



*North Carolina State Education
Assistance Authority*

REGULATIONS GOVERNING THE NORTH CAROLINA STUDENT INCENTIVE GRANT PROGRAM

**A Program of the State of North Carolina
Administered by the State Education Assistance Authority
10 Alexander Drive
P. O. Box 13663
Research Triangle Park, NC 27709-3663**

Adopted by the Board of Directors July 14, 2000
Revised and Amended February 16, 2007

TABLE OF CONTENTS

PART 1.....	2
SHORT TITLE AND DEFINITIONS	2
.0100. Short Title.....	2
.0101. Scope.....	2
.0102. Definitions.....	2
PART 2.....	8
APPLICATION PROCEDURES; AWARDING OF GRANTS.....	8
.0200. Student Application Procedures.....	8
.0201. Selection of Eligible Students for Grants.....	8
.0202. Grant Period	10
.0203. Notification and Certification of NCSIG Recipients	10
.0204. Interpretive Guidance.....	11
PART 3.....	7
REQUIREMENTS FOR APPROVED INSTITUTIONS	7
.0300. Approved Institutions by Type.....	7
.0301. Responsibilities of Approved Institutions.....	8
PART 4.....	10
PAYMENT OF GRANTS TO ELIGIBLE STUDENTS	10
.0400. Amount of Grant	10
.0401. Overaward Prohibited	10
.0402. Prorating and Disbursing the Grant by School Term.....	10
.0403. Adjustments to Grant Amounts.....	11
.0404. Summer Terms Excluded.....	11
.0405. Disbursement of Grants by the Foundation.....	11

PART 1

SHORT TITLE AND DEFINITIONS

.0100. Short Title. The Regulations Governing the North Carolina Student Incentive Grant Program may hereinafter be cited by the Authority, and are sometimes referred to, as “these Regulations.”

.0101. Scope. The NCSIG provides financial assistance to North Carolina residents who attend Approved Institutions and demonstrate Substantial Financial Need. Funds for the NCSIG are contingent each year on appropriations made available to the Authority by the General Assembly and federal government.

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

- (a) “Academic Year” means a combination of School Terms consisting of two semesters, two trimesters, or the equivalent thereof, beginning with the fall School Term of any year.
- (b) “Adjusted Gross Income” means income subject to federal income tax as taken from the line titled “Adjusted Gross Income” on the U.S. Individual Income Tax Return Form 1040 or its equivalent.
- (c) “Approved Institution” means an institution approved by the Authority to participate in the NCSIG.
- (d) “Authority” means the State Education Assistance Authority, a political subdivision of the State, created under Article 23 of Chapter 116 of the North Carolina General Statutes.
- (e) “Central Processing System” (CPS) means the United States Department of Education facility that processes the FASFA, determines a student’s eligibility for financial aid under the HEA and conducts a series of quality control and eligibility checks on the application data.

- (f) "Cost of Attendance" means a student's total cost of attending a postsecondary institution as set forth in Section 472 of the HEA.
- (g) "Dependent Student" means any student who does not qualify as an Independent Student as set forth in 34 C.F.R. Part 668.
- (h) "Eligible Program" means an undergraduate program of an Approved Institution other than:
 - i. any program the objective of which is the attainment of a degree in theology, divinity or religious education;
 - ii. any other program that is designed primarily for career preparation in a religious vocation; and
 - iii. for a proprietary institution, any program not licensed by the Board of Governors of The University of North Carolina.
- (i) "Eligible Student" means a student who:
 - i. is a North Carolina resident for tuition purposes under the *Residence Manual*;
 - ii. attends or plans to attend an Approved Institution in an Eligible Program as a Full-Time Student in Matriculated Status;
 - iii. demonstrates Financial Need;
 - iv. is maintaining satisfactory progress according to the standards and practices of the Approved Institution at which the student is enrolled; and
 - v. is not in default or does not owe a refund under any federal or State loan or grant program.
- (j) "Expected Family Contribution" (EFC) means the amount, as determined under Title IV, part F of the HEA, an applicant and his or her spouse and family are expected to contribute toward the applicant's Cost of Attendance.
- (k) "FAFSA" means the Free Application for Federal Student Aid.
- (l) "Federal Need Analysis Methodology" (FM) means the formula, mandated by the HEA that determines a student's EFC.
- (m) "Financial Need" means the student's Cost of Attendance less the EFC.
- (n) "Foundation" means College Foundation, Inc., acting as agent of the Authority.
- (o) "Full-time Student" means a full-time student as set forth in 34 C.F.R. Part 688.

