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Evaluation of The Golden LEAF Foundation's College Scholarship Program

Phase I

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Background

The Golden LEAF Foundation (hereafter: GLF) funds a college scholarship program that provides scholarships for students from economically-distressed counties in North Carolina who attend any public or private college or university in North Carolina. The scholarships are for \$3,000 per year for up to 4 years (8 semesters). The goal of the program is to encourage and assist students from rural, tobacco-dependent, Tier-I or Tier-II counties to go to college in a way that makes a positive impact in the lives of students and their communities. There is also the hope these students will develop a strong connection to GLF and their home communities that will make them more likely to reinvest in those communities after graduation.

In November of 2008, GLF and the UNC School of Government (hereafter: SOG) began discussions on an evaluation of GLF's college scholarship program. The two main research questions were

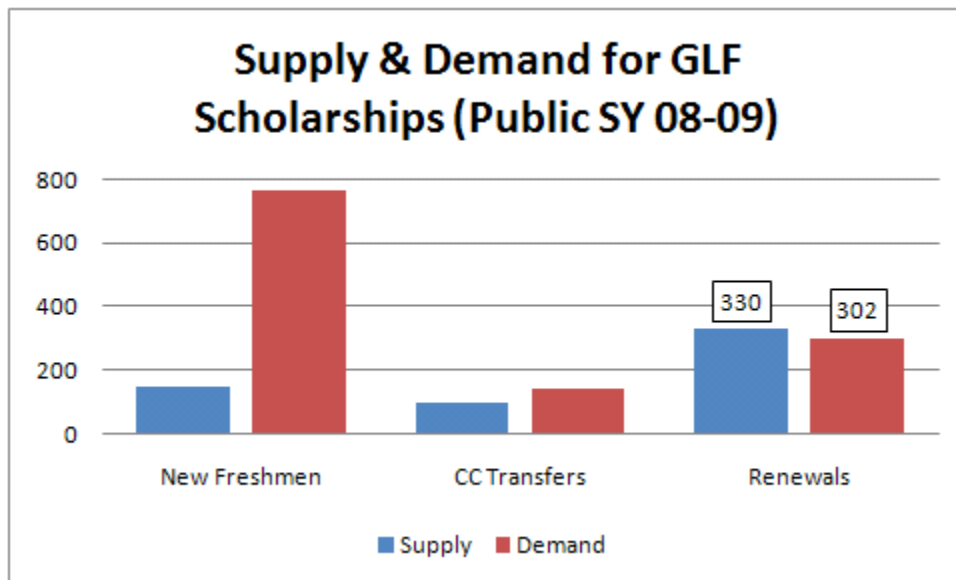
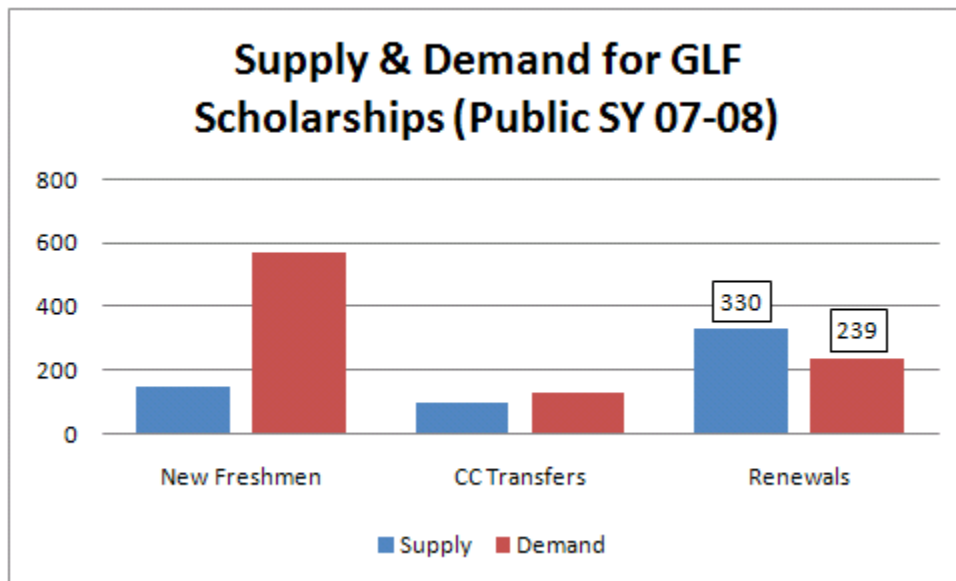
1. Why are some colleges and universities (hereafter: schools) returning scholarship funds to GLF each year?
2. How are GLF scholars performing in school?

Work began in early December. SOG researchers conducted several meetings with, and gathered data from, 14 semi-randomly-selected North Carolina colleges and universities (seven public and seven private), as well as the North Carolina State Education Assistance Authority (NCSEAA), North Carolina Independent Colleges & Universities (NCICU), and University of North Carolina General Administration (UNC-GA). On February 11, 2009, SOG researchers traveled to Rocky Mount to present an update on where the evaluation project was at that time and some of our initial findings. This report contains all of the information presented during that meeting, along with responses to requests for additional information and a menu of policy and process alternatives the SOG researchers believe may help GLF's scholarship program better achieve its goals.

Summary of Findings

Supply & Demand

In the first six years of the program (between SY 2002-03 and 2007-08), \$500,107 has been returned to GLF (the equivalent of 18 four-year scholarships). Funds are returned when available slots are not filled. The charts below are based on application and award data provided by UNC General Administration for the 2007-08 and 2008-09 school years. As you can see, the renewal category is the only one where the supply of scholarships exceeded the demand. Thus, it appears the key to resolve the issue of returned funds is to increase demand for renewals.



* Only complete applications submitted on-time by eligible applicants are shown in the demand column.

The two main reasons why scholarship slots have gone unfilled are:

- A lack of automation in the renewal of previous recipients
- A lack of communication with previous applicants who did not receive awards their freshman year about the opportunity to apply in subsequent years

A lack of automation in the renewal of previous recipients appears to be a major reason for the perceived drop in demand for renewal slots. This is because “demand” as shown above is determined by the number of *eligible* applications, not *total* applications. For example, for school year 2008-09, the UNC system received 404 renewal applications for 330 renewal slots. Of the 404 renewal applications, 102 were deemed ineligible. Of the 102 ineligible renewal applications, 79 were ineligible because the application was incomplete and one was ineligible because the application was not submitted by the deadline. Thus, human error in the application process led to the 302 eligible applications for 330 slots shown above.

Communication Issues

There appears to be a lack of clarity on the 75% preference and the residency requirement. The former is a preference that GLF scholarships first go to applicants who have yet to cover 75% of their Cost of Attendance (COA) through their Estimated Family Contribution (EFC), work-study, and gifts (grants, scholarships, etc.). The latter is meant to restrict GLF scholarships to students from economically-distressed, rural, tobacco-dependent NC counties.

Several of the schools we met with believe the 75% preference is actually a hard and fast rule, so they do not even consider students who exceed it. This leads to fewer students being considered for funding. Most also appear unaware of the grandfathering policy regarding the residency requirement. Unfortunately, we encountered two examples of scholarships being withdrawn due to a recipient’s family moving to an ineligible county.

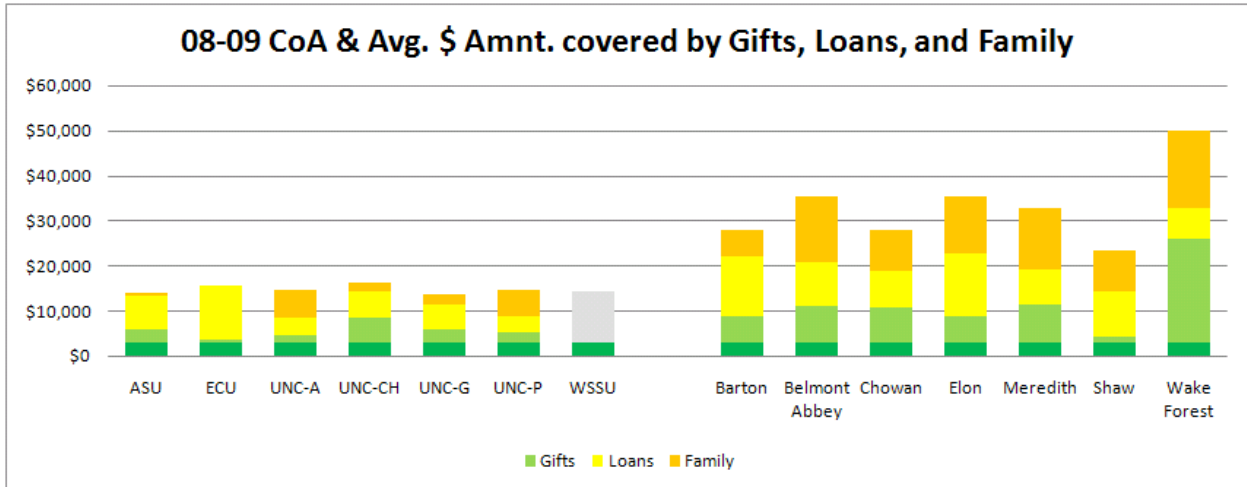
Community College Transfers

The current structure of awards to private schools (2 per class per school) combined with the lack of a reserved pool of slots for community college transfers to private schools effectively prevents such transfer students from receiving GLF scholarships at private schools. While we have heard from the private schools that they do not get many community college transfer students, we still feel this is an unintended negative consequence of the current awards process that should be remedied.

Significance of Award

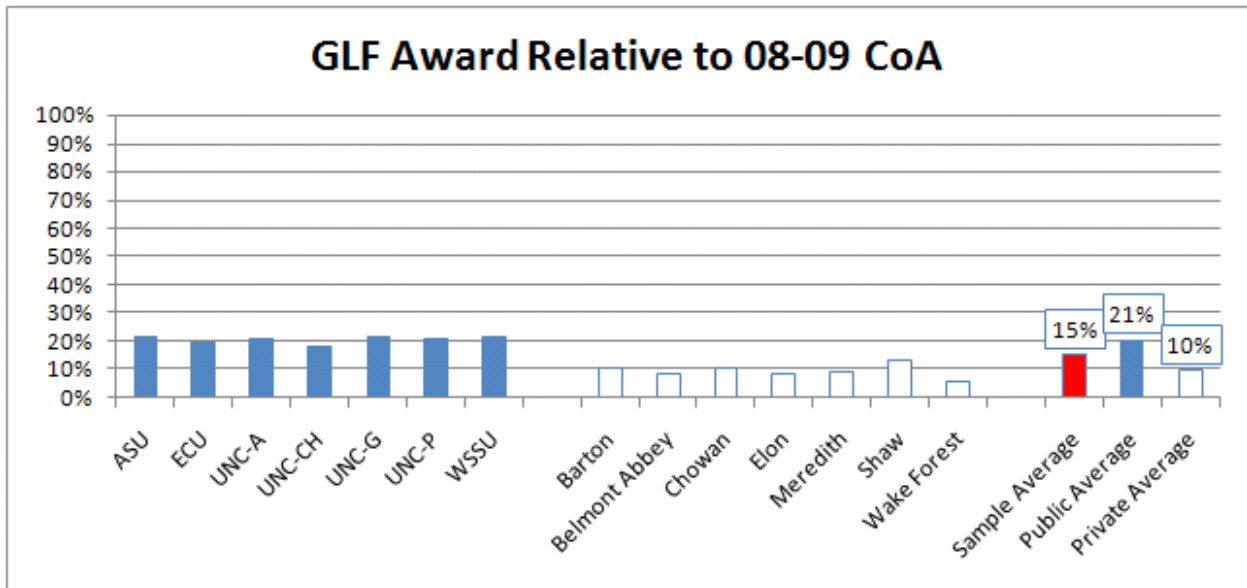
Under the current system, students received \$1,500 per semester (\$3,000 per year), regardless of what NC school they decide to attend. However, the annual Cost of Attendance (COA) can vary widely from one school to another. As such, the significance of \$3,000 per year to each student will also vary widely.

The chart below shows average COA info for all financial aid recipients at the 14 schools included in our sample. The total height of the bar shows the COA for each school. The green portion of each bar shows the average portion of the COA covered by gifts (scholarships and grants). The darker green portion is the GLF scholarship, the lighter green is all other gifts. The yellow portion of each bar represents loans of all kinds, and the orange portion shows how much of the COA is covered by the Expected Family Contribution (EFC).



* Breakdown of WSSU's Cost of Attendance was not available.

The chart below shows the percentage of each schools COA covered by the GLF scholarship. The GLF scholarship covers, on average, approximately 20% of the COA at public schools and 10% at private schools.



Though we have not been able to contact students directly to verify this assumption, it seems understandable that the significance of the scholarship and attachment to GLF go hand in hand with the percent of the COA covered by the scholarship.

Differences in Public and Private Processes

When students apply to a UNC system school, some attempt is made to consider the impact the tobacco industry's decline has had on the applicant's family when making award decisions. This impact is measured by several questions on NCSEAA's GLF Scholarship Application (see "Farmers and Priority Consideration", page 17). On the private side, the effect of the decline of the tobacco industry does not factor into the awards process. The private schools simply seek out eligible students who meet the GLF residency and need criteria and select students with the greatest remaining need.

