

The University of North Carolina Financial Aid Information



*Committee on Budget and Finance &
Committee on Educational Planning, Policies, and Programs
April 12, 2012*

Financial Aid: Setting the Stage

- **First of a series of conversations on Financial Aid**
- **Policy and budget information to be discussed include:**
 - **What is financial aid?**
 - **History and sources of funds**
 - **Demographics of recipients**
 - **Recent changes**



Paying for College

- **Four ways to pay (most families use a combination of these options):**
 - **Saving in advance**
 - **Paying from current income**
 - **Scholarships and Grants**
 - **Borrowing**
- **Need-based aid is designed to provide the amount that a family cannot reasonably afford.**



2010 Median Household Income

United States: \$50,056

North Carolina: \$43,326

Source: U.S. Census Bureau, 2010 American Community Survey
<http://www.census.gov/prod/2011pubs/acsbr10-02.pdf>



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College Costs & Financial Aid

■ College Costs:

- Tuition and general fees (Athletics, Health Services, Student Activities, Ed & Tech)
- Other fees including debt service fee, transit fee, ASG fee, and student health insurance
- Room and board
- Books and supplies
- Transportation
- Miscellaneous personal expenses

■ Financial aid = funds provided to students and families to help cover these costs.



Types of Financial Aid

- **Scholarships**
- **Grants**
- **Loans**
- **Employment**



Categories of Financial Aid

- **Need-based**

- **Merit-based**

- **Academic or Athletic**
- **Based on the Major/Chosen Career**
- **Residency**
- **High School**
- **Other**



UNC Student Demographics

Resident Undergraduates

- **2010-11 Fall and/or Spring Resident Undergraduates (headcount) = 159,253**
 - **89,023 were female (55.9%)**
 - **70,230 were male (44.1%)**
- **Of the 159,253, the number (headcount) receiving any type of need-based aid = 91,064 (57.2%)**
 - **53,537 were female (58.8%)**
 - **37,527 were male (41.2%)**



UNC Student Demographics

Resident Undergraduates

2010-11 Resident Undergraduates	Total Resident Undergraduate Students		Resident Undergraduate Students that Received Need-Based Aid	
Race	Headcount	%	Headcount	%
White	98,970	62.15%	46,101	50.63%
African-American	38,624	24.25%	31,594	34.70%
Hispanic	6,519	4.09%	4,156	4.56%
Unknown Ethnicity	5,404	3.39%	3,124	3.43%
Asian	4,969	3.12%	2,981	3.27%
Two or More Races/ Other	2,873	1.81%	1,725	1.89%
American Indian/ Alaskan Native	1,894	1.19%	1,383	1.52%
TOTAL	159,253		91,064	

**57.2% of Undergrad
Resident Total**



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What is Expected Family Contribution? (EFC)

- Amount a family can be expected to contribute
- Stays the same regardless of the college
- Two components
 - Parent contribution
 - Student contribution
- Calculated using a federal formula



What is Financial Need?

Cost of Attendance (COA)

- Expected Family Contribution (EFC)**

= Financial Need



Sources of Financial Aid

- **Federal Government**
- **State of North Carolina**
- **Institutional Sources
(Endowment, Private, CITI)**
- **Other Private Sources**



Federal Pell Grant

- **Federal Formula, using Free Application for Federal Student Aid (FAFSA) data**
- **Based on need after the Expected Family Contribution (EFC)**
- **For part-time or full-time undergraduate students who have not already earned a bachelor's or professional degree**
- **2011-12: minimum award is \$555; maximum award is \$5,550; award amounts vary based on need**



Federal Direct Subsidized Annual Loan Limits*

\$3,500 Freshman

\$4,500 Sophomore

\$5,500 Junior

\$5,500 Senior

**** Amounts shown are for eligible dependent undergraduate students. Students may also be eligible for additional unsubsidized loans. Parents of dependent students may also be eligible for direct PLUS loans. There are limits to the aggregate amount a student may borrow through federal loan programs.***



