North Carolina Need Based Scholarship (NCNBS) Training

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Wake Forest University

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NCSEAA
Disclaimer

- Information provided in this presentation represents current intentions.
- Some items are still under review.
- Final program rules must be approved by NCSEAA Board of Directors in February.
Agenda

• Institutional Eligibility
• Student Eligibility
  – CFI Responsibilities
  – Institutional Responsibilities
    • NC Residence For Tuition Purposes
• 2012-13 NBS Payment Schedule
  – Regular versus Lower-cost Programs
• Institutional Certification of Student Eligibility
• Disbursement of Funds, Crediting of Student Accounts, Returns
• Audit Compliance
• Questions and Discussion
North Carolina Need Based Scholarship (NCNBS)

Institutional Eligibility Criteria

- Nonprofit, not owned by the State
- Has a main permanent campus in North Carolina
- Accredited by SACS or NEASC

OR

- Owned or operated by a NC hospital authority
- A school of nursing affiliated with a nonprofit institution
North Carolina Need Based Scholarship (NCNBS)

- Established by the 2011 NC General Assembly to provide need-based funding for students attending eligible private institutions
  - NCICU campuses
  - Johnson & Wales University
  - Mid-Atlantic Christian University
  - The College at Southeastern
  - Carolinas College of Health Sciences
  - Mercy School of Nursing

- Administered by CFI on behalf of NCSEAA
Implementation Timeline

• December/January
  – Training
  – Payment Schedule released
  – Draft rules released
  – Residency tool available for students

• February/March
  – Additional training on the use of the CFI Grant System
  – Participation Agreement sent to Eligible Institutions (via School Portal)
    • Signature required by CEO
  – Award records will be available on CFI Grant System prior to completion of approval process; institutions may package these awards prior to approval

• July 1, 2012
  – Certifications begin on the CFI Grant System
  – Disbursements will not be made until institution is approved
Student Eligibility Requirements

• “Needy North Carolina students” G.S. § 116-281

Eligibility requirements for scholarships:
– Legal resident of North Carolina;
– North Carolina resident for tuition purposes under G.S. § 116-143.1 and the *North Carolina State Residence Manual*;
– Has an EFC under FM that does not exceed an amount set annually by the Authority (less than/equal to 15,000 for 2012-13);
– Undergraduate student in matriculated Status (in a defined program of study leading to a degree, diploma or certificate);
– Student must be making satisfactory academic progress (currently defined by the institutional policies related to federal aid eligibility);
– Meets all of the requirements for the federal Pell Grant, with the exception of EFC

• See next slide
Federal Aid Eligibility Requirements
(Meets all of the requirements for the Federal Pell Grant, with exception of EFC)

- **Student must:**
  - Be enrolled or accepted for enrollment for the purpose of obtaining a degree or certificate
  - Have a high school diploma or equivalent, pass ability-to-benefit test*, satisfactorily complete 6 credit hours applicable toward a degree or certificate offered by the institution or have been home-schooled
    *Consult ED guidance with regards to “trial/conditional” periods of enrollment and exceptions
  - Not be simultaneously enrolled in elementary or secondary school
  - Not already have a bachelor’s degree;
  - Be U.S. citizen, national, or eligible noncitizen
  - Have valid Social Security Number (SSN)
  - Be registered with Selective Service, if required
  - File Statement of Educational Purpose (on FAFSA)
Federal Aid Eligibility Requirements (continued)
(Meets all of the requirements for the Federal Pell Grant, with exception of EFC)

– Not be in default on Title IV loan or owe overpayment on Title IV grant
– Not have borrowed in excess of annual or aggregate loan limits
– Not have property subject to lien for debt owed to U.S. (i.e. lien placed as result of student failing to pay federal tax debt or make satisfactory arrangements to pay)
– Be maintaining satisfactory academic progress
– Not have been convicted or pled nolo contendere (no contest) or guilty to a crime involving fraud in obtaining Title IV Funds
  • Ineligible until fraudulently obtained funds completely repaid to Secretary or loan holder(s)
– Not be in violation of the drug conviction restrictions for Pell eligibility
– Any other Pell eligibility restrictions not listed here; consult the most recent FSA Handbook and ED guidance for updates and changes.
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Data Flow from Student to Schools and College Foundation

Student (and Parents) completes FAFSA

Submitted via paper or online

Corrections, if any back to CPS

CFI receives a copy of data for all FAFSA and corrections for any applicant listing a NC grant-eligible school.