Another consequence of the two slots per class per private school system is that GLF scholarship applicants who apply to any private NC school are competing for one of only two freshman slots available at each school. On the public side, any GLF scholarship applicants who apply to any of the UNC system schools are competing for one of 150 freshman slots.

Farm Property in Financial Aid Calculations

One of the questions that came out of the February presentation involved the role that farm property plays in financial aid calculations that determine the EFC. Based on conversations with NCSEAA and a review of the Free Application for Federal Student Aid (FAFSA), it seems clear that assets associated with a family farm (one that the family lives on and operates) are not treated as available assets a family could use to pay for tuition. The assets of non-family farms (those that a family does not live on or operate) are treated just like any other business asset and are considered something a family could use to pay for tuition.

Impact on Enrollment Decisions

GLF scholarships are not influencing student decisions on if or where to attend school. This is because applicants do not know if they will receive the award until well after they have already decided which school, if any, to attend. This is true for students considering both public and private schools. The problem is that *remaining need* is the primary determinant of which students receive the scholarship, but remaining need is based on the COA and other available gift-forms of financial aid, which cannot be determined until after the student decides where to enroll.

$$\textit{Remaining Need} = \textit{COA (school dependent)} - \textit{EFC} - \textit{Other gifts (school dependent)}$$

Thus, because award decisions under the current model are based on remaining need, applicants cannot know if they will get a GLF scholarship until *after* they have decided if and where to go.

Performance of GLF Scholars Relative to National Averages

GLF scholars performed at or above the national average regarding persistence rates, years to graduate, course load, and GPA. See **Appendix C** for more detail.

Process and Policy Alternatives

We have developed several process and policy alternatives we believe will address the problems outlined in the Summary of Findings section and help the GLF scholarship program better achieve its goals. We have broken those alternatives into two sets.

In the first set, the alternatives are individual changes. Like items on a menu, GLF could adopt any one, a mix of several, or all of them. Each of them are self-contained and do not require other alternatives to work. They also do not cost any money to implement. We believe adopting all of those alternatives would go a long way towards solving most of the problems outlined above. We have vetted these ideas with the fourteen schools in our sample group, as well as NCSEAA and NCICU, and have received positive support on nearly all of these ideas. When the feedback was not positive, it was usually neutral.

However, the stand-alone alternatives would not fix the problems described in the Summary of Findings section under Differences in Public and Private Processes and Impact on Enrollment Decisions. Neither of those two problems can be solved within the existing model that relies so heavily on existing financial aid institutions like NCSEAA and the financial aid officers at each school.

The second set of alternatives is a package of proposals that *do* rely on each other to work. This package may require additional funding (perhaps the equivalent of 1-2 full-time support staff), but it has the advantage of addressing all of the problems listed in the Summary of Findings section above, as well as making it easier to make additional changes to the program in the future. It also would grant GLF the resources it will need to develop an alumni network and strengthen the relationship between scholarship recipients and GLF.

Stand-alone Alternatives

Supply & Demand; Communication Issues

1. Change the 75% preference/rule to guidance language such as “Awards should be granted to the students with the greatest remaining need”.
2. Only apply the residency check the first time a student applies for/is awarded a GLF scholarship.
3. Change the scholarship from four 2-semester scholarships to one 8-semester scholarship.
4. **PUBLIC ONLY** - Keep a list of all eligible applicants who were not awarded a scholarship and draw from that list when a renewal slot becomes available.
5. **PRIVATE ONLY** - Grant NCICU discretion to redistribute unused private school slots from schools that cannot fill them to those who could, perhaps through a lottery.

Community College Transfers

6. Consider creating a pool of 2-4 community college transfers lots for private school students and granting NCICU the discretion to distribute those to private schools upon request, and through a lottery or other method in the event that demand exceeds supply.

Significance of Award

7. Consider increasing the amount of the scholarship. Fixed scholarship amounts will allow GLF to keep cohort sizes relatively consistent, but will retain the problem of being approximately twice as significant to students who attend a public university than to students who attend a private school. Setting scholarships to cover a fixed percent of remaining need would address the issue of differing significance between attendees of public and private schools but would not allow for a consistent cohort size.

General Process Improvements

8. Create a policy for campuses to follow for return of funding to GLF in the event a recipient fails to enroll full-time or withdraws prior to the end of a semester.
9. Clarify for campuses the timing of checking recipients' GPAs.
10. Package the GLF scholarship with other need-based sources of aid.
11. **PRIVATE ONLY** - Credit recipient accounts sooner.

Package Alternative

In order to address all of the problems described in the Findings section, we believe a more comprehensive change is required. This alternative would essentially turn the GLF scholarship into something more like a corporate, non-profit, or private scholarship that is awarded to a college applicant. This alternative involves:

- Administering all parts of the program in-house or through an independent third party.
- Doing away with the differentiation between awards to students who attend public versus private schools.
- Converting the scholarships to a single 4-year award that requires only one application and maintaining a list of eligible but unfunded applications.
- Basing preliminary award decisions on EFC instead of remaining need.

The primary cost of this plan is that it may require hiring additional GLF support staff or outside contractors to administer the program (for more on cost, see **Appendix F**). However, the benefits of this plan are legion.

- Administering the program in-house or through an independent third party means that it will be much easier to make future changes if needed, and GLF will have access to all of the information it will need to perform future evaluations of the program. GLF will also have the information it needs to build an alumni network.
- Doing away with the differentiation between public and private schools creates a single applicant pool that targets the scholarships at the individual, not the school, and grants the greatest level of choice to the individual in where they want to attend.
- Converting the scholarship to a single 4-year award that requires a single application and maintaining a list of eligible but unfunded applications will address the problems driving the perceived lack of demand for renewal slots by removing the chance for human error to disqualify renewal applicants and creates an automatic way to reallocate funds that become available due to attrition. It also simplifies the administration of the program and allows for multi-year budgeting of funds.
- Basing preliminary award decisions on EFC instead of remaining need is the key change necessary to allow award decisions to be made before students decide where to attend. This is the only way the GLF scholarship can have an impact on enrollment decisions. Making this change also requires that the program be administered outside the current model that relies so heavily on NCSEAA, since they are not set up to administer scholarships in this way.

A more lengthy description of the comprehensive plan can be found in **Appendix D**.

Next Steps

Phone Survey

GLF and the SOG are currently negotiating a second phase of this project that would center on a phone survey of GLF scholar graduates. The purpose of the survey is to answer questions like:

- Where have GLF scholar graduates lived and worked since graduation? Have they remained in North Carolina or have they left the state? If they've remained in NC, have they returned to their home community, moved to another economically-distressed county, or moved to one of the more prosperous counties?
- How significant/important was the GLF scholarship to the graduate's education and post-graduation life?
- Would the graduates be interested in networking with other GLF scholars?
- Would the graduates be interested in speaking with or helping GLF scholars who are currently enrolled in school?
- How could the program be improved, from the recipient's perspective?

In the event GLF opts for the comprehensive plan outlined above, the SOG could also help design the associated tools (web-based application, selection tool, etc.) and/or administer the new application and award process.

Package Alternative

If GLF wishes to pursue this option, we do not believe there is enough time to enact this plan for the 2009-10 school year. Instead, we recommend targeting the 2010-11 school year for the first year of implementation. Targeting the 2010-11 school year will grant enough time to iron out the details about scholarship amounts and application criteria, choose who will administer the program, design new documents like the application, and get the word out to high school seniors early enough for them to apply. For more on a possible implementation timeline, see **Appendix F**.

Appendix A - Methodology

Application, selection, and fund transfer process data was obtained through 17 interviews with various higher education and financial aid administrators, as well as officials at UNC-GA, NCSEAA, and NCICU, between December 2008 and February 2009.

Process maps (visual representations of information sharing and decision making by key players in a process) were reviewed initially by UNC-GA, NCSEAA, and NCICU before being distributed to campus financial aid officers for their comments. Once all the interviews were conducted, the process maps were re-circulated to UNC-GA, NCSEAA, and NCICU for final verification of completeness and accuracy. See **Appendix E** for these process maps.

All of the stand-alone alternatives were also vetted by members of the 14 schools in our sample and representatives of NCSEAA and NCICU.

Performance data on GLF scholarship recipients, as well as information on cost of attendance and average portion covered by gifts, loans, and the family was collected from UNC-GA for the UNC system schools and from the seven private schools in our sample via NCICU.

Appendix B - Process Evaluation

There are many differences between the public and private side of the GLF scholarship program.

Process Differences

The processes for selecting Golden LEAF scholars and distributing scholarship funds differ for the public and private schools. The primary differences appear in the table below:

	Public Schools	Private Schools
Application Process	Annually. By students through CFNC website.	None. Campus FA officers select scholars from student body.
Opportunity for Students to Share the Impact of the Decline of the Tobacco Industry	Yes, by optional statement in GLF Scholarship Application	No
Recipient Selection Decisions	SEAA, after verification of eligibility by campus FA officers.	Campus FA Officers, then verified by NCICU.
Recipient Decision Process	For students who apply prior to March 15, those adversely affected by decline in tobacco industry first, then EFC rank.	Student database query for students from eligible counties, then neediest who meet all other criteria.
Notification of Award Decision	July 1	As early as September (nomination) or as late as December (account credited).
GLF Fund Distribution	½ grant in August, other ½ in December. Unused funds returned in May.	NCICU requests funds for scholarships in October and February based on the total number of scholarships needed by the private schools.
Student Account Credited	August 15, January 10	December 1, April 1

Selection Criteria

Some important differences also exist in the criteria used for selecting recipients and the structure of the program. These differences appear in the table below:

	Public Schools	Private Schools
Eligible Counties	“Rural counties that are tobacco dependent and/or economically distressed (Tier I or II under the 3-tier designation)” 82 Total Counties	“Rural, tobacco-dependent” 43 Total Counties
GPA Minimums	None for rising freshmen or community college transfers. Recipients must maintain a 2.0 to retain the scholarship.	3.0 out of high school. Recipients must maintain a 2.5 to retain the scholarship.
Award Distribution	UNC System-wide 150 Freshmen 110 Sophomores 110 Juniors 110 Seniors 100 Comm. Coll. Transfers	8 Per Private School, divided as follows: 2 Freshmen 2 Sophomores 2 Juniors 2 Seniors

Topics of Note from the Interviews

During our interviews, we asked for thoughts and opinions on the way the scholarship program functioned. We were seeking friction points in the process; problems that may keep the GLF scholarship program from performing more efficiently or effectively. As with the processes and criteria mentioned above, there were differences between the types of issues most often raised by public and private schools.

Private Schools

75% Criterion

The 75% eligibility criterion (the GLF preference that recipients of the scholarship have less than 75% of their cost of attendance covered by other grants and scholarships) is rarely a determining factor in who receives a GLF scholarship due to a combination of the private schools’ high cost of attendance and the significant need of potential recipients. Financial aid directors would prefer to select GLF scholars who have the greatest remaining need after eligible students’ financial aid pictures are known. The 75% calculation and analysis adds a level of administrative work that appears unnecessary at the private schools.

Selecting and Notifying Recipients Earlier

Typically, freshman recipients learn of their nomination for a GLF scholarship in September, receive confirmation that they will receive the scholarship in October, and first see the scholarship in their accounts in December. Under this process, the GLF scholarship is not affecting students' college decisions in any way. If campuses would identify their freshman recipients earlier, perhaps the summer before school starts, these students and their parents would have a clearer picture of their financial aid situation prior to enrollment. Summer selection does not appear to be problematic because most student aid decisions have been made (facilitating decisions about who has the greatest relative need) and freshmen will have already made a deposit on their acceptance (an indication that the student will indeed enroll). Campus financial aid officers and NCICU could verify the freshman selections in August, once school has started, before transferring any funds to recipients.

The financial aid officers reported that returning students "kind of know" that their GLF scholarship will continue, so the GLF scholarship may already be part of these students' financial planning and decisions about whether to return to school for another year. Two schools reported listing the GLF scholarship as "anticipated" or "tentative" aid in recipients' financial aid packages, as well as on their student accounts and tuition bills, in expectation of them returning to campus. If every school adopted this practice, more GLF scholarship recipients would see the scholarship on their student records, enabling them to plan better with the knowledge that they will receive the scholarship again (assuming they continue to demonstrate need, enroll full-time, and meet the GPA minimum). This practice could also work for rising freshmen, assuming campuses can make their freshman selections early enough to put the scholarship, again listed as "tentative," on tuition bills that go out each summer.

Home County

Some confusion exists among administrators of the scholarship that recipients' county of residence must remain one of the GLF-targeted counties throughout their time at school. One school reported being told to make different selections because two recipients' county of residence changed to a non-eligible county during their time at school. Verifying and recording a student's county of residence one time, when he/she first receives the scholarship, would eliminate this confusion and make the recipient selection process more efficient. Moreover, clarifying with NCICU and its member campuses that GLF permits "grandfathering" recipients' county of residence also appears necessary.

Recipient Selection

All private schools interviewed reported a preference for selecting freshman recipients who will keep the scholarship for eight semesters. As a result, none of the schools reported reopening their selection processes to see if their scholars continue to be the neediest members of their class. Schools will occasionally search for sophomores, juniors, and seniors to receive the scholarship in the event that an original recipient needs to be replaced due to a change in a current recipient's eligibility.

