance for interpreting the EARN Program Rules in the form of policy memoranda or questions and answers. The Authority shall disseminate such interpretive guidance to all Approved Institutions. All interpretive guidance shall have the force and effect of the EARN Program Rules. In the event of a conflict between any interpretive guidance and the Act, the Act shall be controlling.

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*I, Steven E. Brooks, Executive Director and Secretary of the Board of Directors of the Authority, DO HEREBY CERTIFY that the foregoing is a true and exact copy of the Rules Governing the Education Access Rewards North Carolina Scholars Fund Program as adopted by the Board of Directors of the Authority on December 7, 2007, and as approved as final pursuant to the authority delegated to me; these Rules are in full force and effect and have not been amended or rescinded.*

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*Steven E. Brooks*
*Secretary of the Board of Directors*