



**Rules Governing the
North Carolina Need-Based Scholarship for Public Colleges and
Universities**

A Program of the State of North Carolina
Administered by the State Education Assistance Authority
3120 Poplarwood Court
Raleigh, NC 27629

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PART I

SHORT TITLE, PURPOSE, AND DEFINITIONS

.0100. Short Title.

The Rules Governing the North Carolina Need-Based Scholarship for Public Colleges and Universities may hereinafter be cited by the State Education Assistance Authority and referred to as the “NC Scholarship Program Rules.”

.0101. The Program and its Purpose.

The Program was authorized by the North Carolina General Assembly in 2021 to provide financial assistance to needy North Carolina resident students attending eligible colleges and universities located within the State of North Carolina, beginning with the 2023-2024 Academic Year. As directed by the General Assembly, the State Education Assistance Authority administers the Program pursuant to the Act and the NC Scholarship Program Rules. Each eligible college and university plays a role in administering the Scholarships for the Eligible Students that it enrolls. The Authority administers the Program as directed by the General Assembly, and funding for Scholarships is generally contingent on appropriations made available to the Authority for the Program.

.0102. Definitions.

Unless the context clearly indicates some other meaning, the following capitalized words and phrases shall have the corresponding meanings in the Program Rules:

- (a) “*Academic Year*” means a combination of school terms consisting of two semesters, three trimesters, or the equivalent thereof, and also includes the summer term.
- (b) “*Act*” means Part 5 of Article 23 of Chapter 116 of the General Statutes of North Carolina, as existing at the date of adoption of the NC Scholarship Program Rules, or as thereafter amended, and any subsequent budget or appropriations act affecting the Program.

- (c) *“Approved Institution”* means a constituent institution of the University of North Carolina as defined in G.S. 116-2(4) or a community college as defined in G.S. 115D-2(2) that has executed a NC Scholarship Program Participation Agreement.
- (d) *“Authority”* means the State Education Assistance Authority, a political subdivision of the State of North Carolina, created and enabled under Part 1 of 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 defined in Section 472 of the Higher Education Act (20 U.S.C. § 1087II).
- (h) *“Eligible Student”* means a student who meets all of the following conditions:
1. Is seeking a degree, diploma, or certificate at an Approved Institution as an undergraduate student in a matriculated status.
 2. Meets all of the requirements to receive a Scholarship under the Act and the NC Scholarship Program Rules.
- (i) *“FAFSA”* means the Free Application for Federal Student Aid.
- (j) *“Federal Need Analysis Methodology”* means the formula mandated by the Higher Education Act that determines a student’s need.
- (k) *“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.
- (l) *“Foundation”* means College Foundation, Inc., acting as an agent of the Authority.
- (m) *“Higher Education Act”* means Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.

- (n) *“Institutional Student Information Record”* or *“ISIR”* means the report of student information from the FAFSA that is processed and generated by the Central Processing System and transmitted electronically to the Approved Institution for use in determining the student’s eligibility for financial aid.
- (o) *“Matriculated Status”* means being recognized as a student in a defined program of study leading to a degree, diploma, or certificate at an Approved Institution.
- (p) *“Needy Student”* means a student whose determination of need as reported on the ISIR qualifies the student for a Scholarship in accordance with the Payment Schedule for the Academic Year.
- (q) *“Payment Schedule”* means the schedule of Scholarship amounts established jointly by the President of The University of North Carolina and the President of the North Carolina Community College System, in consultation with the Authority, by type of Approved Institution and student financial need as defined by the Federal Need Analysis Methodology.
- (r) *“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 NC Scholarship Program Rules on behalf of the Eligible Students at the Approved Institution.
- (s) *“Program”* means the North Carolina Need-Based Scholarship for Public Colleges and Universities or the NC Scholarship Program.
- (t) *“Satisfactory Academic Progress”* means the standard or standards by which an Approved Institution measures a student’s academic progress towards the completion of his or her degree, diploma, or certificate.
- (u) *“Scholarship”* means the scholarship for education awarded to an Eligible Student under the Program.
- (v) *“State”* means the State of North Carolina.
- (w) *“State Auditor”* means the Office of the Auditor of the State of North Carolina.

- (x) *“State Funded Need-Based Financial Aid Programs”* means financial aid programs for post-secondary education funded by the State as those programs are identified in G.S. § 116-209.19A.
- (y) *“Waiver”* means a waiver granted by the Approved Institution, pursuant to the Board of Governors or State Board of Community College’s policies and procedures implementing the waiver provision, upon application by the student, that allows the student to receive a Scholarship for up to the equivalent of one additional full-time academic semester above the maximum semester limitations set forth in G.S. § 116-209.82, if the student demonstrates that any of the following have substantially disrupted or interrupted the student’s pursuit of a degree, diploma, or certificate: (i) a military service obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship.

