

North Carolina Student Aid Study Group

DRAFT RECOMMENDATIONS COMBINED - UPDATED 12/10/18

NC Student Aid Study Group Guiding Principles

1. *Student aid programs should be as simple, predictable, and transparent as possible to the end users.*
2. *State aid should be targeted at those on whom it will have the largest effect on enrollment and success.*
3. *The state should work to ensure that prospective students and their families have opportunities to learn about student aid opportunities and postsecondary options early in their school careers.*
4. *State aid rules and procedures should encourage student progress and timely degree completion without compromising access.*
5. *State aid rules and procedures should provide sufficient flexibility to serve the needs of different types of students.*
6. *Potential reforms should focus primarily on making the most productive use of existing state investments.*

RECOMMENDATIONS

CREATE A SYSTEM THAT IS SIMPLE, TRANSPARENT, TARGETED, AND ACCESSIBLE

- 1. Simplify the grant structure by offering a single, generically named “North Carolina Scholarship” to provide a base level of need-based student aid to eligible students [Group A and C combined]**
 - Create one set of rules for determining eligibility, based on the federal methodology for EFC; [Group A]
 - Students may receive different amounts of aid depending on sector, type of institution {UNC, NC Promise, Community College}, and/or cost of attendance; [Group A]
 - Students should be able to clearly see what their federal and state need-based aid would be based on their family income, institution, and number of credit hours; [Group A]
 - To promote simplicity and reduce confusion, program details should mirror Pell where possible and appropriate, for example, eligibility rules, proration, and satisfactory academic progress requirements. [Group A]
 - The program should be structured to build upon Pell, assisting students beyond those Pell-eligible (i.e., 110% of Pell-eligible EFC) with amount awarded decreasing for higher EFCs (awards should “slope”)[Group A]
- 2. Allow summer awards consistent with Pell criteria. [Groups A and C combined]**
 - Grant programs should be more flexible to allow students to access aid to earn requisite credits across the academic year, including summer [Group C].
- 3. The state need-based grant programs should be funded at a level to allow grants to be awarded to all eligible students regardless of FAFSA filing date and start term. [Group D]**
- 4. State financial aid programs should not limit eligibility by age or time since high school enrollment. [Group D]**

PROMOTE EARLY AWARENESS

- 5. Expand financial aid counseling efforts across the state with multi-pronged strategies for engaging and supporting students. [Group B]**

This includes:

- establishing a statewide virtual financial aid center that offers technology-based counseling sessions (i.e., Skype, FaceTime, Facebook Live) with after-hours and weekend availability
 - increasing the number of College Advising Corps and CFNC’s regional financial aid representatives
 - leveraging evidence-based practices, like text messaging/nudging campaigns and artificial intelligence communication technologies (e.g., AdmitHub) to support students through application and financial aid process.
 - incorporating financial aid counseling with college or university admission fairs (e.g., CACRAO)
- 6. Invest in state-level communication and marketing to develop simple messages focused on the value and opportunities of college, and outreach strategies that**

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are proactive, targeted and personalized for various student populations. [Group B]

This includes:

- Accessing ACT data from the NC Department of Public Instruction to identify and reach out to high school students with “you are college ready” message and information about how to apply for college and financial aid.
- Utilizing social media as well as traditional marketing strategies that can engage both students and parents in a college-going campaign effort with simple messages about affordability/availability of financial aid.
- Developing student-focused, story-telling narratives and information about college opportunities, such as career and technical education programs, that can (re)-engage non-traditional aged students.

7. Simplify and modernize CFNC’s web portal and governance to support future flexibility and efficiency. [Group B]

INCENTIVIZE STUDENT SUCCESS AND REDUCE TIME TO DEGREE

8. Create a bonus award for students who attempt and complete 30 or more credit hours per academic year, while incorporating a parallel reward system for part-time students to encourage on-time completion. [Group C]

- Fast Lane Grants
 - Full Time: Develop a separate “bonus” state award that is paid to students who enroll in 15 credits per semester and/or 30 credits over the course of the academic year.
 - Part Time: Prorate state grants for part-time attendance in the same manner as for Pell (Less than half-time, $\frac{1}{2}$ time, $\frac{3}{4}$ time). Part-time students who attempt 6 or more credit hours and complete 100% of what they attempt will receive a small (smaller than for full-time students) bonus grant to be distributed the following semester.
- Utilize the summer state grant program to encourage students to complete their programs more quickly.