Although the private schools reported some differences in how they select their GLF scholars, all schools run queries of student databases using GLF’s criteria (e.g., need, eligible county, GPA), then seek students with the greatest unmet need to consider for the award. GPA is a typical tie-breaker in cases where students have similar unmet need, although some schools use additional methods. No private schools specifically mentioned looking for students whose families have been “adversely affected by the decline of the tobacco industry.”

Unused Scholarships

Over the last five semesters (Spring 2007 through Spring 2009), 27 private schools were able to fill all eight of their slots; nine were not (shown below).

School	Location	County	Full-Time Undergraduate Headcount¹	Slots Filled (Out of 40)
Belmont Abbey	Belmont	Gaston	1,386	30
Bennett	Greensboro	Guilford	668	32
Cabarrus	Concord	Cabarrus	226	1
Davidson	Davidson	Iredell, Mecklenburg	1,668	31
High Point	High Point	Guilford ²	2,811	32
Johnson C. Smith	Charlotte	Mecklenburg	1,538	33
Lees-McRae	Banner Elk	Avery	935	38
Queens	Charlotte	Mecklenburg	1,193	35
Warren Wilson	Asheville	Buncombe	918	28

¹ Headcount data, Fall 2008. Provided by NCICU.

² Portions of High Point are also in Randolph, Davidson, and Forsyth Counties.

The interviews revealed presumed regional connections between private schools, particularly smaller ones, and the areas they draw from. If this is true, then it is understandable why these schools have had difficulty filling their eight slots on regular basis, since all nine are located in areas that are not part of GLF’s list of eligible counties for private schools.

The unused scholarships, 100 over the past five semesters, total \$150,000 of GLF funds intended for scholarships for students attending private schools. The number of slots the private schools have been able to fill has remained nearly constant over the past four semesters (267 in Fall 2007, 265 in Spring 2008, 267 in Fall 2008, and 265 in Spring 2009), suggesting an upper boundary that the private schools are going to reach unless some eligibility criteria are changed. If GLF desires that the private schools deploy their entire grant (currently 288 scholarships per semester), options for making this possible include expanding the eligible county list; lifting the two recipients per class restriction, which would allow campuses more flexibility in selecting scholars (instead of not filling their allotment); and allowing NCICU to distribute one campus’s unused scholarships to eligible students at other campuses, perhaps through a lottery or another way that does not consistently advantage one school over others.

Demand and Student Need

Four of the seven schools interviewed mentioned choosing two recipients from at least 10 eligible freshmen per year. Wake Forest and Meredith said they typically choose two freshman scholars from a pool of 4-5 students. Belmont Abbey said they have difficulty finding two freshmen each year because most of their students come from non-eligible counties or out-of-state. Schools with plenty of eligible students would prefer to see the number of awards increase before increasing the amount of the award; conversely, schools with fewer eligible students would prefer to see an increase in the amount of the award.

Student need is great at all private schools in the study. Six schools provided figures, some estimated, relating to the amount of loan debt their students are graduating with. The average student loan debt from these six schools was \$24,971. Financial aid officers from these schools also reported that all of their GLF scholars graduate with student loan debt; however, this debt is presumably less than the average of the student body because of the GLF scholarship. The current amount of the scholarship was termed “generous” and “typical” in the interviews, but some of those interviewed mentioned that the cost of attendance at their school is increasing faster than financial aid resources, creating larger debt burdens for students and parents.

Crediting Recipient Accounts Sooner

Several financial aid officers noted the challenges presented by the GLF scholars receiving their scholarship funding late in the semester (December and April). Common problems include: (1) receiving inquiries from students wondering when their GLF funding will appear on their account, (2) working with campus cashiers to release money owed to students before all of their financial aid has arrived, and (3) settling the student accounts of December graduates before winter commencement.

One idea for improving the efficiency of crediting student accounts would be if GLF would agree to send half of its grant to NCICU in August and the second half in December, similar to GLF’s arrangement with UNC-GA. Unused scholarship funds could be returned to GLF in December and April or, perhaps, just in April. If this idea is implemented, NCICU could draw from these funds and distribute checks to campuses, in three batches of 12 (a restriction NCICU has with its bank), as soon as a group of 12 schools have submitted names for verification by NCICU. Currently, NCICU makes one request after all 36 schools have submitted their names for verification, which often pushes the receipt of GLF funding into November and March.

Community College Transfers

Although two campuses noted that community college transfers have few financial aid options dedicated to them, five of the seven interviews revealed little to no need for scholarships earmarked specifically for these students.

Public Schools

75% Criterion

Although two schools reported the 75% threshold serves its designed purpose of directing scholarship money to students who receive less aid than others, the majority of respondents prefer eliminating this criterion. Some of the reasons respondents cited for removing this criterion include:

- The threshold prevents the neediest students from receiving the money that would provide them, or move them closer to, a debt-free education.
- The threshold adds a level of bureaucracy that prevents NCSEAA from notifying applicants of their scholarship status earlier than July 1 because applying the threshold requires knowledge of applicants' complete financial aid packages.
- The threshold can be counter-productive. For example, a recipient who performs well enough academically to earn a merit-based scholarship might lose the GLF scholarship if the merit award pushes the student's aid beyond the 75% threshold.
- The threshold is occasionally disregarded any way, either because it is late in the year and NCSEAA wants to find more recipients or because a student is a shade over the 75% threshold. Some concern exists about applicants being turned away for the award during the summer because of the threshold, while other students end up receiving the award later when the threshold is lifted.
- The threshold is a source of miscommunication. One school reported they believed the 75% threshold was no longer a criterion for the award. The interviews also revealed some confusion about whether the 75% threshold is a firm cap or just a preference of GLF.

Selecting and Notifying Recipients Earlier

Nearly every interview revealed a desire to select GLF scholars earlier so that the scholarship could have a bigger effect on students' decisions to attend (or return to) college. Currently applicants learn of their GLF scholarship status around July 1st, primarily because of the delay that is required to apply the 75% threshold criterion. If this threshold is lifted, NCSEAA reports they will be able to select recipients earlier and would be more likely to identify a full complement of recipients closer to the beginning of each semester, which would reduce the number of scholarships that need to be distributed during the academic year.

Home County

Since recipients apply for the GLF scholarship annually, opportunity exists for confusion about students' "permanent county" of residence. The interviews revealed incorrect county references in scholarship applications because students will list the county where they attend school (e.g., Wake for NCSU students) instead of their permanent county of residence. Respondents report these clerical errors are routinely caught and corrected, but verifying and recording applicants' county of residence one time may reduce the possibility of administrative error and improve the efficiency of the awarding process.

Farmers and Priority Consideration

NCSEAA's recipient selection process gives priority consideration to eligible applicants who can demonstrate their family has been "adversely affected by the decline of the tobacco industry." Applicants may demonstrate they have been adversely affected in the GLF Scholarship Application they fill out annually. The GLF Scholarship Application includes the following questions that are used to determine whether an applicant has been adversely affected.

- Are you or either of your parents farmers? (Yes/No)
- Have members of your immediate family been adversely affected by the decline in the tobacco industry? (Yes/No)
- Indicate which family member/members have been adversely affected, financially, by the decline in the tobacco industry.
 - Self
 - Parent(s)
 - Grandparents
 - Sibling(s)
 - Other
- What was the connection of the person(s) listed above to the tobacco industry? Check all that apply.
 - Worked on a Tobacco Farm
 - Owned Tobacco Warehouse
 - Owned Tobacco Farm
 - Tobacco Auctioneer
 - Worked in Tobacco Warehouse
 - Tobacco Factory Employee
 - Other
- Describe briefly the adverse effect of the decline in the tobacco industry on you/your family. Include specific details, e.g., loss of farm, cut in allotments, loss of tobacco factory job, etc.

Priority consideration is granted to applicants who complete this part of the application to the satisfaction of one or two members of NCSEAA's Grants, Training, and Outreach staff. When priority consideration decisions are difficult, NCSEAA convenes two or three staff members to review the application together and in some instances will contact the applicant for clarification. NCSEAA does not have sufficient staff to verify the accuracy and truthfulness of the statements submitted; they accept the applicants' word and signature attesting to the accuracy of the information submitted as evidence of credibility.

NCSEAA has a March 15 deadline for priority consideration. An applicant who receives priority consideration and applies prior to the March 15 deadline will receive GLF funding ahead of all other applicants who submit an application before the deadline. If an adversely affected student applies after the March 15 deadline, he/she will still receive priority consideration, but only over those applicants who also failed to apply prior to March 15. Applicants of any kind will not receive the scholarship if their estimated family contribution (EFC) exceeds \$15,000; NCSEAA adjusts the EFC of applicants from farming families so that the value of the families' farms does not affect their eligibility for the scholarship. However, NCSEAA reports that removing the value of farm property rarely makes an ineligible applicant eligible as far as the need determination is concerned.

Finally, students from farming families do not receive priority consideration for the scholarship solely on the basis of their family owning and/or operating a farm. NCSEAA adheres to the terms of their grantee agreement, which focuses on students adversely affected by the decline in the tobacco industry. Therefore, priority consideration is granted to those affected by the decline in the tobacco industry regardless of whether an applicant comes from a farming family. However, the adjustment of the EFC to remove any effect that the value of a farmer's real property has on the EFC may help some students from farming families move ahead of other non-farm applicants in terms of EFC rank.

Automatic Renewal

If GLF would guarantee continued funding for the scholarship program, NCSEAA supports the idea of changing the scholarship from four 2-semester scholarships to one 8-semester scholarship, allowing freshman recipients to know they will receive the scholarship for eight semesters, provided they continue to enroll full-time, demonstrate need, and meet the GPA minimum. NCSEAA reports that verifying enrollment, need, and GPA would be administratively simple. Moving to an 8-semester scholarship also makes predicting the number of renewal candidates significantly easier; eliminates circumstances where a recipient loses the scholarship because he/she did not reapply annually; and might bolster the prestige of the scholarship.

Return of Funds Policy

Although NCSEAA reports that UNC campuses return GLF funds according to the general policies of SEAA returns, the campus interviews revealed different policies for returning GLF scholarship funds in the event a recipient withdraws or reduces enrollment during a semester. One respondent noted, "Right now there are as many different treatments of returns to the program as there are schools." It appears either (1) a unified policy governing the return of GLF funds to NCSEAA for redistribution or (2) better communication and clarification of NCSEAA's existing return of funds policies is necessary.

GPA Check Policy

NCSEAA reports they request documentation from recipients so they can verify that recipients continue to exceed the 2.0 GPA required for the scholarship. This GPA check occurs at the end of the fall semester. If a recipient has presented less than a 2.0 GPA at this point, NCSEAA will seek the student's GPA at the end of the spring semester (and, if necessary, at the end of summer school) to verify whether the student's GPA has improved to the 2.0 required to retain the scholarship. Since NCSEAA says that campuses will be responsible for GPA checks in the future, developing a policy for how often and under what circumstances financial aid officers should check recipient GPAs seems prudent.

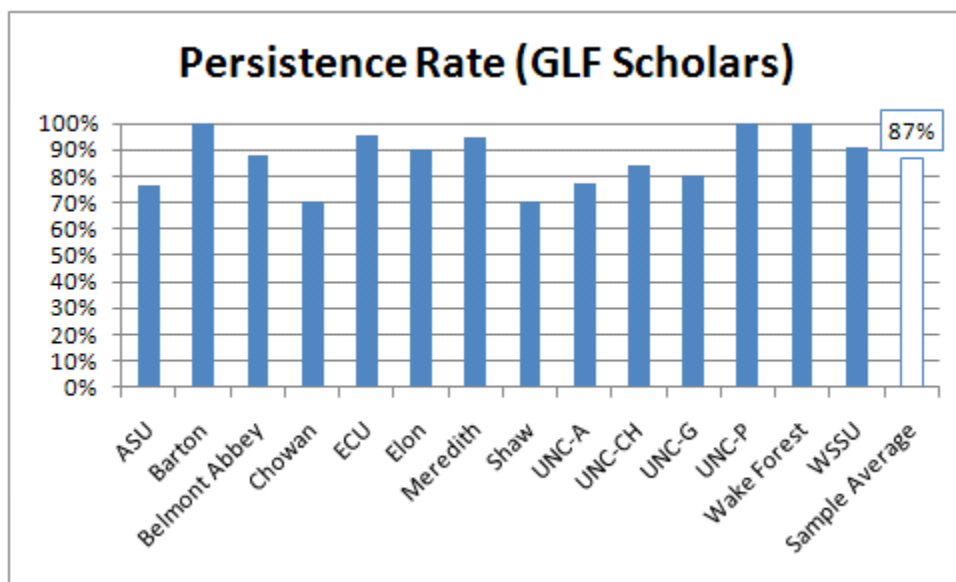
Increase the Number of Awards

The interviews with financial aid officers revealed a clear preference to seeing the number of awards increased over seeing the amount of the award increased. Although one respondent cautioned that \$3,000 per year does not go as far as it used to, a clear majority of financial aid officers interviewed have favorable opinions of the award amount and would like to see the scholarship help more students on their campuses.