PART II

ELIGIBILITY REQUIREMENTS

.0200. General Eligibility Requirements.

A student is eligible to receive a Scholarship for an Academic Year if the Approved Institution at which the student is enrolled, or admitted for enrollment, determines that the student meets the following requirements:

- (a) Submits a Free Application for Federal Student Aid (FAFSA).
- (b) Is a Needy Student.
- (c) Qualifies as a North Carolina resident for tuition purposes under G.S. § 116-143.1, and in accordance with the coordinated and centralized residency determination process administered by the Authority, at the time of enrollment in the Approved Institution.
- (d) Is in Matriculated Status as an undergraduate student at the Approved Institution.
- (e) Is eligible to receive financial assistance under Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. § 1070, et seq.
- (f) Is not in default under any State loan or grant program.
- (g) Meets any other enrollment standards jointly established by the President of The University of North Carolina and the President of the North Carolina Community College System for the Program.

.0201. Satisfactory Academic Progress Requirement.

An Eligible Student may receive a Scholarship for the Eligible Student's subsequent Academic Years provided that, for each subsequent Academic Year, the Eligible Student meets the standards by which the Approved Institution measures a student's satisfactory academic progress for the purposes of determining eligibility for federal financial assistance under the Higher Education Act.

.0202. Limitation on Eligibility.

An Eligible Student may only receive a Scholarship from the Program, or a scholarship or grant from any combination of the other State Funded Need-Based Financial Aid Programs, up to the maximum number of academic semesters as follows:

- (a) An Eligible Student may not receive a Scholarship from the Program or a scholarship or grant from any combination of the other State Funded Need-Based Financial Aid Programs for more than ten (10) full-time academic semesters, or the equivalent if enrolled part-time, or if the student is enrolled in a program of study officially designated by a postsecondary institution as a five-year degree program, twelve (12) full-time academic semesters, or the equivalent if enrolled part-time, unless the institution has granted the student a Waiver for up to one additional equivalent full-time academic semester.
- (b) While matriculating at a community college, an Eligible Student may not receive a Scholarship for more than six (6) full-time academic semesters, or the equivalent if enrolled part-time, unless the student has been granted a Waiver for up to one additional equivalent full-time academic semester. A Scholarship received in an Academic Year while matriculating at community college shall apply towards the limitation on the maximum number of academic semesters set forth in subsection (a) of this section.

PART III

REQUIREMENTS AND PROCEDURES FOR APPROVED INSTITUTIONS

.0300. Responsibilities of Approved Institutions.

An Approved Institution shall be responsible for at least the following:

- (a) Designating an Authorized School Official as the primary contact between the Approved Institution and the Authority and charging that person with the primary responsibility for executing the Approved Institution's responsibilities under the Program Rules.
- (b) Complying with the Scholarship disbursement procedures.
- (c) Complying with the refund procedures.
- (d) Certifying, in a manner acceptable to the Authority, that an applicant meets the eligibility requirements for a Scholarship under the Program Rules.

.0301. Participation Agreement Required.

To administer Scholarships 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.

.0302. Scholarship Application Procedures; Determination and Certification of Eligible Students.

- (a) *Method of Applying for Scholarships.* In order to qualify for a Scholarship, a student must complete the FAFSA and submit it to the Central Processing System.
- (b) *Determination of Eligible Students and Amounts of Scholarships.* The Approved Institution shall employ the Federal Need Analysis Methodology consistent with its institutional aid policy to determine whether or not each student for which it receives an ISIR is eligible for a Scholarship under the Program Rules. The Approved Institution shall award Scholarship amounts to Eligible Students consistent with the Payment Schedule and the requirements of the Act and Program Rules.