State of North Carolina

- **State Grants for North Carolinians (UNC Need-Based Grants)**
- **NC Education Lottery Scholarship**
- **Forgivable Education Loans for Service or Scholarship-Loan (e.g., teaching, nursing)**



*State Grants for North Carolinians**

(UNC Need-Based Grants)

Resident Undergraduate Students (Headcount)	2010-11	2011-12 (Estimated YTD)	Difference (estimated)
Number of Students who Received Grants	65,993	57,432	(8,561)
Total Amount of Grants Awarded	\$162M	\$127M	(\$35M)
Average Grant per Resident UG	\$2,446	\$2,200 (est.)	(\$246)

**** Only resident undergraduate students taking six hours or more are eligible for this program. 2011-12 amounts are not yet finalized.***

For 2011-12, the BOG requested \$198.6M. The amount provided for 2011-12 grants was \$127.1M.

For 2012-13, the base budget for the program is \$122.5M. The BOG is requesting an increase of \$88.6M for a total of \$211.1M.



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State Grants for North Carolinians

(UNC Need-Based Grants)

Funds Distribution by Income Ranges Resident Undergraduates

Income Ranges	2010-11 Academic Year -- End of Year Report					*2011-12 Academic Year ESTIMATED YTD				
	Headcount (Received Awards)		Distributed Funds to Resident UG Students		Avg. Award Amount	Headcount (Received Awards)		Distributed Funds to Resident UG Students		Avg. Award Amount
\$0 to \$20,000	20,901	31.7%	\$42,236,008	26.2%	\$2,021	20,917	36.4%	\$37,253,925	29.4%	\$1,781
\$20,001 to \$40,000	15,607	23.6%	\$40,672,480	25.2%	\$2,606	15,704	27.4%	\$36,352,965	28.7%	\$2,315
\$40,001 to \$60,000	12,623	19.1%	\$41,227,740	25.5%	\$3,266	12,883	22.4%	\$38,303,013	30.2%	\$2,973
\$60,001 to \$80,000	10,668	16.2%	\$28,968,828	17.9%	\$2,715	7,345	12.8%	\$14,161,029	11.2%	\$1,928
\$80,001 to \$100,000	5,704	8.7%	\$7,826,590	4.9%	\$1,372	525	0.9%	\$704,486	0.6%	\$1,342
\$100,001 +	490	0.7%	\$508,158	0.3%	\$1,037	58	0.1%	\$134,202	0.1%	\$2,314

*** 2011-12 amounts are not yet finalized.**



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NC Education Lottery Scholarships

- **Projected Lottery grant disbursements for 2011-12 are \$32.1M:**
 - **46.5% to UNC system students (\$14.9M),**
 - **43.0% to NC Community Colleges students (\$13.8M), and**
 - **10.5% to students at Private Institutions (\$3.4M).**
- **Beginning in 2012-13, the program will only be for UNC and Community College students. Base budget for 2012-13 = \$30.45M.**



NC Education Lottery Scholarships (cont.)

- **Assists needy NC resident students enrolled for at least six credit hours at the University of North Carolina, Community Colleges, and Independent Colleges & Universities**
- **Awards to students with Expected Family Contribution of \$5,000 or less. The Lottery Scholarships interact with Pell Grant awards to give a grant foundation of at least \$3,400 between the two programs.**

Examples:

Pell Grant	\$1,000
<u>Lottery Grant</u>	<u>\$2,400</u>
Total	\$3,400

Pell Grant	\$2,700
<u>Lottery Grant</u>	<u>\$700</u>
Total	\$3,400



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Institutional Sources

- **Campus-Initiated Tuition Increase (CITI)
funds set aside for need-based aid
(began in 2000-01)**
- **Endowment funds/private funds**
- **Institutional annual gifts**



Historical Context for CITI Set-Asides

- **Campus-Initiated Tuition Increases first began in 2000-01.**
- **The Board of Governors required that revenues be set aside for financial aid in order to prevent a negative effect on qualifying needy students.**
- **Both BOG 4-Year Tuition Plans required campuses to set aside at least 25% of revenues to be added to the campus pool of need-based financial aid.**
- **For 2010-11, the required CITI set-aside was 50%.**