All sets of data reported

School verifies/ corrects data, if necessary

Data Processed by Central Processing System (CPS)

Student Aid Report (SAR) to student

Institution Student Information Reports (ISIRs) to selected schools

ISIR/CPS data to NCSEAA/CFI

CFNC.org
North Carolina Need Based Scholarship (NCNBS)

Multiple datasets for a student are often received

CFI creates grant records and checks eligibility for all sets of data received.
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Each dataset may list up to ten schools

For each set of data received, CFI creates the appropriate records for the school(s) listed.
Initial Determination of Eligibility by CFI

What does the CFI Grant System check?

- CFI initial determination of eligibility uses data from student’s FAFSA
  - Confirm U.S. citizen or eligible non-citizen
  - Valid record (Dependent or Independent status)
  - **Preliminary** check of NC resident for tuition purposes status:
    - Student State of Residence on FAFSA is ‘NC’
    - Reported Date of State Residence is 12+ months prior to the start of term
  - **Initial** Title IV eligibility:
    - No Title IV grant overpayment or loan default per NSLDS match flag
    - No discharged loan per NSLDS match flag
  - Check reported grade level
  - No prior bachelor’s degree reported
  - Award eligibility/amount per EFC calculated
  - Student has not received the grant more than the allowable number of terms (See next slide)
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Semester Tracking

- Semester limits for NCNBS
  
  § 116-281. Eligibility requirements for scholarships. (6)
  
  - 9 semesters (full-time) for a four-year degree program
  - 11 semesters (full-time) for a five-year degree program
  - Prorated if students are enrolled less than full-time

- Will be tracked by CFI Grant System
  
  - 9 semester limit will be the default eligibility limit
  - 11 semesters will be an ‘override’ option
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CFI Grant System’s determination of eligibility is a rebuttable determination:

- Institution must:
  - Gather additional information to determine eligibility
  - Reconcile *conflicting information* when necessary
- This is particularly important as it relates to North Carolina residency for tuition purposes.
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Collecting Additional Information to Assist in Residency Decisions

- SEAA will provide an interactive electronic tool for students to answer questions regarding North Carolina residency
  - Initial eligibility assumptions will be based upon information on student’s FAFSA
  - Students’ answers will be delivered electronically to the Approved Institution using the SEAA School Portal
  - PDF of questions will be provided as an alternative way of collecting the information
- Use of the SEAA-provided residency form/tool will be optional; the institution may elect to use its own processes or forms:
  - Institution must document how its processes/forms meet the requirements of determining NC residency for tuition purposes.

Residency Training Modules and Residency Manual:
North Carolina Need Based Scholarship (NCNBS)

Residency Decisions for NBS for Returning Students

• The institution makes a residency determination when the student is first certified for the award (e.g. fall of the student’s first year).

• The institution may make a reasonable assumption that the student maintains NC residence for tuition purposes provided:
  1. the student maintains continuous enrollment,
  2. and the institution has a documented process monitoring the year-to-year continuity of information on which the residency determination was made and addresses changed/conflicting information when it occurs.
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- Institution is required to:
  - Have internal systems to share information among offices that is relevant to a student’s eligibility
  - Develop adequate systems to ensure consistency of information related to a student’s application for federal student aid and state residency determination
  - Resolve **conflicting information** that impacts residency determination for all students, not just those selected for verification
  - Document the processes above

- A student’s ISIR **must always** indicate ‘NC’ as state of residence in order to be eligible.
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Annual Payment Schedule

• NCSEAA will establish an annual payment schedule based on appropriated funds and anticipated enrollment for the upcoming academic year.