- (p) "HEA" means Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070 *et seq.*
- (q) "Independent Student" means a student who qualifies as an independent student under Section 480(d) of the HEA.
- (r) "Matriculated Status" means the student is a recognized by the Approved Institution as a student in a defined program of study leading to an associate degree, baccalaureate degree, diploma or certificate.
- (s) "NCSIG" means the North Carolina Student Incentive Grant Program.
- (t) "Overaward" means any amount by which the Eligible Student's total financial assistance exceeds the Eligible Student's Cost of Attendance.
- (u) "Parent" means a student's biological or adoptive mother or father or the student's stepparent, if the biological parent or adoptive mother or father has remarried at the time of application as set forth in 34 C.F.R. Part 668.
- (v) "Parent Contribution" means the portion of the EFC that is derived from parental income and asset information as reported by the CPS.
- (w) "Regulations" means the Regulations Governing the NCSIG adopted by the Authority and as may be amended, supplemented or superseded from time to time by applicable federal law, including but not limited to, 34 C.F.R. Part 668 and 34 C.F.R. Part 692, or any successor regulations.
- (x) "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.
- (y) "School Term" means either the fall or subsequent semester, or an equivalent term during which an Approved Institution regularly provides instruction to undergraduate students, excluding any term during the summer months.
- (z) "Substantial Financial Need" means the condition by which an Eligible Student demonstrates that the Eligible Student is among the most needy Eligible Students applying for the grant.

PART 2

APPLICATION PROCEDURES; AWARDING OF GRANTS

.0200. Student Application Procedures.

- (a) *Requirements for Grant Applications.* An Eligible Student must complete the FAFSA and submit it to the CPS, designating North Carolina as the student's state of legal residence and listing at least one Approved Institution.
- (b) *Annual Submission Required; Deadline.* A FAFSA must be submitted annually after January 1 for the subsequent Academic Year. The deadline for the FAFSA application is March 15 prior to the beginning of the Academic Year for which the application is being submitted. Applications shall be considered in the order of the date the FAFSA is processed by the CPS. If the CPS is unable to process the FAFSA and provide an EFC to the Authority by the March 15 deadline, the student will not be considered for the NCSIG. If funding for the program is insufficient to award grants to all Eligible Students, grants shall be awarded to such Eligible Students in the order the FAFSAs are processed by the CPS, until all funds are exhausted.

.0201. Selection of Eligible Students for Grants. The FM for the relevant Academic Year shall be used to determine Substantial Financial Need. An Eligible Student may be selected for the NCSIG on the basis of Substantial Financial Need if:

- (a) the total income of a Dependent Student's Parents is at least \$3,000 and no more than \$50,000 in the calendar year preceding the date of the NCSIG application and the Parent Contribution of the EFC is zero; or
- (b) the total income of an Independent Student plus the Independent Student's spouse is at least \$3,000 and no more than \$50,000 in the calendar year preceding the date of the NCSIG application and the Independent Student's EFC is zero.

.0202. Grant Period. A grant is awarded for one Academic Year at a time. An Eligible Student shall apply for the NCSIG annually. Previous receipt of a grant shall not entitle the student to any special or priority consideration in subsequent years.

.0203. Notification and Certification of NCSIG Recipients. The Foundation shall notify all Approved Institutions listed on the Eligible Student's FAFSA of the amount of the grant. The Foundation shall notify the authorized Approved Institutions in sufficient time for the institutions to package the grant with other forms of financial aid for the Eligible Student's benefit. This determination is deemed initial and shall be subject to confirmation by the Approved Institution that each Eligible Student initially selected by the Authority for a grant remains eligible for the grant at the times of notification and disbursement. The Foundation shall rely on each Approved Institution's normal financial aid process for notifying Eligible Students of grants. Each Approved Institution shall confirm in a manner acceptable to the Authority that each Eligible Student to whom a grant is disbursed is eligible to receive the grant under these Regulations.

.0204. Interpretive Guidance. The Authority may from time to time issue guidance to the Foundation and Approved Institutions for applying and interpreting these Regulations. This guidance may include policy memoranda and questions and answers.