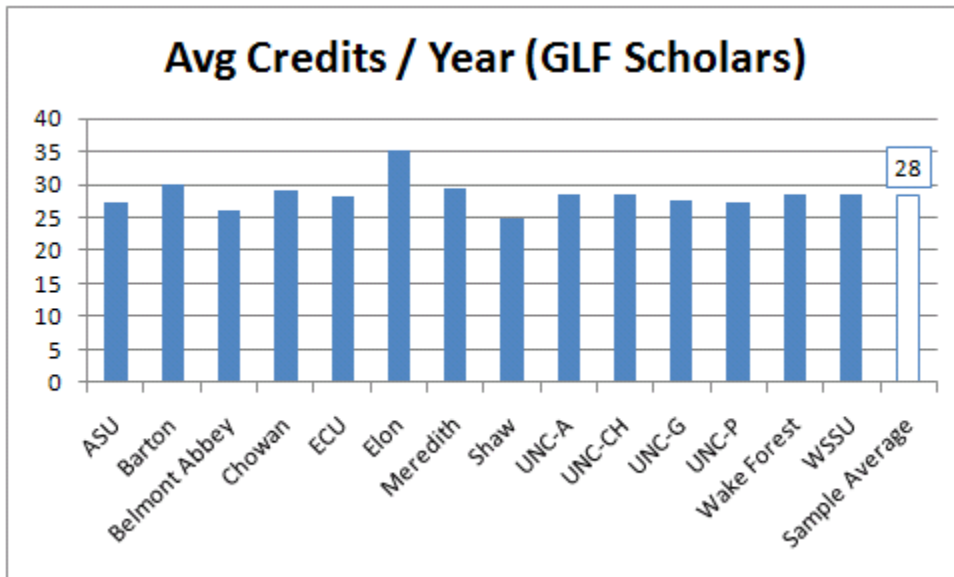
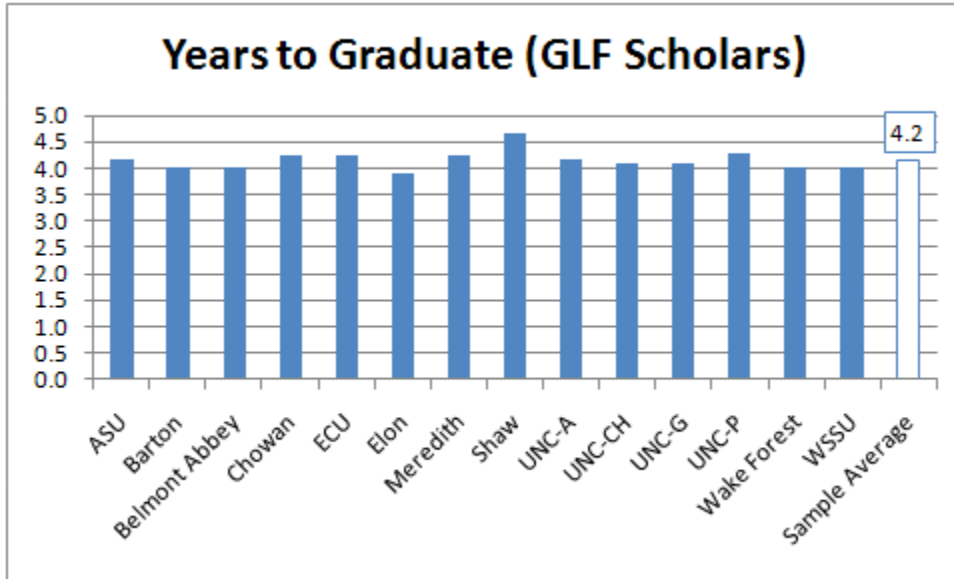
Appendix C – Performance Evaluation

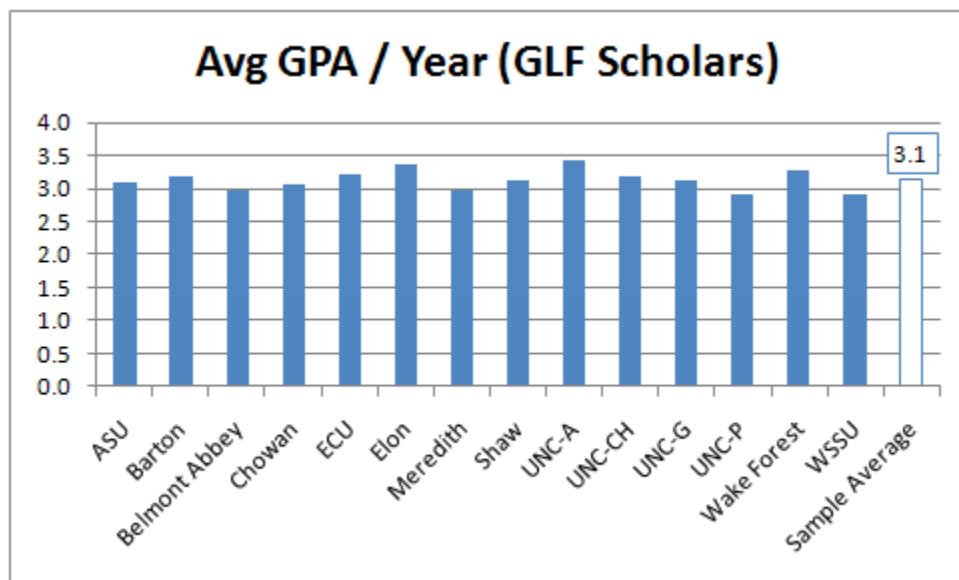
The charts show four ways to measure the performance of college students. Each chart shows average data for all GLF scholars at each of the 14 schools in our sample. At the right end of each graph there is a Sample Average bar which shows the average of all GLF scholars at all 14 schools combined.

- **Persistence Rate** – This shows what percent of GLF scholars did what they were supposed to do at the end of each school year. For freshmen, sophomores, and juniors, they are expected to return the following year to continue their education. For seniors, they are expected to graduate at the end of the year.
- **Years to Graduate** – This shows how many years, on average, it takes GLF scholars to graduate.
- **Average Credits per Year** – This shows the average annual course load of GLF scholars.
- **Average GPA per Year** – This shows the average Grade Point Average of GLF scholars.



* Persistence combines retention and graduation rates. It measures the percentage of students who did the proper thing at the end of each school year, whether it was to return the following year or graduate.





Comparison with National Averages

Current national averages for the four performance measures mentioned above are difficult to find. At the time of this writing, we were able to find some relatively recent national benchmarks for persistence, years to graduate, and GPA. Since most colleges require approximately 120 course hours to graduate, average course load per year can be estimated by dividing 120 by the average number of years to graduate. The following is a comparative table showing national averages (with public/private breakdown when available) and GLF scholar averages.

Please note that these national averages are based on individual cohorts of students (see footnotes for specific cohort used for each national average), whereas the GLF scholar averages are based on all cohorts combined. Thus, the following comparison is very rough, but it does allow some basis for comparison. With all that said, GLF scholars performed at or above the national averages in every performance area we looked at.

	National Average			GLF Scholars
	Public	Private	All	All
Persistence ¹	61%	70%	64%	87%
Years to Graduate ²	4.8	4.3	N/A	4.2
Course Load	25	28	N/A	28
GPA ³	2.7	2.9	2.9	3.1

¹ Based on 1995-96 first-time students. United States of America. U.S. Department of Education. *The Condition of Education 2003*. Washington, D.C.: GPO, 2003.

² Based on 1999-00 first-time students. "Are Four Years of College Enough?."

<http://www.collegeboard.com/parents/pay/scholarships-aid/36990.html>. College Board. 6 Apr 2009

³ Based on 2003-04 undergrad student data. United States of America. National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. *Profile of Undergraduates in U.S. Postsecondary Education Institutions: 2003-04*. Washington, D.C.: GPO, 2006.

Appendix D – The Comprehensive Plan

What would change?

1. Administer the application review and scholarship award processes at GLF
2. Recipients would be chosen from a single applicant pool
3. Change the scholarship from four 2-semester awards to a single 8-semester award
4. Students only submit one application
5. Eligible but unfunded applications are kept on file
6. Funding decisions based first on EFC, then on remaining need (see below)
7. Awards still capped at \$3,000 / year, but may be less depending on remaining need

What would the process timeline look like?

1. Student fills out FAFSA by January 1
2. Feds send EFC info back to families by February 1
3. Students send GLF application (with copy of FAFSA EFC data included) to GLF by February 15
4. GLF ranks applications first by EFC, then by other factors (essay, relationship with tobacco industry, etc.), makes decision about who gets the scholarship, and sends out preliminary award notices by March 1
5. Once student enrolls, student sends enrollment confirmation to GLF (by early May)
6. GLF works with FA offices at each school (public and private) to handle distribution of funds to students accounts from May through July.

NOTE: A more detailed timeline can be found in **Appendix F**.

When would money be returned to GLF?

1. Early in Freshman year, due to lack of need
 - a. When, after FA folks look at all other “free” financial aid options, there is no “remaining need” for the GLF scholarship, the money will be returned to GLF.
 - i. **Remaining Need** = CoA - EFC - “Free” Federal, State, and Institutional Aid. GLF funding okay up to 100% of remaining need (does not replace EFC or other FA that does not require any repayment).
 - ii. **Free** = Money that does not have be repaid. This does not include interest-free loans.
2. Any time after enrollment, due to change in eligibility
 - a. If GPA falls below a minimum of 2.0. Individual schools can set a cutoff for financial aid above 2.0, just not below it.
 - b. If the student drops out
 - c. If the student takes less than 12 credit hrs / semester (is no longer full time)
 - d. If the student graduates in less than 8 semesters
 - e. If the student transfers to a school outside of NC
 - i. Transfers from one NC school to another can be accommodated because the money is linked to the student, not the school.

What happens when money gets returned to GLF?

1. The money goes back into the pool of funds available for scholarships
2. A determination is made about the number of additional slots the remaining funds constitute
3. Additional scholarships can be awarded to the eligible applicants of the same freshman class who did not get a scholarship in the first awarding.

What are the advantages of this system?

1. GLF controls contact information.
2. GLF has the information and staff needed to build/maintain an alumni network
3. GLF can make future changes to the program more easily
4. GLF can ensure that each eligibility criterion is given the weight they want
5. The award process can be extremely simple and transparent
6. Any unused funds can be quickly awarded to other eligible applicants
7. The scholarship could become a factor in enrollment decisions
8. The size of the cohorts can be kept consistent and equal by proper reallocation of unused renewal slots

What are the disadvantages of this system?

GLF will have to take on more of the administration of this program than it currently does. This may require the hiring of a single PT or FT staff member (depending on whether this person handles just the scholarship program or also the alumni network).

Appendix E – Timelines and Process Maps

The following 18 slides are organized as follows:

	Page
• Timelines	
○ Public	26
○ Private	28
• Application & Selection Process Maps	
○ Public	29
○ Private ⁴	36
• Funds Transfer Process Maps	
○ Public	40
○ Private	42

⁴ Please note that, on the private side, there is no application process. The private schools simply select students from those who enroll that match GLF's eligibility criteria and award the scholarships to those with the most remaining need.

Public Timeline – Current Year Grant

Golden LEAF Scholarship Program Timeline – Public Universities Administrative Timeline: Current Year Grant

- _____ NCSEAA creates disbursement roster and sends it to FA Offices.
- _____ FA Offices send disbursement roster to campus cashiers.
- _____ GLF writes a check for 50 percent of current year grant funds to UNC-GA for fall semester scholarships.
- _____ EFTs from NCSEAA to campus cashiers using disbursement roster.
- _____ Campuses credit student accounts for the fall semester.
- _____ Some GLF recipients may withdraw from school. Campuses have different responses to this. Some return funds if a recipient withdraws prior to a certain date. Some do not return funds (disburse in good faith).
- _____ NCSEAA works with FA Offices to identify additional recipients for returned funds.
- _____ GLF writes a check for the remaining grant funds to UNC-GA for spring semester scholarships.
- _____ NCSEAA creates disbursement roster and sends it to FA Offices.
- _____ FA Offices send disbursement roster to campus cashiers.
- _____ EFTs from NCSEAA to campus cashiers using disbursement roster.
- _____ Campuses credit student accounts for the spring semester.
- _____ Some GLF recipients may withdraw from school. Campuses have different responses to this. Some return funds if a recipient withdraws prior to a certain date. Some do not return funds (disburse in good faith).
- _____ NCSEAA works with FA Offices to identify additional recipients for returned funds.
- _____ NCSEAA administers graduating student survey.
- _____ Unused grant funds return to GLF. _____
- _____ UNC submits Final Report to GLF. _____

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
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Public Timeline – Next Year Grant

Golden LEAF Scholarship Program Timeline – Public Universities Administrative Timeline: Next Year Grant

_____ UNC submits proposal to GLF for next academic year scholarship funding.

_____ GLF notifies UNC that scholarship funding will continue for the upcoming academic year.
 _____ GLF sends draft grantee agreement to UNC and NCSEAA.

_____ Agreement negotiations, if any, occur between GLF & UNC. Agreement is signed.

_____ SEAA begins notifying students that the GLF grant will be renewed for upcoming year.
 _____ Renewal students by email and CFNC Student Portal. New applicants through various inter-organizational communication and general publicity.

_____ March 15 = Priority Deadline for scholarship. Students who complete their FAFSA and GLF Scholarship Application by this date have best chance of receiving scholarship funding.