  § 116-282. Scholarship amounts; amounts dependent on availability of funds.

• 2012-13 payment schedule is intended to expend all NBS funds and is based on NCSEAA’s best estimate given fall term 2011-12 enrollment and FAFSA information.

• The maximum eligible EFC cannot exceed the costs of attendance of UNC campuses.

  § 116-281. Eligibility requirements for scholarships.
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Annual Payment Schedule (continued)

• Award amount is based on the student EFC on the ISIR transaction used by the institution for packaging.
  • Institution must use the same ISIR transaction # used for federal aid

• Students must be enrolled as ¾- or full-time student.

• Payment schedule assures consistent award amounts for students between varying North Carolina private institutions.

• Payment schedule differentiates between students in ‘regular’ programs versus ‘lower-cost’ programs at an institution.
## North Carolina Need Based Scholarship (NCNBS)

### Annual Payment Schedule cont.

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<th>EFC Ranges</th>
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<th>Full-time NBS (Regular awards)</th>
<th>3/4-time</th>
<th>Full-time NBS (Lower-cost awards)</th>
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North Carolina Need Based Scholarship (NCNBS)

Annual Payment Schedule cont.

Graph of Payment Schedule:
Awards by EFC
North Carolina Need Based Scholarship (NCNBS)

Annual identification of lower-cost programs

• Institutions must identify all programs that are lower-cost programs

• Report how students enrolled in lower-cost programs are identified within the institution’s systems (i.e. how are they ‘flagged’ differently within campus systems).

• Future audits and reviews will determine if:
  • students within these programs were correctly certified as lower-cost and
  • the institution correctly identified all lower-cost programs.
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Primary characteristics of a lower-cost program

- Costs are reduced for all (or substantially all) of the students enrolled in/through a particular program
  - Reduced tuition and/or fees
  - Per credit hour charges that are not proportionally equal to full-time tuition + fee charges
  - Use of a standard scholarship/grant that reduces the cost of all (or substantially all) students enrolled in/through a particular program where the standard scholarship/grant applied is not tied to need, merit, ability, and/or achievement
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Additional characteristics of a lower-cost program

- Based on a survey of NC institutions that reported having lower-cost programs, these programs may (or may not) have:
  - Separate admissions policies, practices, and/or offices;
  - Admission restrictions based on non-academic factors;
  - Distinct marketing that identifies costs that are lower than the regular tuition/fee amounts charged;
  - Limited course or program options when compared institution’s complete offerings;
  - Limitations/requirements regarding on-site, off-site and/or online courses.
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Total program funding for lower-cost program certifications

• Cost projections for the 2012-13 implementation of the NBS program were based on a payment schedule that included lower-cost certifications proportional to current levels per institution.

• Major enrollment shifts between regular- and lower-cost programs will impact overall fund availability.

• The 2012-13 Payment Schedule was designed to expend all available funds.

• Funds will be allocated on a first-come, first-served basis.
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Program Participation Agreement (PPA)

- PPA will be available to institutions in February/March 2012
- The PPA will stipulate that:
  - Institutional procedures will be aligned with statute, rules and periodic directions from NCSEAA
  - Authorized School Official:
    - designated by the Approved Institution as the administrator for the CFI Grant System;
    - will be primary point-of-contact responsible for the administration;
    - will be permitted to delegate and share certification authority with additional staff (i.e. can allow access and certification privileges on the CFI Grant System)
    - is responsible for ensuring that staff members are adequately trained in certification and packaging of NBS awards
  - 2012-13 awards will be listed on the CFI Grant System prior to the institution’s approval as a participating institution
North Carolina Need Based Scholarship (NCNBS)

Certification of Eligible Students

- **Potentially** eligible students will be listed on the CFI Grant System.

