

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

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**SENATE BILL 1324\***

Short Title: Consolidate Student Financial Aid/Work Group. (Public)

Sponsors: Senators Stevens, Dorsett, Foriest, Goodall, Vaughan; Allran, Atwater, and Bingham.

Referred to: Education/Higher Education.

May 20, 2010

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH A WORK GROUP TO DEVELOP RECOMMENDATIONS AND  
3 OPTIONS FOR SIMPLIFYING AND CONSOLIDATING THE DELIVERY OF,  
4 ADMINISTRATION OF, AND ACCESS TO STATE-FUNDED FINANCIAL AID FOR  
5 STUDENTS, AS RECOMMENDED BY THE JOINT SELECT COMMITTEE ON  
6 STATE-FUNDED STUDENT AID.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.(a)** The State Education Assistance Authority, The University of  
9 North Carolina, the North Carolina Community College System, and the Fiscal Research  
10 Division of the General Assembly shall establish a work group to study jointly the  
11 simplification and consolidation of State-funded financial aid for students. North Carolina  
12 Independent Colleges and Universities, Inc., shall also be included as a joint member of the  
13 work group if it chooses to participate in the study. The State Education Assistance Authority  
14 shall be the lead agency for the work group and study.

15 **SECTION 1.(b)** The purpose of the study is to develop recommendations and  
16 options for simplifying and consolidating the delivery of, administration of, and access to  
17 State-funded financial aid for students. In conducting the study, the work group shall consider  
18 the State's current student financial aid programs and how to consolidate those programs into  
19 two categories of State-funded student aid programs: one program that consolidates the State's  
20 major need-based programs and one program that consolidates many of the State's scholarship  
21 and forgivable loan programs currently available to students who plan to earn degrees and  
22 pursue careers in certain professional areas. More specifically the work group shall do the  
23 following:

- 24 (1) Design a unified need-based financial aid program that combines at a  
25 minimum the following three programs into a single need-based financial aid  
26 program: The University of North Carolina Need-Based Grant program, the  
27 North Carolina Community College Grant program, and the North Carolina  
28 Education Lottery Scholarship program established under Article 35A of  
29 Chapter 115C of the General Statutes. Currently each of these programs has  
30 its own award criteria, formulas, target populations, and funding sources  
31 (Escheat Fund, General Fund, and Lottery Funds). As part of its study, the  
32 work group shall determine what the appropriate parameters may be for such  
33 a unified program by using models that take into account income, expected  
34 family contribution, college expenses, type of college attended, and any  
35 other factors the work group deems relevant. In designing the program, the  
36 work group shall address the issue of proportionality of funding and shall



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1 take into account all of the following in its consideration of that issue: the  
2 proportionality of funding that currently exists among The University of  
3 North Carolina, the North Carolina Community College System, and the  
4 North Carolina private colleges and universities; funding sources;  
5 accounting for student enrollment change; monetary differences between  
6 certain categories of students and whether based on those monetary  
7 differences student financial aid should be based on cost of attendance or  
8 tuition and fees. The work group may also consider whether it is appropriate  
9 to redefine "need" for purposes of student financial aid and to develop a  
10 common formula for the distribution of financial aid and the consequences  
11 of any proposed modifications if the decision is made to redefine "need" and  
12 develop a common formula. The program shall be designed to: (i) distribute  
13 funds in a manner that is consistent with legislative intent, but more easily  
14 understood by potential students, and (ii) retain the ability to track lottery  
15 funds.

- 16 (2) Design a "forgivable loans for service" program that combines at a minimum  
17 the following existing programs into one consolidated program that focuses  
18 on loans for services: the Nurse Educators of Tomorrow; Nurse Scholars  
19 Program; Nurse Education Scholarship Loan Program; Board of Governors  
20 Medical Scholarship Loans; Board of Governors Dental Scholarship Loans;  
21 Health, Science and Mathematics Student Loan Program; Prospective  
22 Teacher Scholarship Loan Program; and the Teacher Assistant Scholarship  
23 Program. This single consolidated program shall initially focus on two high  
24 area needs: teaching and health professions (including nursing, allied health  
25 and medical, dental, and pharmacy careers). In designing this program, the  
26 work group may consider the current allocation of funds among the various  
27 scholarship and forgivable loan programs, whether it would be appropriate  
28 to allow the reallocation and award of funds not distributed as forgivable  
29 loans in a specific service area to be awarded as forgivable loans in a  
30 different service area, and, if so, what procedure and methodology would be  
31 appropriate to trigger the reallocation of funds and provide for the  
32 distribution of those funds as awards in a different service area.

33 **SECTION 1.(c)** In addition to the considerations set out in subsection (b) of this  
34 section, the work group shall also consider all of the following: the time period required to  
35 phase out student loans from any of the programs affected by the program consolidation; how  
36 federal funding may affect student financial aid services; how to deal with current recipients of  
37 funds from programs affected by the consolidation; how to deal with recipients who are paying  
38 back loans made through programs affected by the consolidation; whether the State Education  
39 Assistance Authority should be authorized to extend the repayment period for forgivable loans  
40 in hardship circumstances when a good faith effort has been made to repay the loan in a timely  
41 manner, and if so, what the appropriate procedure may be for making that determination and  
42 extending the repayment period. The work group may also consider any other issues it deems  
43 relevant to this study.

44 **SECTION 1.(d)** The work group shall present its proposed program designs and  
45 report its findings and recommendations to the Joint Select Committee on State-Funded Student  
46 Financial Aid by October 1, 2010. In its report the work group shall also identify options that  
47 may vary from the proposed program designs but that are alternatives that the work group  
48 determines may also be workable and consistent with the legislative intent of this study. The  
49 work group shall also include in the report any legislative changes that may be needed to  
50 implement the program designs and work group recommendations.

51 **SECTION 2.** This act is effective when it becomes law.