NCSEAA reviews applications and ranks candidates based on EFC (with priority going to students who demonstrate need and have been adversely affected by the decline in the tobacco industry). _____

NCSEAA sends eligibility update roster to FA offices. _____

FA offices verify eligibility of students on eligibility roster. _____

UNC submits Interim Report to GLF. _____

FA offices receive notification list of recipients for upcoming school year. _____

Applicants receive email from NCSEAA notifying them of award decision. _____

FA offices conduct 2nd eligibility check for recipients on notification list. _____

NCSEAA creates disbursement roster and sends it to FA Offices. _____

FA Offices send disbursement roster to campus cashiers. _____

GLF writes a check for 50 percent of current year grant funds to UNC-GA for fall semester scholarships. _____

EFTs from NCSEAA to campus cashiers using disbursement roster. _____

Campuses credit student accounts for the fall semester. _____

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
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Private Timeline

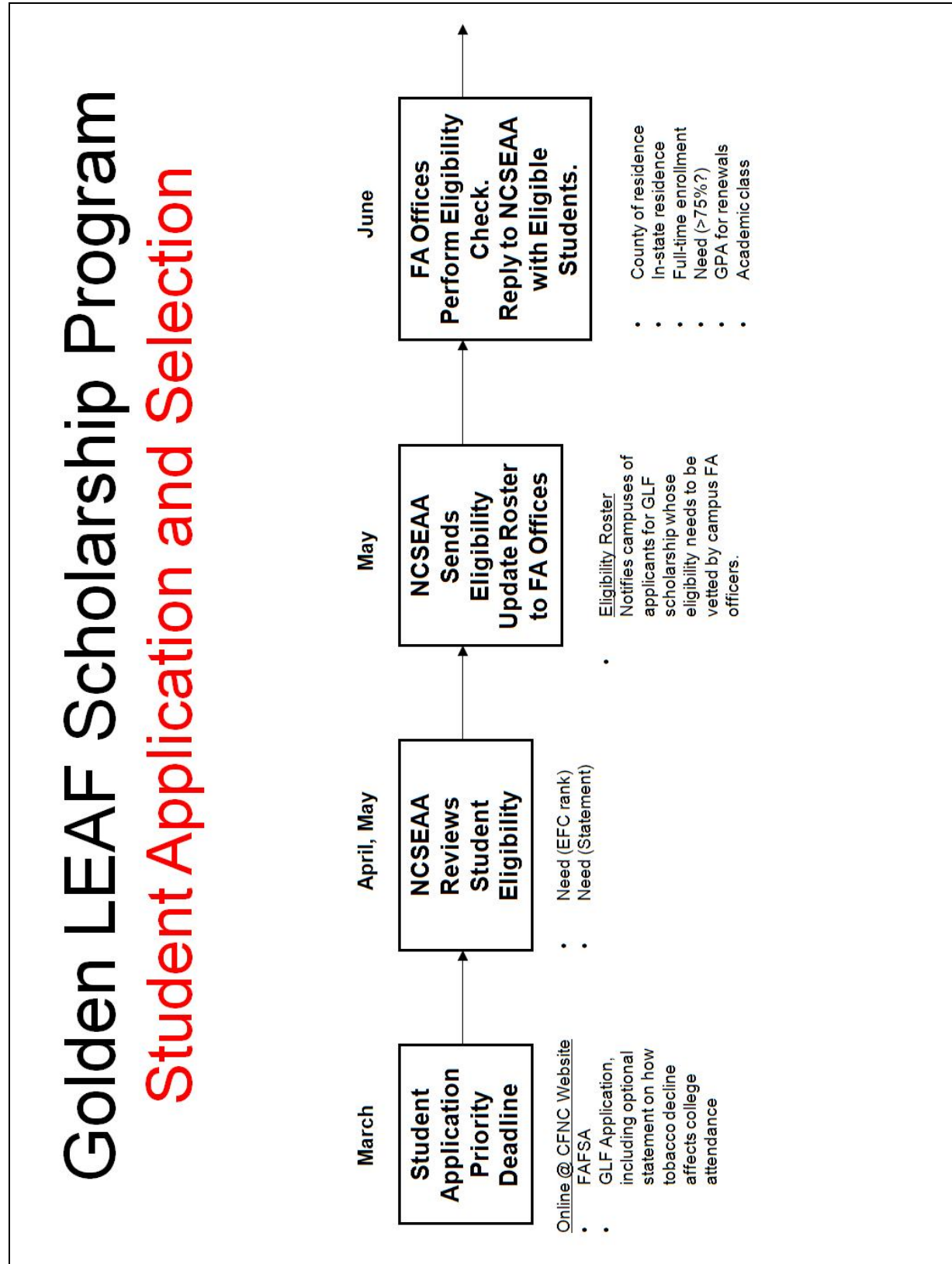
Golden LEAF Scholarship Program – Private Schools Administrative Timeline

— By August 1, NCICU submits proposal to GLF for next academic year scholarship funding.
— FA officers report to NCICU the scholarship recipients for upcoming semester. NCICU conducts verification check (GPA, residency, financial need, full-time enrollment, and class year).
— NCICU submits to GLF a letter of request for funds, evaluation plan, and conflict of interest policy.
— NCICU identifies GLF scholars graduating at the end of the fall semester.
— GLF writes a check for requested grant funds to NCICU for fall semester scholarships.
— GLF notifies NCICU that scholarship funding will continue for the upcoming academic year. Grantee agreements are drafted.
— NCICU sends a check for scholarship funds to campus presidents. Financial aid offices notify students of receipt of award and releases recipient names to business office. Campus presidents forward check to cashier's office.
— Campus cashier's office credits student accounts for the fall semester.
— NCICU conducts exit interviews with GLF scholars graduating in the winter and follows up with past graduates for contact and career updates.
— NCICU submits Interim Report to GLF.
— Agreement negotiations occur between GLF & NCICU. Agreement is signed.
— FA officers report to NCICU the scholarship recipients for upcoming semester. NCICU conducts verification check (financial need and full-time enrollment). Winter replacements verified by student selection form submitted by FA officers to NCICU.
— NCICU submits to GLF a letter of request for funds.
— GLF writes a check for requested grant funds to NCICU for spring semester scholarships.
— NCICU identifies GLF scholars graduating at the end of the spring semester.
— NCICU sends a check for scholarship funds to campus presidents. Financial aid offices notify students of receipt of award and releases recipient names to business office. Campus presidents forward check to cashier's office.
— Campus cashier's office credits student accounts for the spring semester.
— NCICU conducts exit interviews with GLF scholars graduating at the end of the spring semester and follows up with past graduates for contact and career updates.
— NCICU submits Final Report to GLF, which contains survey results of winter and spring graduates. Due June 30.

Administrative actions for
 Current Year Awards (BLUE)
 Administrative actions for
 Next Year Awards (RED)

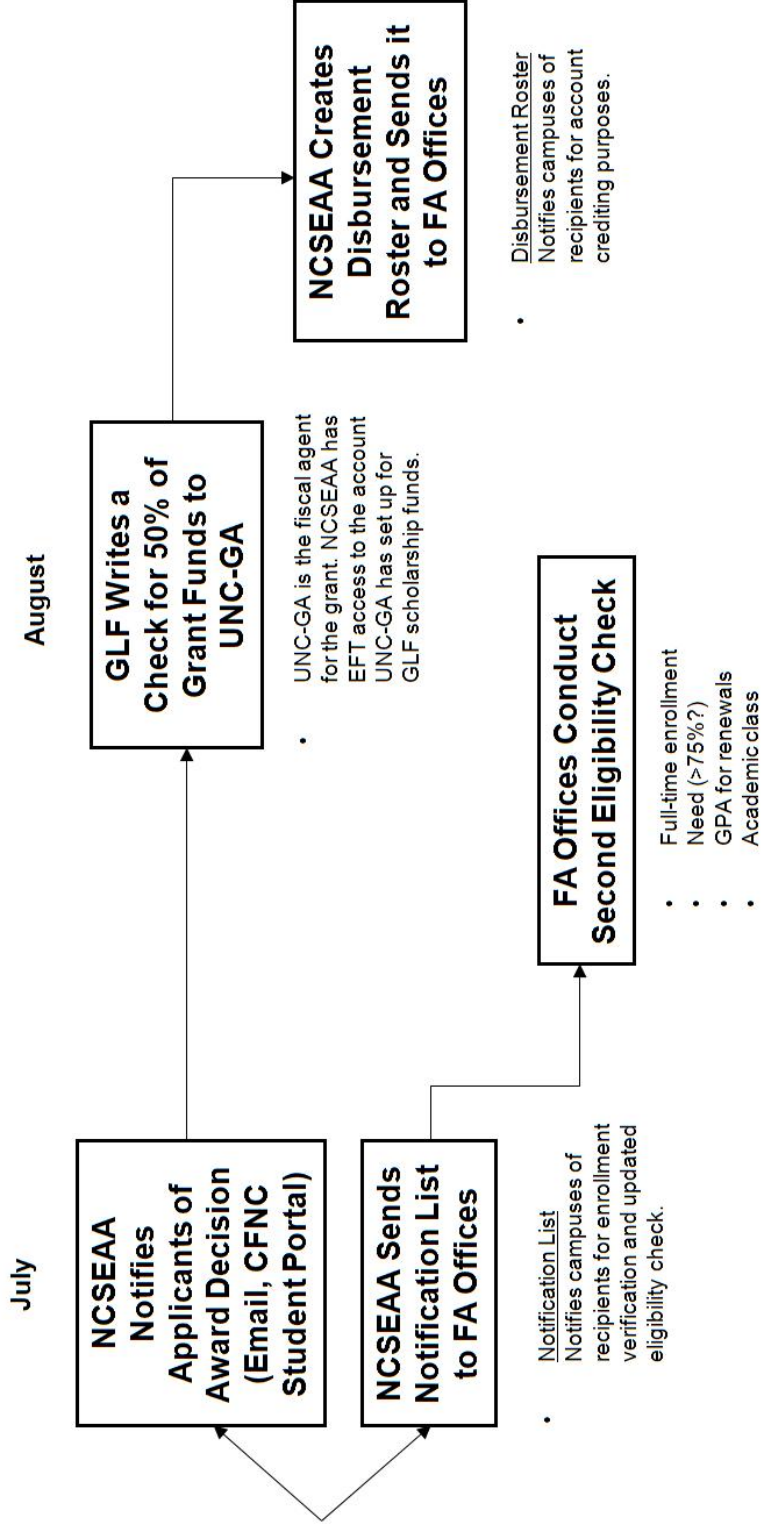
Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
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Public Application & Selection Process Maps