- Certifications of eligibility will be submitted by the institution via the CFI Grant System.

- Disbursements to institutions will be via CFI.

- All financial transactions related to NBS will be conducted through CFI.
Certification of Eligible Students

- Certification of a student scholarship indicates that all of the eligibility requirements for the program have been met, including (but not limited to):
  - Student is a North Carolina resident;
  - Student is a North Carolina resident for tuition purposes as defined by the NC Residency Manual;
  - Student’s credit hours equal the enrollment status certified;
  - Student is an undergraduate student in a matriculated status (in a defined program of study leading to a degree, diploma or certificate);
  - Student’s award is based on the same ISIR transaction (CPS#) that is being used for all other federal, state, and/or institutional aid;
  - Student is Pell eligible (excepting the EFC requirement), (see slides 8 & 9)
  - Student has EFC (under FM as reported on the ISIR) that does not exceed that set annually by the Authority and corresponds with the award given;
  - Student has not received NBS awards for more than the equivalent of 9 semesters (excepting enrollment in five-year programs where 11 semesters will be allowed).
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Certification of Eligible Students, Disbursements and Crediting Funds to Student Accounts

• Upon receipt of funds, the institution must apply the funds to students’ accounts in a timeframe consistent with the program requirements.
• Institutional practices must ensure that funds are not disbursed too early:
  • Certifications can begin on 7/1; however, institution must set disbursement dates to reflect the school’s calendar;
  • Institutions can certify fall and spring terms simultaneously (i.e. assume full-year enrollment); however, school must confirm continuing enrollment of all students prior to each term’s disbursements;
  • Spring disbursements allowed as early as 12/1; however, timing must align with program guidelines for posting NBS awards;
  • etc.
• Future audits will review the timing of disbursements from CFI, the posting of funds to student accounts and the students enrollment status at the time of the transactions.
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Mini-terms

- Mini-term enrollment must be determined within the framework of fall & spring terms.
- Institution must apply the funds to students’ accounts in a timeframe consistent with the program requirements:
  - For students whose mini-term coursework begins late within a term, certifications may be submitted early; however, the ‘Hold’ feature must be used so that the funds are not disbursed in violation of the rules;
  - For students whose hours do not equal 9+ hours until later in a term, certifications may be submitted early; however, the ‘Hold’ feature must be used so that the funds are not disbursed in violation of the rules;
  - For students whose initial hours are at least 9 hours but who will not be at 12+ hours until later in a term, the institution may submit an initial certification for ¾-time (‘3’), allowing the initial disbursement of funds; when the student’s enrollment is at least 12 hours, certification may be resubmitted as full-time (‘F’) allowing the balance of funds to disburse.
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Return of funds for ineligible students

- Disbursements of NBS are per student, per term with no netting of funds:
  - Between students (no substitutions),
  - Between terms,
  - Across academic years.
- If a student is determined ineligible by the school, the full disbursed amount must be returned.
- If a student reduces enrollment status or withdraws, returns must be consistent with written campus policies/procedures that define the return of funds for enrollment status changes.
  - If a withdrawn student is owed a credit balance after withdrawal, NBS funds must be returned to CFI before any credit balance is presented to the student.
- If a student’s ISIR data changes, excess funds must be returned so that the student’s award is consistent with the newly calculated EFC;
  - If the change increases the award the CFI Grant System will allow the disbursement of the additional funds.
- Returns from the institution must be returned to CFI within 30 days.
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Maintenance of Records & Completion of Reviews and Audits

- Records must be kept for five years from the close of the academic year or until all audit exceptions for the academic year are resolved, whichever is longest.

- 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 Program Rules.

- Disbursement of funds will be halted for non-compliance with audit findings, e.g. failure to return funds, amend procedures, etc. as directed by the reviewer or auditor.
Questions?