

APPENDIX B

Amendment to the 2005-07 Budget Request

At its November meeting, the Board of Governors approved the *2005-07 Budget Request*. It is now proposed that the *Budget Request* be amended to include additional funds required for the UNC Need-Based Student Financial Aid Program.

The UNC Need-Based Student Financial Aid Program is administered by the State Education Assistance Authority (SEAA) and by design, makes careful use of state funds by specifying that federal Pell grants and tax credits are used first to meet students' needs. The Board of Governors' original request for this program was for an additional \$8,674, 000 in 2005-06 and \$16,078,500 in 2006-07. Since the approval of the original request, changes in federal rules governing Pell Grants will reduce the availability of Pell Grants to North Carolina resident students. As a result, more funding is required for the UNC Need-Based Student Financial Aid Program in order to hold students harmless.

It is recommended that the *Budget Request* for Current Operations be increased by \$3,200,000 in 2005-06 and 2006-07 to hold North Carolina students harmless from changes in the federal Pell Grant formula. The amendment would change the Board of Governors' request for the UNC Need-Based Student Financial Aid Program to \$11,874,000 in 2005-06 and \$19,278,500 in 2006-07.