9. Complement completion incentive programs with advising and student services that emphasize the same message.

- Advising should clarify the financial consequences of taking additional semesters to complete a credential and help students choose the right major for degree completion.
- Complement advising with a statewide campaign to promote on-time completion at 2- and 4-year institutions and highlight transfer initiatives, like transfer articulation agreements and “2+2” co-admission programs. [Group C]

10. Implement and study a program to provide a one-time award to students who earn a college transfer associate degree covered by the Comprehensive Articulation Agreement prior to transferring to a UNC institution. [Group C]

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TEST AND EVALUATE INNOVATIVE IDEAS

- 11. Pilot a statewide scholarship program to support short-term, career-focused training in high-demand fields. Such an initiative should include partnerships and matching funds from employers. [Group C and Group D combined]**
- 12. Evaluate the effectiveness of current programs and outreach efforts in order to ensure that the best use of resources is being made.**
 - Study the current NCSEAA Forgivable Education Loans for Service (FELS) for effectiveness and to see this program incentivizes student completion. Expand or modify based on the results [Group D].
 - Evaluate current financial aid outreach activities to understand which efforts are effective, which efforts should be reduced or discontinued, and the return on investments. Scan other states' financial aid outreach efforts for best practices and innovative ideas. [Group B]
- 13. Study and pilot a debt forgiveness program to encourage adult reentry into postsecondary education. [Group D]**
 - On-time debt forgiveness of non-tuition debts (e.g. parking tickets, fines, other fees) and Title IV money typically charged to students based on charges from the Department of Education.
 - Limited/ "up-to" amount should be established after examining the typical amounts of these kinds of debts among stop-outs.
 - Debt should be forgiven over time upon completion of credit hours regardless of Satisfactory Academic Progress (SAP) standing.
- 14. Pilot "Finish Line" support for students who are within striking distance of graduating. Students who complete student success sessions such as meeting with an academic advisor for a graduation audit, a career advisor, and complete financial literacy workshops could be given a grant. [Group C]**
- 15. Conduct a study to understand the best ways to incentivize momentum and program completion [Group D]:**
 - Consider bonus for completion of gateway English and mathematics courses or percent of degree completion, or other momentum indicators.

**WORKING GROUP RECOMMENDATIONS
(AS PRESENTED ON 11/28/18)**

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Working Group A: Targeting, Simplicity, and Predictability Recommendations

(updated 11/21)

- State need-based aid program(s) need to work in conjunction with Pell.
- State need-based aid program(s) awards should be driven based on EFC as determined by the federal methodology.

Substitute FM EFC for UNC EFC to determine how measured need would change for UNC grants.

- Students should be able to clearly see what their federal and State need-based aid would be based on their EFC, institution, and number of credit hours.
- If it's not feasible to have one State need-based aid program, the State should present the programs as one to students.
- The amount awarded through a combination of federal and State need-based aid should decrease for higher EFCs (awards should "slope").

Model a couple of variations on the existing CCG program. Estimate total cost and distributional changes from replacing systems of awarding grants to make the total of Pell and NC grants equal to a fixed target for applicants in the relevant EFC range:

- a) Award a fixed dollar NC grant to all Pell Grant recipients and to those just above the Pell cut-off, tapering the award so the sum of Pell + NC grant declines at the same rate all along the EFC scale until it reaches \$0.*
 - b) Allow the sum of Pell + NC grant to decline slightly more rapidly than Pell declines, beginning at \$0 EFC and ending at EFC 10% or 20% higher than cut-off for Pell.*
- The award amounts should be somewhat differentiated based on Cost of Attendance (the amount of differentiation is a remaining discussion point, but for modeling purposes please use "not with parents" for community colleges and "on campus" for UNC system schools)

How would cost and distribution of awards change if NC grants were set in three categories—UNC non- Promise, UNC Promise, and CC, with grants meeting need up to 80% of cost-of-attendance? 60% of cost-of-attendance?

- To promote simplicity and clarity of communication mirror program details after Pell where possible and appropriate.
- Allow summer awards consistent with Pell criteria.

Estimate cost of providing summer grant equal to 25% of award amount for the academic year.