- (c) *Scholarships within an Academic Year.* An Approved Institution may award a Scholarship to an Eligible Student for each of one or more semesters, quarters, or terms in an Academic Year, provided that the Eligible Student's total financial aid, including the Scholarship, does not exceed the Eligible Student's Cost of Attendance.
- (d) *Denial of Scholarship Applications.* If, after notification of an initial Scholarship award, the Approved Institution determines that a student is not eligible to receive a Scholarship, the Authorized School Official shall notify the student of the determination in writing. The Approved Institution is not required to notify the Authority of the denial.
- (e) *Refund Procedure.* Scholarships that are not disbursed to a student or are adjusted due to eligibility or enrollment changes shall be returned to the Authority within sixty (60) days of the date the determination is made that a change in enrollment or eligibility will result in the need for a return of funds. In addition, Approved Institutions are responsible for fully reconciling the accuracy of disbursements made in each Academic Year. An Approved Institution shall return any State funds owed from the prior Academic Year to the Authority by September 1.
- (f) *Certification of Scholarship Recipients.* Authorized School Official shall certify in a manner acceptable to the Authority that each Eligible Student is, in fact, eligible for a Scholarship and the amount of the Eligible Student's Scholarship, in accordance with the Payment Schedule, the Act, and the Program Rules.
- (g) *Adjustment of Scholarship Amount.* If funds appropriated for the Scholarships, or otherwise made available to the Authority for the Program, are not sufficient to pay each Eligible Student's full Scholarship amount authorized under the Payment Schedule, the Authority, in consultation with the President of The University of North Carolina and the President of the North Carolina Community College System, may adjust the distribution of Scholarship amounts for the Program as necessary, including establishing the maximum number of Scholarships that may be awarded.

.0303. Institutional Method for Handling Program Funds.

Immediately upon receipt of Scholarship funds from the Authority, each Approved Institution shall deposit the funds into a separate account identified as the “NC Scholarship Program Account” within the Approved Institution’s accounting system. An award to each Eligible Student who qualifies for a Scholarship under the Program Rules shall be made by a debit against the NC Scholarship Program Account and a credit to the Eligible Student’s account at the Approved Institution. The Approved Institution shall notify each Eligible Student in writing of the source and amount of the Scholarship.

.0304. Role of Authorized School Official.

The Authorized School Official designated by the Approved Institution shall maintain institutional records, consult with Eligible Students about Scholarships, and perform such acts as may be necessary for the Approved Institution to comply with the Act and the 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 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 such time that the Authority notifies the Approved Institution that it may destroy its Program records, whichever is earlier.

.0307. Authority’s Reliance Upon the Certification of the Approved Institution.

For disbursement of Scholarships and other purposes, the Authority shall rely on the certifications of the Authorized School Official submitted in accordance with the Program Rules.

.0308. Refund of Scholarship Funds.

Approved Institutions shall be responsible for the return of State funds for students who are deemed ineligible under the Act and the Program Rules and for student withdrawals and enrollment adjustments in accordance with Rule .0302(e) and the Authority's policies for return of funds for State-funded assistance programs.

.0309. Continuing Institutional Eligibility of Approved Institutions.

If a review or audit by the Authority or the State Auditor documents violations of the Act or Program Rules, the Approved Institution may be required to remedy those violations through the return of State funds and changes in procedures at the Approved Institution. If the Approved Institution's remedy does not, in the opinion of the Authority, constitute immediate and satisfactory action, the Authority may withhold disbursement of Program funds and/or withdraw approval to participate in the Program.

PART IV

PROGRAM ADMINISTRATION

.0400. The Authority as Program Administrator.

The Authority is authorized and directed to develop, adopt, and implement such policies, procedures, and forms as necessary from time to time for the Authority to administer the Program in accordance with the Program Rules and in compliance with the Act. In the event of any conflict between the Act and the Program Rules, the Executive Director of the Authority is authorized to implement temporary policies in compliance with any amendments to the Act pending action by the Board of Directors to amend the Program Rules.

.0401. College Foundation, Inc., as Central Administrator.

The Foundation, as agent of the Authority, is hereby authorized and directed to also 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 Program Rules.

.0402. Interpretive Guidance.

The Authority may, from time to time, issue guidance for interpreting the Program Rules in the form of policy memoranda or questions and answers. All interpretive guidance shall have the force and effect of the Program Rules. In the event of a conflict between any interpretive guidance and the Act, the Act shall be controlling.

Statutory Authority: Part 5 of Article 23 of Chapter 116 of the North Carolina General Statutes; G.S. § 116-209.19A; G.S. § 143B-421.1

I, Andrea Poole, Executive Director and Secretary of the Board of Directors of the State Education Assistance Authority, DO HEREBY CERTIFY that the foregoing is a true and exact copy of the Rules Governing the North Carolina Need-Based Scholarship for Public Colleges and Universities as amended effective October 23, 2023, adopted by the Board of Directors of the Authority on October 23, 2023, 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.

WITNESS my hand and seal of the Authority, this the 31 day of October, 2023.



Andrea Poole
Executive Director and Secretary of the Board of Directors