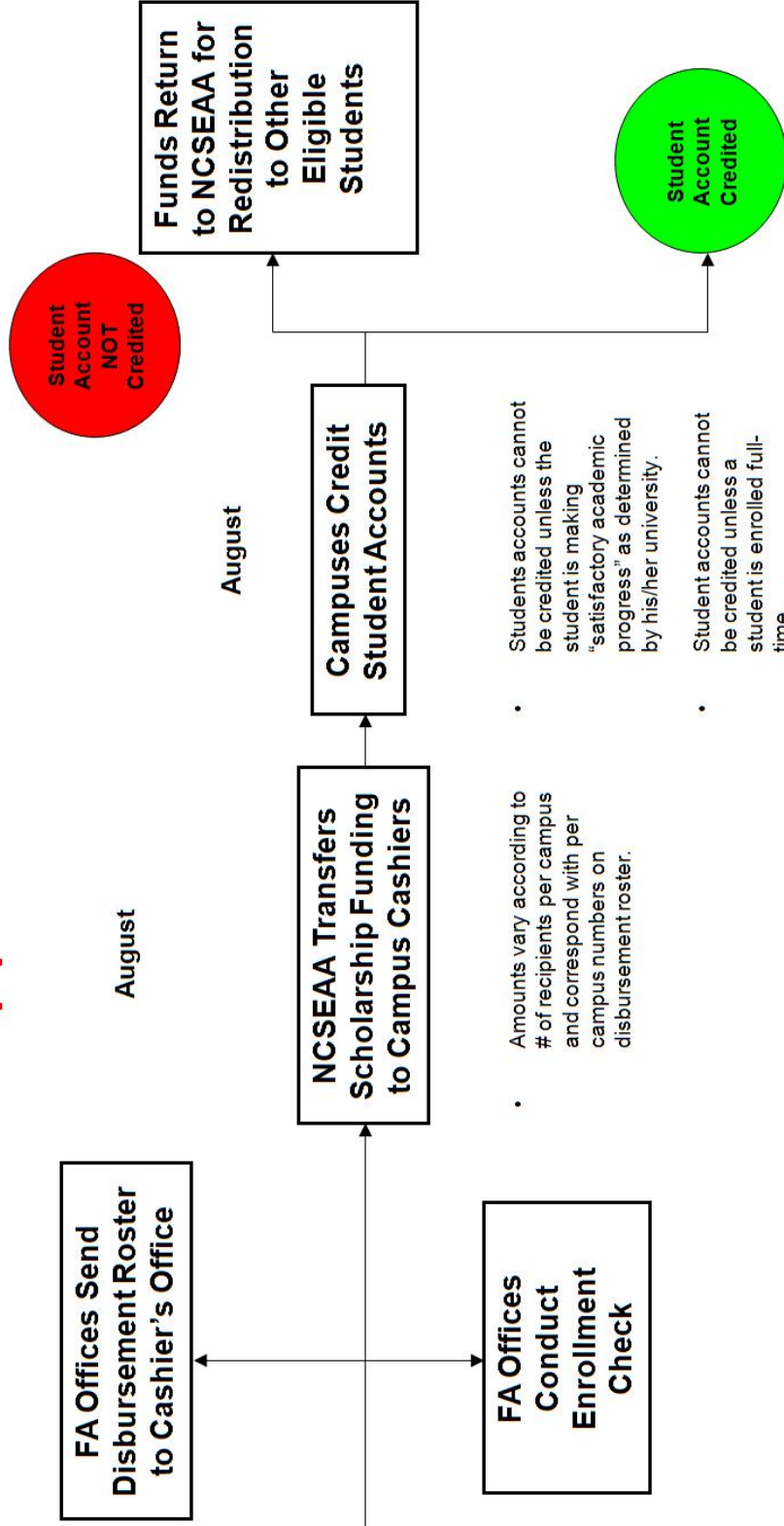
Golden LEAF Scholarship Program

Student Application and Selection



Golden LEAF Scholarship Program

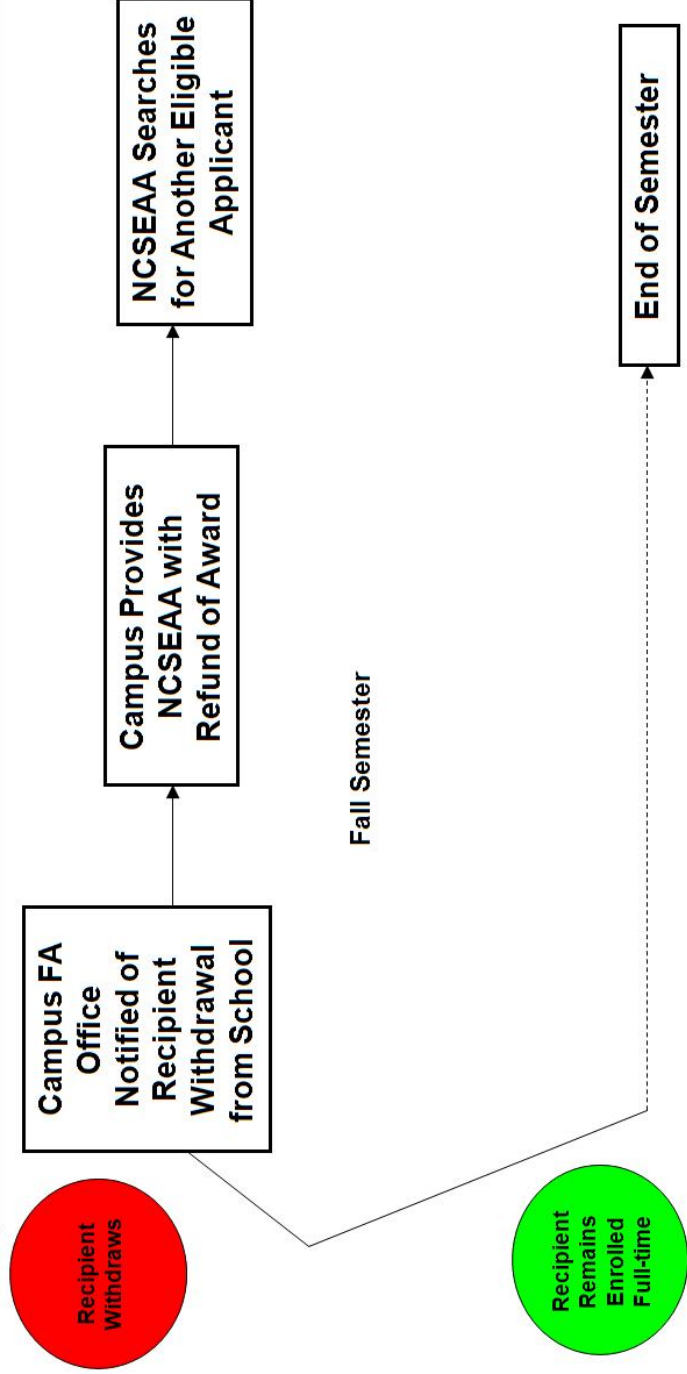
Student Application and Selection



Golden LEAF Scholarship Program

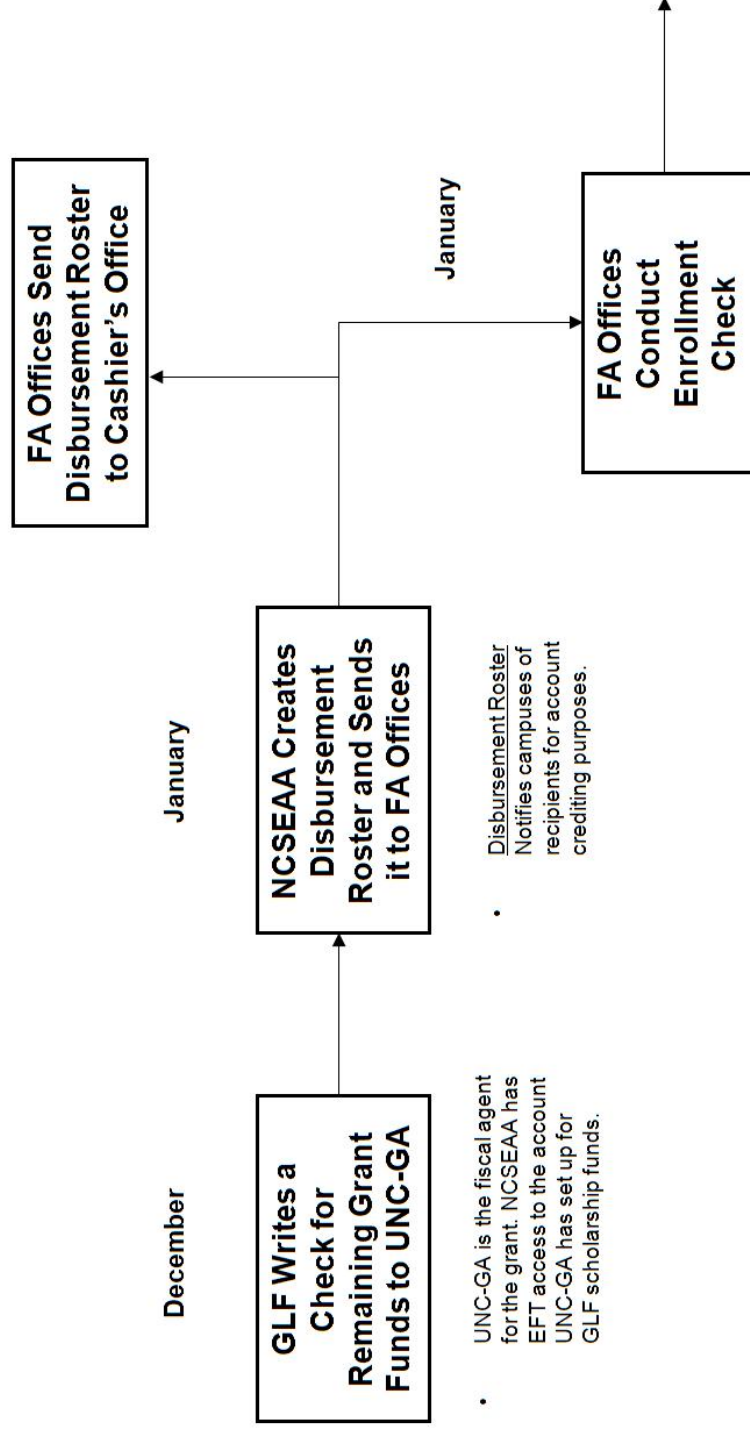
Student Application and Selection

Appears to vary by campus. Some disburse "in good faith" that a student will complete the semester and seek only Title IV funds back from the student, pro-rated for time spent on campus.