- The program should assist students beyond those Pell-eligible and perhaps link the eligibility for the State program to Pell (i.e. 110% of highest Pell-eligible EFC).

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Working Group B: Outreach and Accessibility Recommendations

1. **Expand direct financial aid counseling efforts across the state by:**
 - establishing a statewide virtual financial aid center that offers technology-based counseling sessions (i.e., Skype, FaceTime, Facebook Live) with after-hours and weekend availability
 - increasing the number of College Advising Corps and CFNC's regional financial aid representatives
 - incorporating financial aid counseling with admission fairs (e.g., CACRAO)
2. **Invest in state-level communication and marketing to develop targeted, innovative messaging and advertising. Examples include:**
 - Develop statewide financial aid messages that are proactive and personalized for various student populations
 - Leverage evidence-based practices, like text messaging/nudging campaigns and artificial intelligence communication technologies (e.g., AdmitHub).
 - Use ACT data from the NC Department of Public Instruction to send letters to students with "you are college ready" messaging. Conclude letter with an action for students to take (e.g., link to website with additional information on how to apply for college and financial aid).
 - Tell stories to show students an example of other students like themselves who attended college and received financial aid.
 - Promote credit-bearing career and technical education programs and the availability of financial aid for these programs.
 - Use traditional marketing strategies like television, billboards, and radio advertisements to reach parents.
3. **Evaluate current financial aid outreach activities to understand which efforts are effective, which efforts should be reduced or discontinued, and the return on investments. Scan other states' financial aid outreach efforts for best practices and innovative ideas.**
4. **Create a transfer pathways campaign to highlight transfer initiatives, like transfer articulation agreements and "2+2" co-admission programs.**
5. **Simplify and modernize CFNC's web portal and governance to support future flexibility and efficiency.**

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Working Group C: Optimizing Aid for Student Success

I. Guiding Principles:

- Simplify the grant structure by offering a single, generically named “North Carolina Grant” allowing for different payment schedules for the 2-year and 4-year college sectors.
- Grant programs should encourage on-time completion by providing additional aid to students who enroll in and complete more credits.
- Grant programs should be more flexible to allow students to access aid to earn requisite credits across the academic year, including summer.
- A statewide marketing campaign should be developed that supports on-time completion at the 2-year and 4-year college level. This would be similar to the former CFNC college access marketing campaign which was very successful.
- Similarly, changes to aid programs to encourage completion should be complemented by advising and student services that emphasize the same message. In particular, advising should clarify the financial consequences of taking additional semesters to complete a credential.
- The state should study the different ways tuition is charged in the 4-year and 2-year systems. In the 4-year system, tuition is the same amount for 12 or more credit hours. In the 2-year system, tuition is the same amount for 16 or more credit hours. There is a disincentive to 2-year students to enroll in 15 credit hours because any “bonus” grant funds are eaten up by additional tuition charges.

II. Prototype: Fast Lane Grants – 2 Options

Option A:

We propose creating a **summer state grant program**, along the lines of the year-round Pell grant, to encourage students to complete their programs more quickly. A summer grant is simple and easy to understand but does not incorporate the system of rewards that Option B does.

Option B:

We propose creating a **framework of rewards for students who attempt and complete 30 or more credit hours per academic year**, while incorporating a parallel reward system for part-time students.

Full-time Students:

- Develop a “base” state award program for students where the maximum grant is pegged to enrolling in 12 or more credit hours per semester (as it is currently).
- Develop a separate “bonus” state award that is paid to students who enroll in 15 credits per semester and/or 30 credits over the course of the academic year. That bonus can be drawn down in fall and spring if students enroll in 15 credits, or in the summer if students enroll in the number of summer credits necessary to reach 30 credit hours for the academic year.
- For the second year and each year thereafter, students are only eligible for the Fast Lane Grant if they completed 30 or more credit hours in the previous academic year. They are guaranteed the base package if they enroll in 12 credits (as is the case today). (For those students who meet this requirement via summer courses, the bonus award would be disbursed upon certification that those credits were completed).

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- Managing this requirement should be able to be handled via disbursement rules and/or subroutines in our computer systems. It will also require clear, easy-to-understand documentation for students.