Need-Based Aid from Campus-Initiated Tuition Set-Asides

Resident Undergraduate Students (Headcount)	2010-11	2011-12 * (Estimated YTD)
Number of Students who Received Grants	53,645	52,592
Total Amount of Grants Awarded	\$79.1M	\$92.6M
Average Grant per Student	\$1,475	\$1,761

*** 2011-12 amounts will increase when complete year data is available.**



Need-Based Aid from Campus-Initiated Tuition Set-Asides

Funds Distribution by Income Ranges Resident Undergraduates

Income Ranges	2010-11 Academic Year -- End of Year Report					*2011-12 Academic Year ESTIMATED YTD				
	Headcount (Received Awards)		Distributed Funds to Resident UG Students		Avg. Award Amount	Headcount (Received Awards)		Distributed Funds to Resident UG Students		Avg. Award Amount
\$0 to \$20,000	17,464	32.6%	\$24,028,665	30.4%	\$1,376	17,122	32.6%	\$27,212,915	29.4%	\$1,589
\$20,001 to \$40,000	13,410	25.0%	\$20,647,818	26.1%	\$1,540	13,561	25.8%	\$25,018,616	27.0%	\$1,845
\$40,001 to \$60,000	10,364	19.3%	\$15,820,396	20.0%	\$1,526	9,524	18.1%	\$17,408,747	18.8%	\$1,828
\$60,001 to \$80,000	6,905	12.9%	\$10,445,501	13.2%	\$1,513	6,472	12.3%	\$12,445,385	13.4%	\$1,923
\$80,001 to \$100,000	3,325	6.2%	\$5,110,881	6.5%	\$1,537	3,569	6.8%	\$6,750,931	7.3%	\$1,892
\$100,001 +	2,177	4.0%	\$3,069,397	3.9%	\$1,410	2,344	4.5%	\$3,775,856	4.1%	\$1,611

*** 2011-12 amounts will increase when complete year data is available.**



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Need-Based Aid from Campus Endowments /Private Sources

Resident Undergraduate Students (Headcount)	2010-11	2011-12 (Estimated YTD)
Number of Students who Received Grants	3,386	3,678
Total Amount of Grants Awarded	\$7.8M	\$9.8M
Average Grant per Student	\$2,298	\$2,651