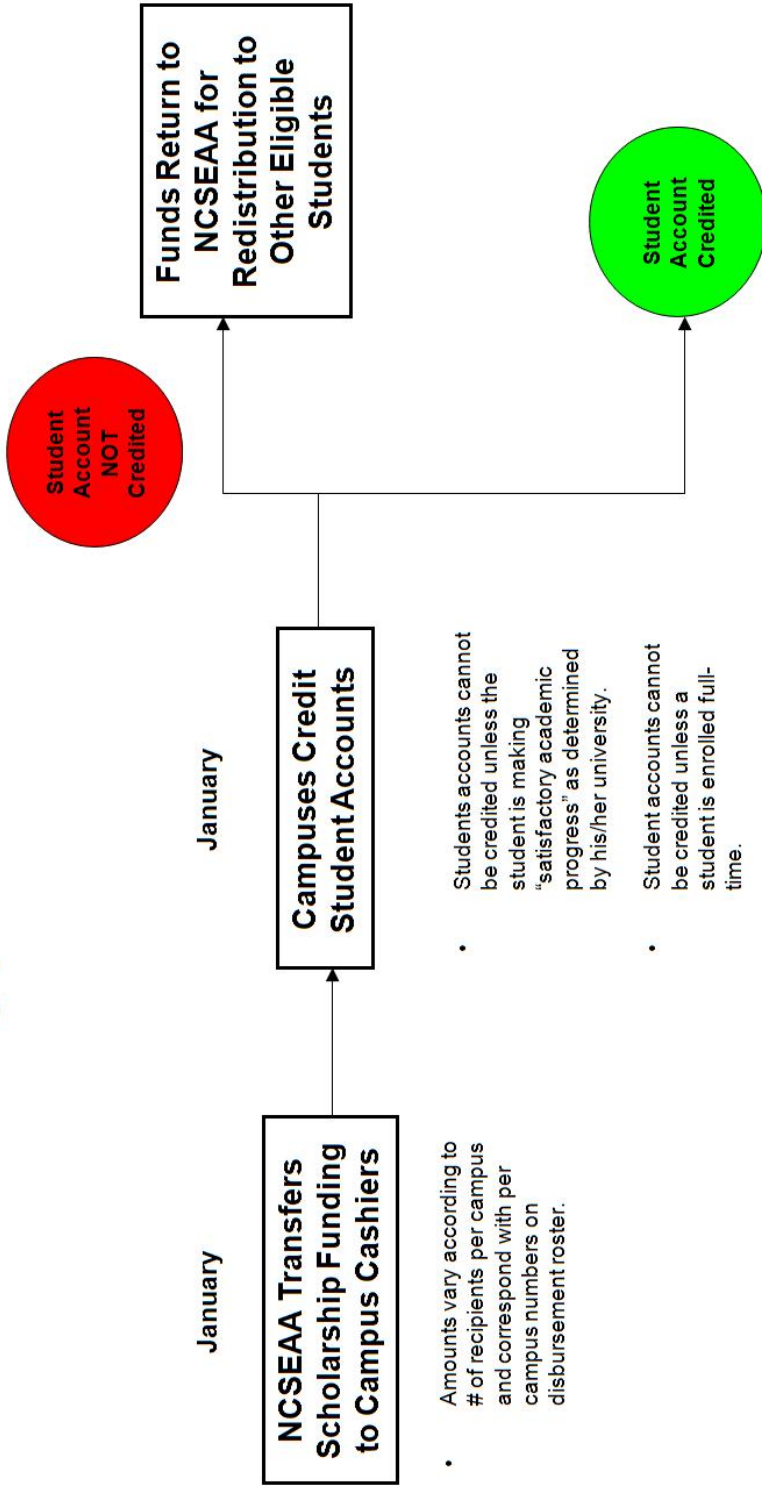
Golden LEAF Scholarship Program

Student Application and Selection



Golden LEAF Scholarship Program

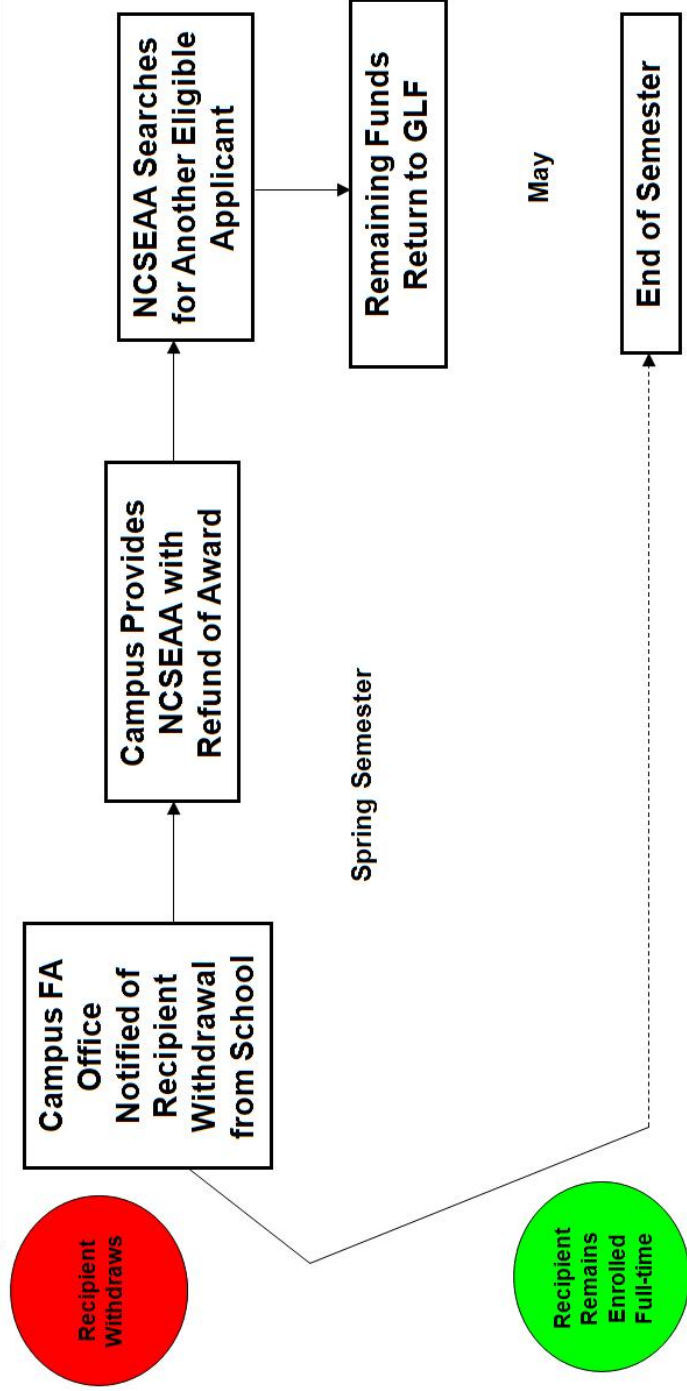
Student Application and Selection



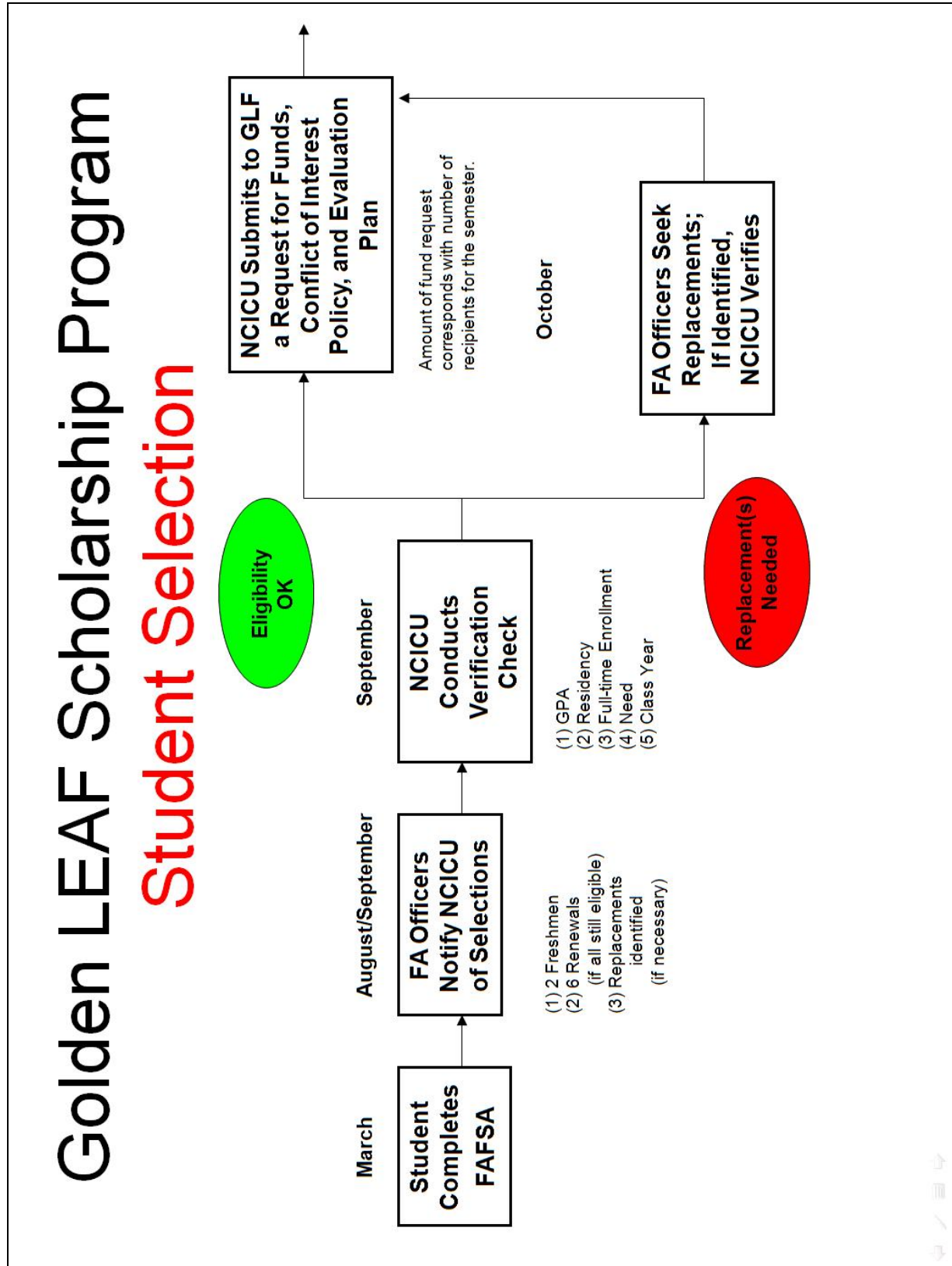
Golden LEAF Scholarship Program

Student Application and Selection

Appears to vary by campus. Some disburse "in good faith" that a student will complete the semester and seek only Title IV funds back from the student, pro-rated for time spent on campus.