Examples:

Assumptions:

Base Award: 12 hours per semester/24 per year (\$4,200 per year (in-line with max UNC NBG))

Fast Lane Grant: 15 hours per semester/30 per year (\$800 per year (in-line with NCCCS "Full-time Plus"))

Student 1	Fall 1	Spring 1	Summer 1	Total Year 1	Fall 2	Spring 2	Summer 2	Total Year 2
Credits Attempted	15	15	0	30	15	15	0	30
Base Grant	\$2,100	\$2,100	0	\$4,200	\$2,100	\$2,100	0	\$4,200
Fast Lane Grant	\$400	\$400	0	\$800	\$400	\$400	0	\$800
Credits Earned	15	15	0	30*	15	15	0	30*
Student 2	Fall 1	Spring 1	Summer 1	Total Year 1	Fall 2	Spring 2	Summer 2	Total Year 2
Credits Attempted	12	12	6	24	15	12	3	30
Base Grant	\$2,100	\$2,100	0	\$4,200	\$2,100	\$2,100	0	\$4,200
Fast Lane Grant	0	0	\$800	\$800	\$400		\$400	\$800
Credits Earned	12	12	6	30*	15	12	3	30*
Student 3	Fall 1	Spring 1	Summer 1	Total Year 1	Fall 2	Spring 2	Summer 2	Total Year 2
Credits Attempted	15	15	0	30	15	15		30
Base Grant	\$2,100	\$2,100	0	\$4,200	\$2,100	\$2,100		\$4,200
Fast Lane Grant	\$400	\$400	0	\$800	INELIGIBLE			
Credits Earned	12	15	0	27	15	15		30*

Note: Student 3 attempted 15 hours in the fall of their first year but only earned 12, leaving them 3 credits short of the 30-credit benchmark at the end of the academic year (and therefore ineligible for Fast Lane Grants in Year 2). Had Student 3 earned 3 credits in the summer of their first year, they would have maintained their eligibility for Year 2 (though they would have used up their \$800 of Fast Lane Grant funding for Year 1 in fall and spring).

*Eligible for Fast Lane Grant in Year 2

*Eligible for Fast Lane Grant in Year 3.

Part-time students:

- Prorate state grants for part-time attendance in the same manner as for Pell (Less than half-time, ½ time, ¾ time).
- Part-time students who attempt 6 or more credit hours and complete 100% of what they attempt will receive a small (smaller than for full-time students) bonus grant to be distributed the following semester

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Working Group D: Support for Non-Traditional Students

1. All state financial aid programs should not limit eligibility by age or time since high school enrollment.
2. The state need-based grant programs should be funded at a level to allow grants to be awarded to all eligible students regardless of FAFSA filing date and start term. Nontraditional students in particular are more likely to begin enrollment outside of the cycle of the traditional fall start and to enroll in programs with innovative scheduling. This should not preclude these students from funding.
3. Bonuses for credit hour accumulation should be awarded in order to incentivize momentum. The first bonus should be contingent on the completion of gateway math and English requirements as research shows that completion of these requirements is correlated with the likelihood of degree completion. In order to best meet the needs of adult students who are more likely to not accumulate 30 hours in an academic year, these bonuses should not be based on the accumulation of a certain number of credit hours over a particular time period.

As research on incentive bonuses is promising but limited, we further recommend to pilot and study two approaches:

- a. A bonus for each 30 credit hours accumulated up to 90 credit hours (bonuses at 30, 60, and 90 hours).
 - b. A bonus for each 15 credit hours accumulated up to 90 credit hours.
4. A scholarship program for non-credit bearing credentials filling workforce needs should be established in collaboration with community college and UNC System workforce development offices and staff and the NC Department of Commerce.
 5. Loan and debt forgiveness programs show promise as an incentive for timely degree completion and workforce entry, as well as encouraging reenrollment of students who have dropped out and supporting students who are in danger of dropout. We recommend that the current NCSEAA Forgivable Education Loans for Service (FELS) be studied for effectiveness and expanded or modified based on the results. Further we recommend that a debt forgiveness pilot be implemented and studied with the following features:
 - a. On-time debt forgiveness of non-tuition debts (e.g. parking tickets, fines, other fees) and Title IV money typically charged to students based on charges from the Department of Education.
 - b. Limited/ "up-to" amount should be established after examining the typical amounts of these kinds of debts among stop-outs.
 - c. Debt should be forgiven over time upon completion of credit hours regardless of Satisfactory Academic Progress (SAP) standing.