Part 3

REQUIREMENTS FOR APPROVED INSTITUTIONS

.0300. Approved Institutions by Type. The following postsecondary institutions are approved for participation in the NCSIG, provided that each institution is eligible for participation in financial aid programs under the HEA, offers Eligible Programs and complies with these Regulations:

- (a) *Colleges and Universities.* Any constituent institution of The University of North Carolina; any member institution of the North Carolina Independent Colleges and Universities; and any other nonprofit institution that qualifies as an "Approved Institution" under the *Rules Governing the North Carolina Legislative Tuition Grant Program* as adopted by the Board of Directors of the Authority from time to time.
- (b) *Community Colleges.* Any community college established pursuant to Chapter 115D of the General Statutes and subject to the State Board of Community Colleges.
- (c) *Proprietary Institutions of Higher Education.* Any proprietary institution located in North Carolina meeting the definition requirements of 34 C.F.R. § 600.5 which offers Eligible Programs licensed by the Board of Governors of The University of North Carolina under its *Rules and Standards for Licensing Non-Public Educational Institutions to Confer Degrees* (most current edition).
- (d) A postsecondary institution owned or operated by a hospital authority as defined in G.S. § 131E-16(14) or school of nursing affiliated with a nonprofit postsecondary institution as defined in G.S. § 116-22(1).
- (e) *Other Institutions.* Any other institution of higher education provided that the main permanent campus of such institution is located within the state of North Carolina and such institution demonstrates, to the satisfaction of the Authority, that it has Eligible Students enrolled in at least one Eligible Program.

.0301. Responsibilities of Approved Institutions.

- (a) *Due Care and Diligence Required.* Each Approved Institution shall exercise due care and diligence in certifying NCSIG applications and the eligibility of each Eligible

Student for a grant, and in disbursing grants in accordance with these Regulations and any administrative instructions issued by the Authority or the Foundation.

- (b) *Notification of Grant Awards.* Each Approved Institution shall notify in writing, or via electronic communication, each Eligible Student who receives a grant of the source and amount of the grant.
- (c) *Determination of Eligible Students and Amounts of Grants.* The Approved Institution shall employ the FM consistent with its institutional aid policy to determine whether or not each student for which it receives an ISIR is eligible for a grant under these Regulations. The Approved Institution shall determine eligibility for a grant using the same data elements on the ISIR that it uses to determine EFC for payment of federal financial aid.
- (d) *NCSIG 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 HEA.
- (e) *Inspection of Records.* Each Approved Institution shall make all NCSIG records available to the Authority, the Foundation, and federal or State officials for inspection and audit upon request. All NCSIG records shall be maintained by the institution in accordance with the requirements of 34 C.F.R. § 668.24, or any successor regulations applicable to HEA Title IV financial aid programs, or for five years from the close of the grant or until all audit exceptions have been resolved, whichever is longer.

Part 4

PAYMENT OF GRANTS TO ELIGIBLE STUDENTS

.0400. Amount of Grant. The maximum amount of the grant for each Academic Year shall be fixed by the Authority based upon available funds from all resources and communicated in writing to the Foundation prior to beginning of each award cycle. The amount of each annual grant shall be the same per Academic Year for each Eligible Student regardless of which Approved Institution disburses the grant.

.0401. Overaward Prohibited. In the event of an Overaward, the Approved Institution shall attempt to reduce student loans or campus-based aid to prevent an Overaward. If a reduction cannot be accomplished, the Approved Institution shall reduce the amount of the student's grant to prevent an Overaward. The Approved Institution shall notify the Foundation in writing or via electronic communication of the reduced amount.

.0402. Prorating and Disbursing the Grant by School Term. Each Eligible Student selected to receive a grant and enrolled for an entire Academic Year shall receive an annual grant for the applicable Academic Year. For each Eligible Student enrolled for a period less than the Academic Year, the Approved Institution shall prorate the grant based on the institution's regular calendar by dividing the annual grant amount by the number of School Terms within the Academic Year. The award letter for each Eligible Student receiving a grant shall designate the School Term for which the student is receiving the grant and shall list the prorated grant amount for that term.

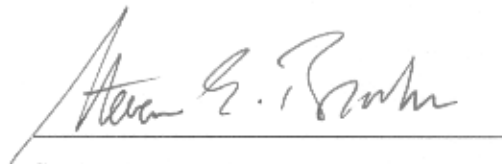
.0403. Adjustments to Grant Amounts. If, after any disbursement is in process, an adjustment in the amount of a grant is required under Section .0402, the Approved Institution shall apply the adjustment to any remaining disbursements for the Academic Year.

.0404. Summer Terms Excluded. A grant shall not be disbursed for any School Term falling exclusively during the summer months.

.0405. Disbursement of Grants by the Foundation. The Foundation shall send NCSIG funds via electronic funds transfer. The Foundation shall develop administrative procedures acceptable to the Authority for the transmittal of and accounting for NCSIG funds.

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 Regulations Governing the North Carolina Student Incentive Grant Program as adopted by the Board of Directors of the Authority, and as approved as final pursuant to the authority delegated to me; these Regulations are in full force and effect and have not been amended or rescinded.

WITNESS my hand and seal of the Authority, this the 16th day of February, 2007



Steven E. Brooks
Executive Director