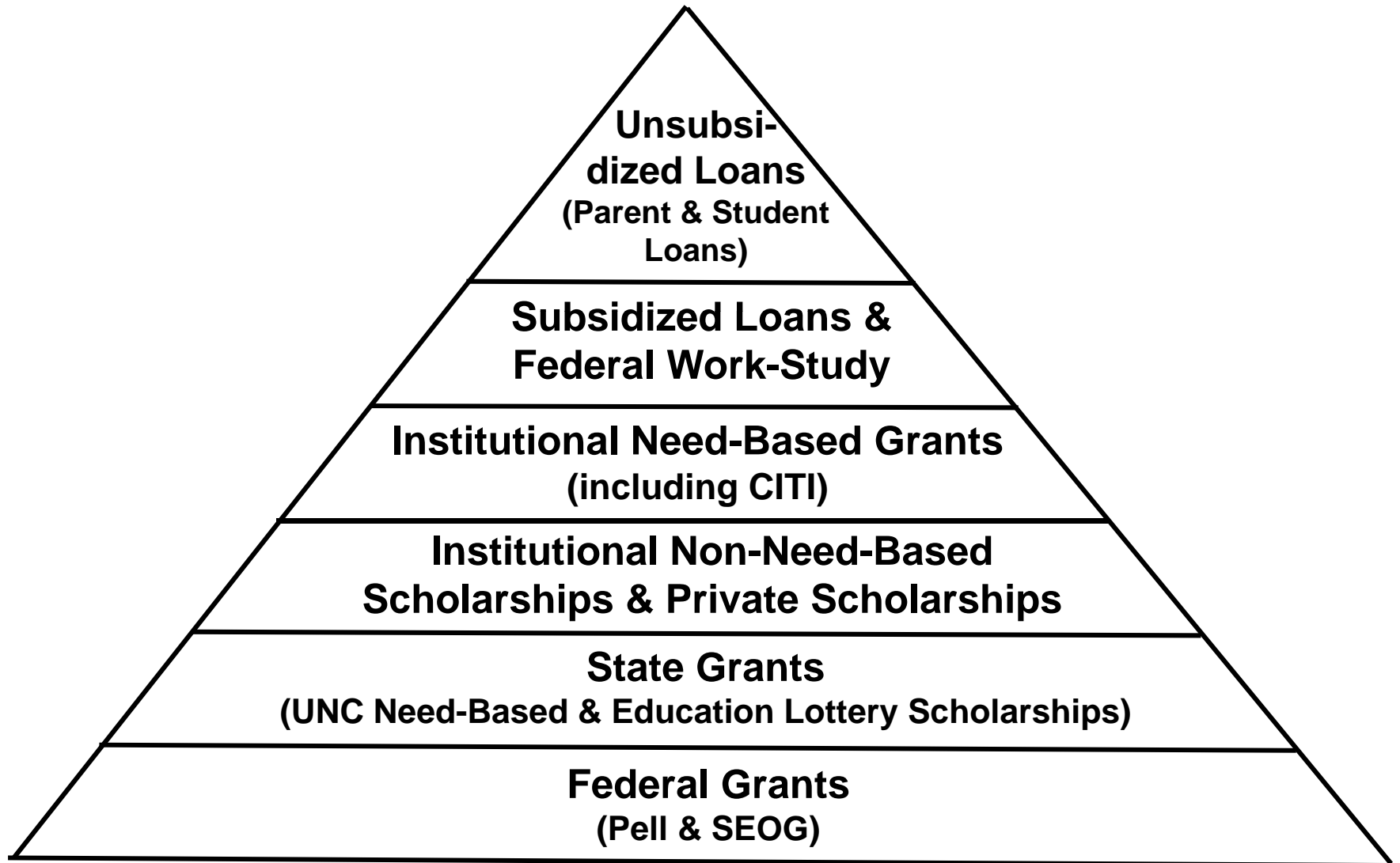
In 2010-11, \$6.6M or 85% of the total amount from endowments/private sources was at three campuses (NCSU, UNC-CH, & UNCW).

In 2011-12, \$8.6M or 88% was at those three campuses.

Other campuses had minimal need-based awards from endowments/private sources.



Financial Aid Packaging Sequence



General Observations – What Changed?

2010-11 vs. 2011-12

- **Most campus Financial Aid Directors report an upward trend in the number of degree-seeking undergraduate students who are:**
 - **Filing a FAFSA**
 - **Qualifying for need-based aid**
 - **Qualifying for higher levels of need**
- **Campuses try to mitigate these trends through increased funding from CITI funds and other campus aid, but typically through loans.**
- **The previous year's increases in undergraduate students asking for reconsideration due to parental layoffs, job losses or other income decreases seems to have leveled off.**



What Changed?

2010-11 vs. 2011-12

- Federal ACG and SMART grants eliminated; Pell grant no longer available during the summer
- NCSIG eliminated
- State Grants for North Carolinians (UNC NBG) reduced by \$35M
- Change in funding sources for State Grants for North Carolina (UNC NBG) – moving towards larger share from appropriation rather than escheats; “forward funding”

Funding Sources	2010-11	2011-12	2012-13 base
State Appropriation	\$ 19,195,517	\$ 31,391,429	\$ 79,608,867
Lottery	26,661,046	10,744,733	10,744,733
Escheats	116,432,200	144,854,154	32,122,242
<i>Amount that must remain unexpended to "forward fund" the program</i>		59,859,562	
Total	162,288,763	127,130,754 *	122,475,842



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**To be used for grants in 2011-12*

What happens when demand for financial aid exceeds supply?

- Packaging policies must be adjusted to meet level of funds available
- Funds may run out before all eligible students receive awards
- Unmet need levels may increase
- Student patterns may change:
 - They may work more
 - Choose not to enroll at all or drop out of school
 - Change to part-time status
 - Choose lower cost options
 - Decide to borrow more to pay for college costs