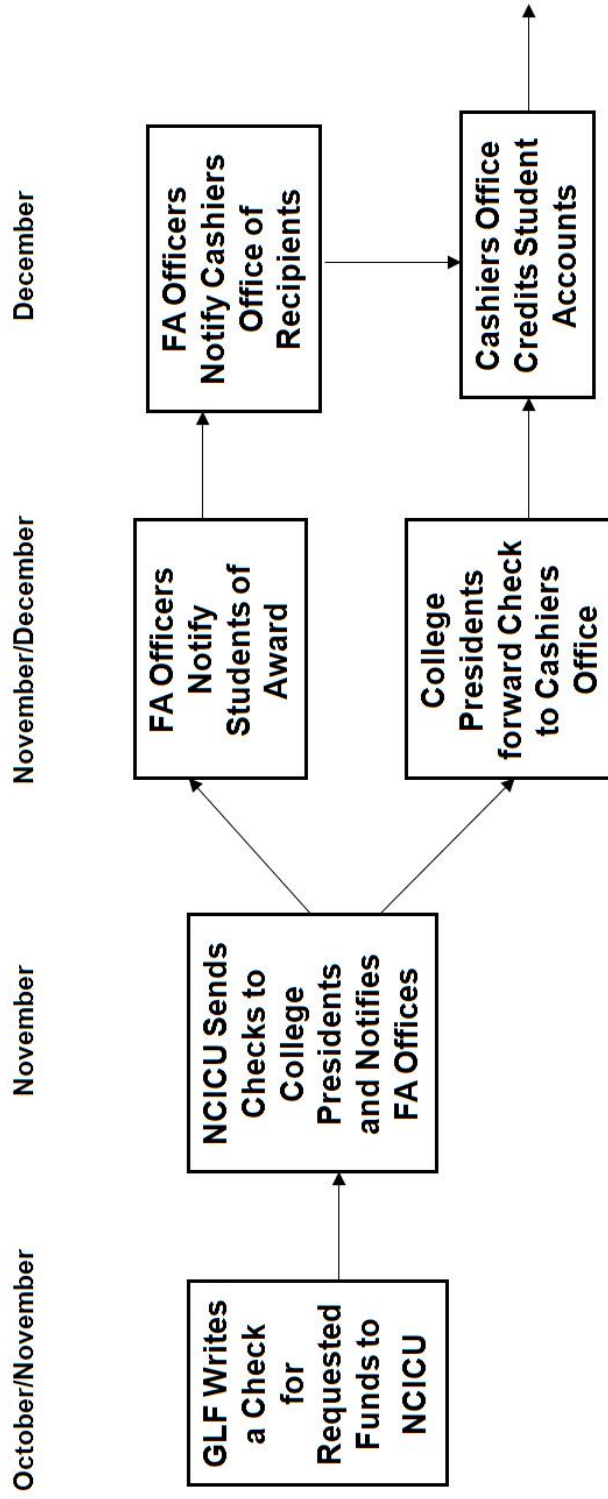


Private Selection Process Maps



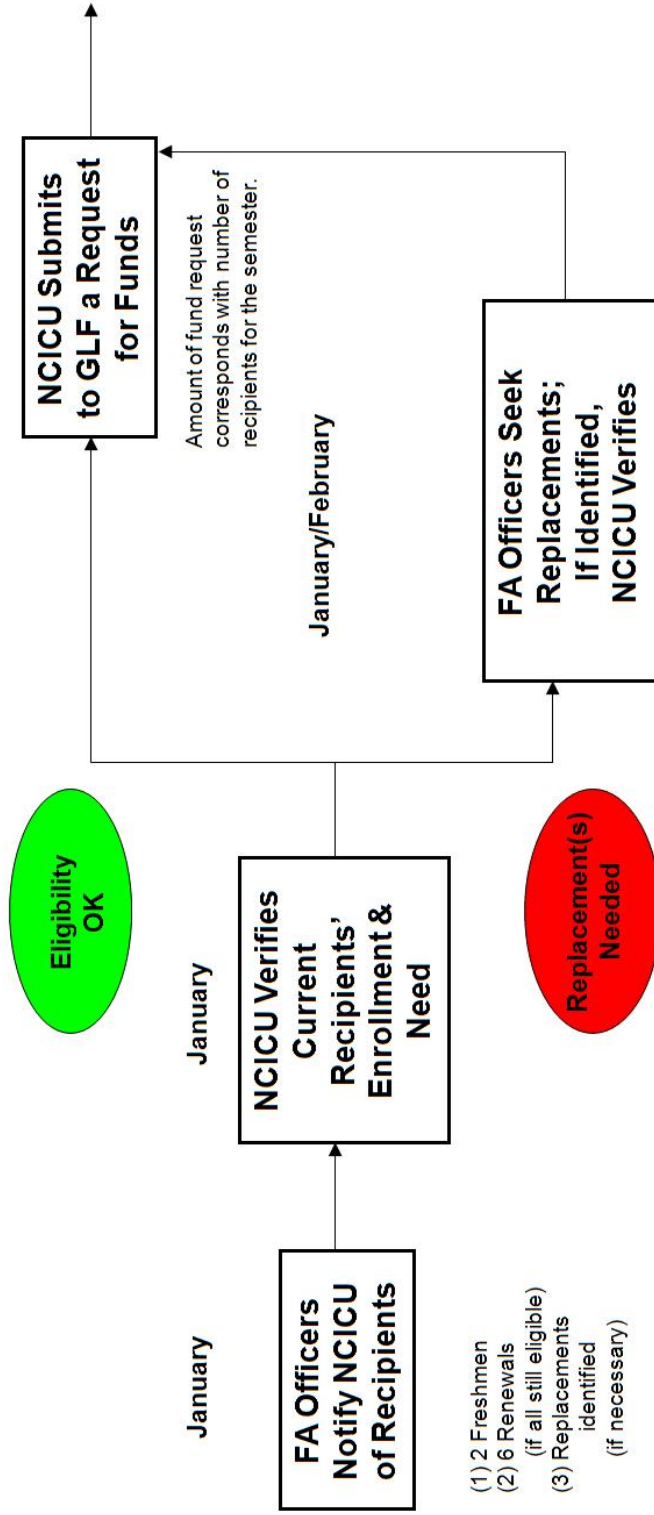
Golden LEAF Scholarship Program

Student Selection



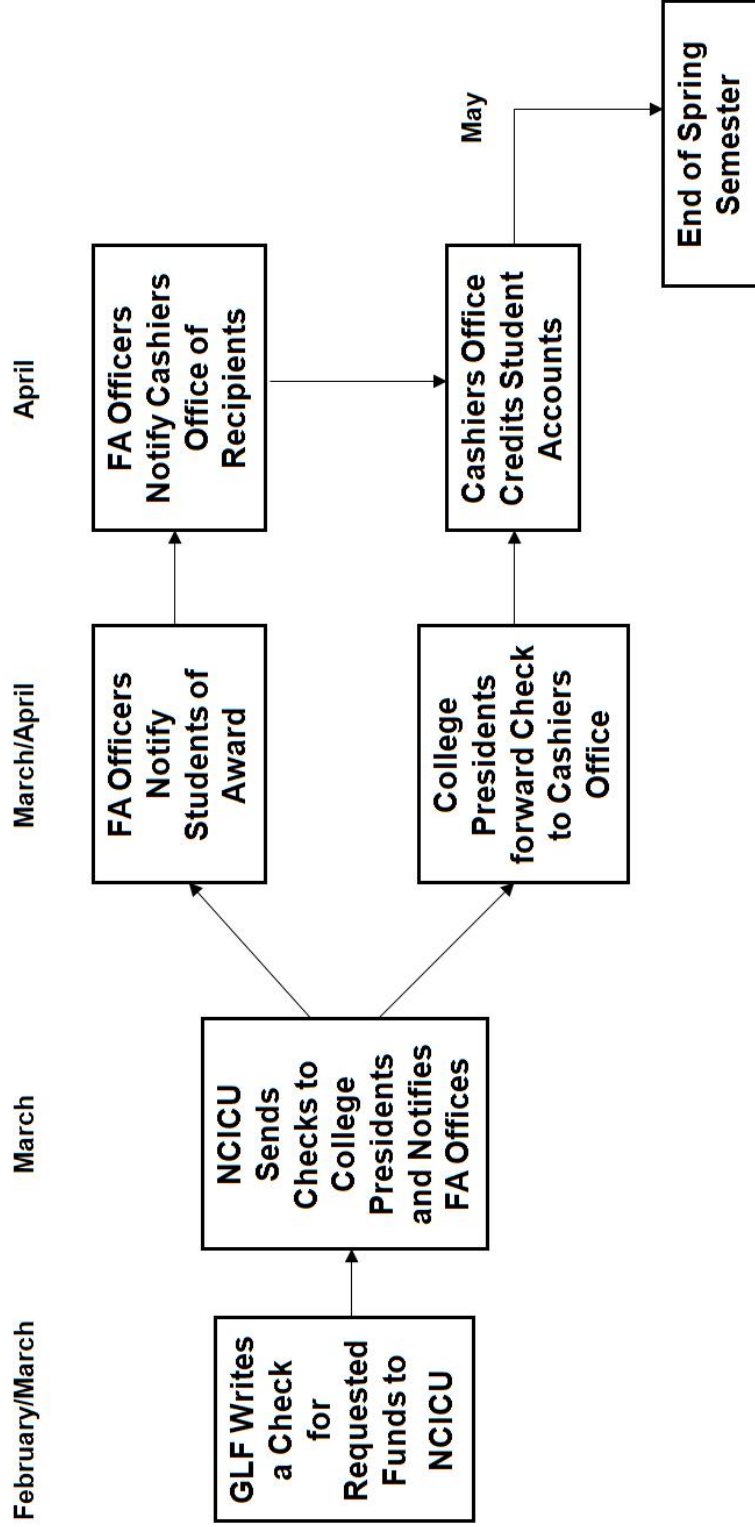
Golden LEAF Scholarship Program

Student Selection

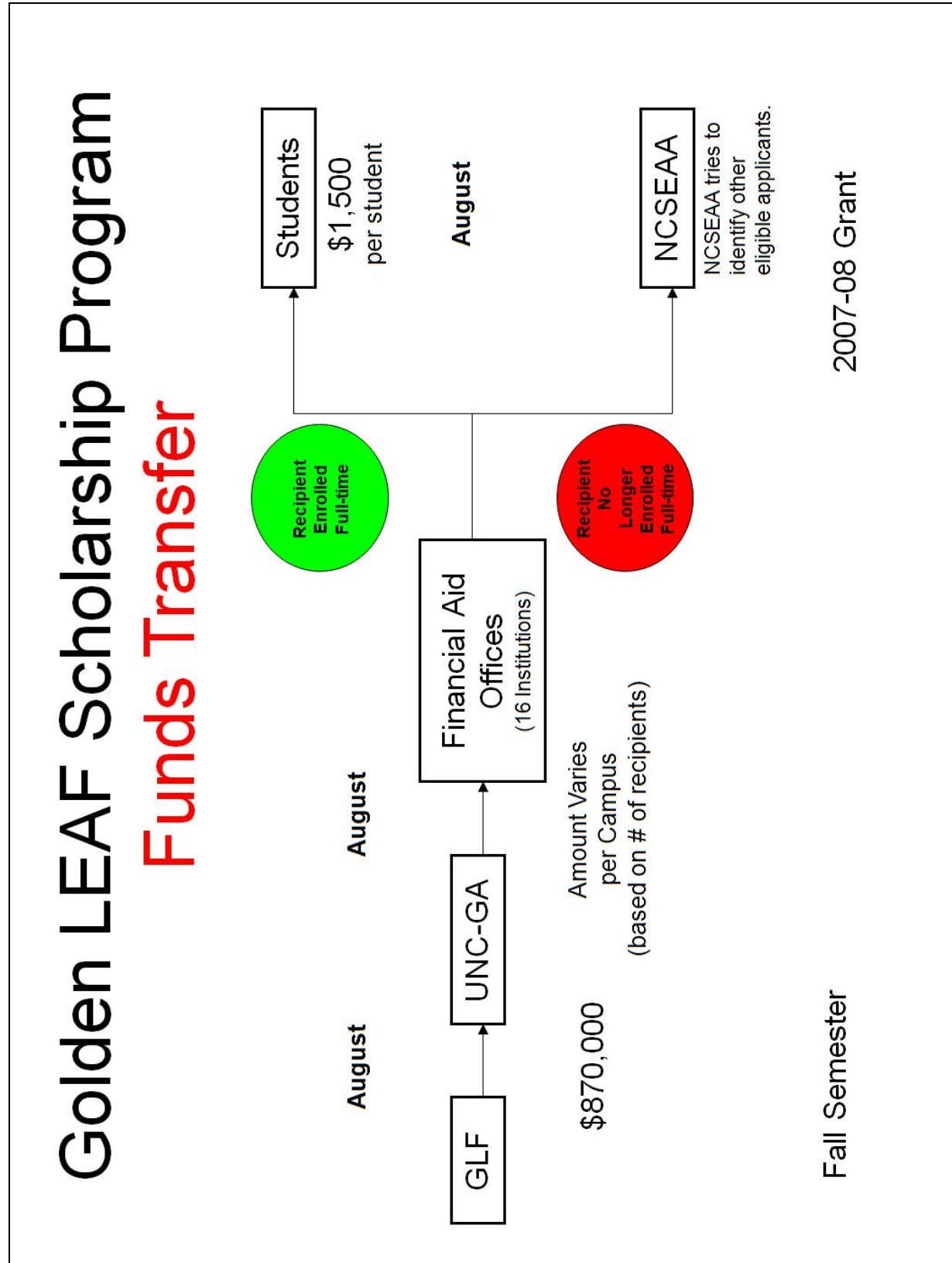


Golden LEAF Scholarship Program

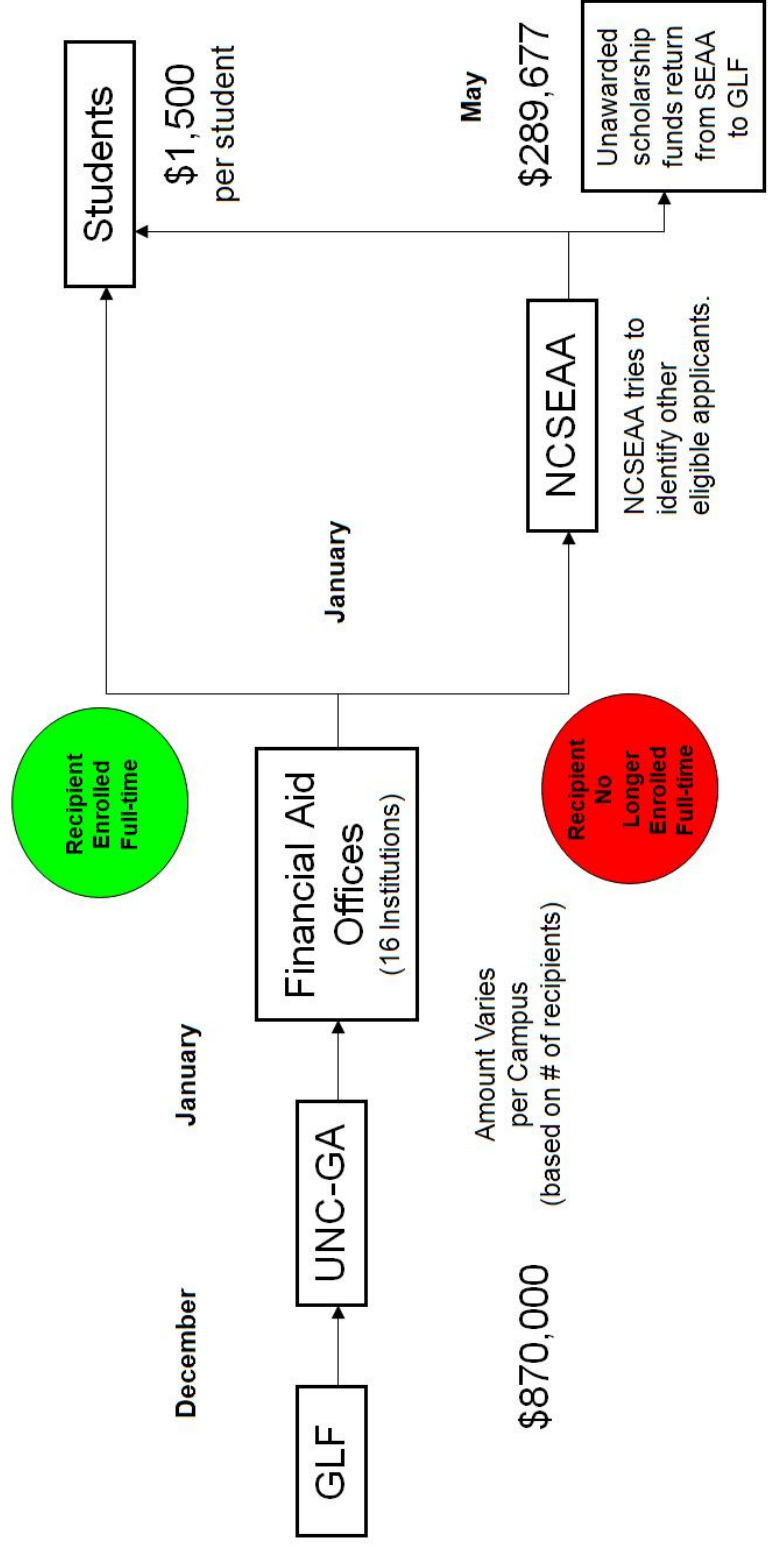
Student Selection



Public Funds Transfer Process Maps



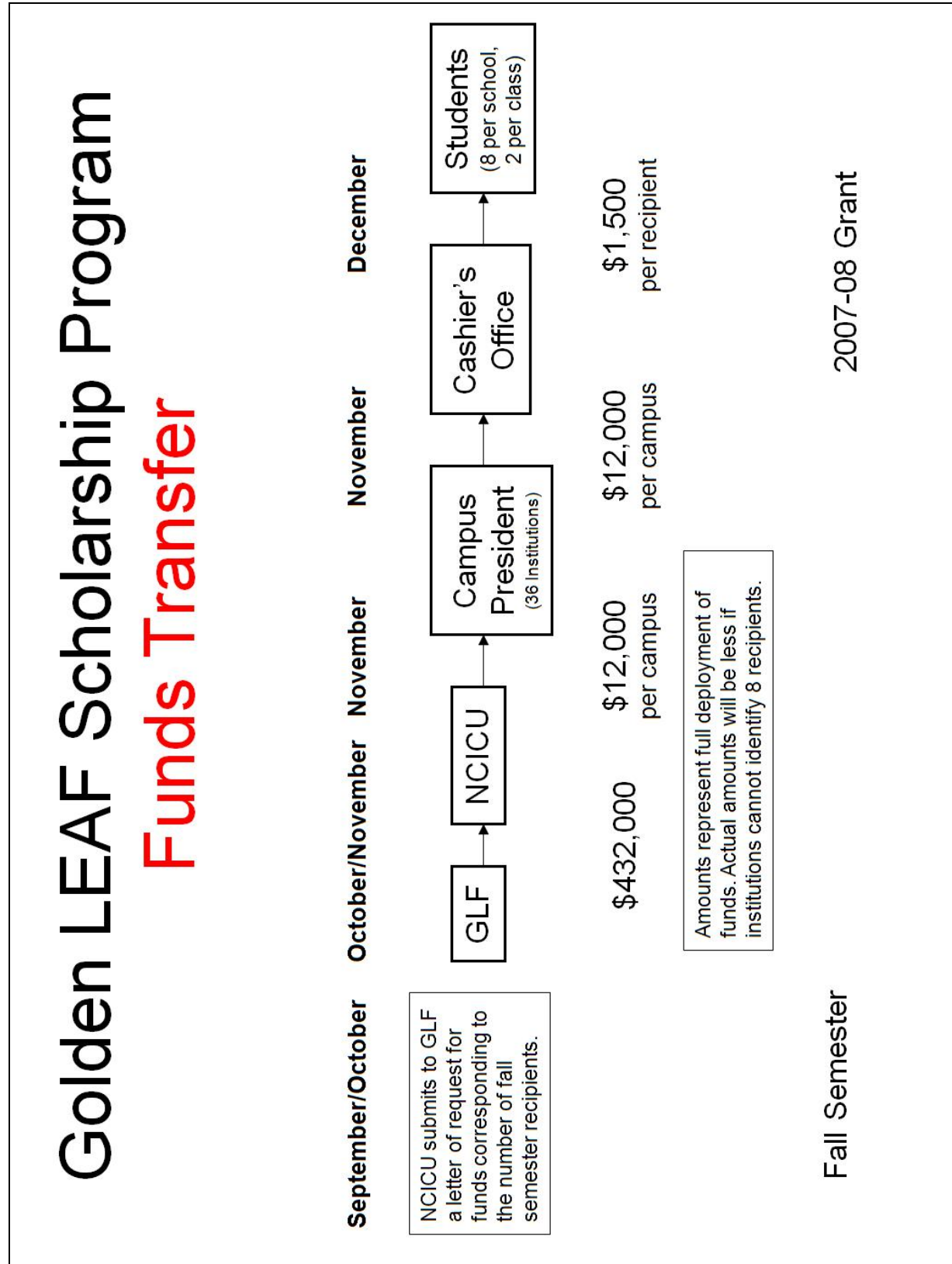
Golden LEAF Scholarship Program Funds Transfer



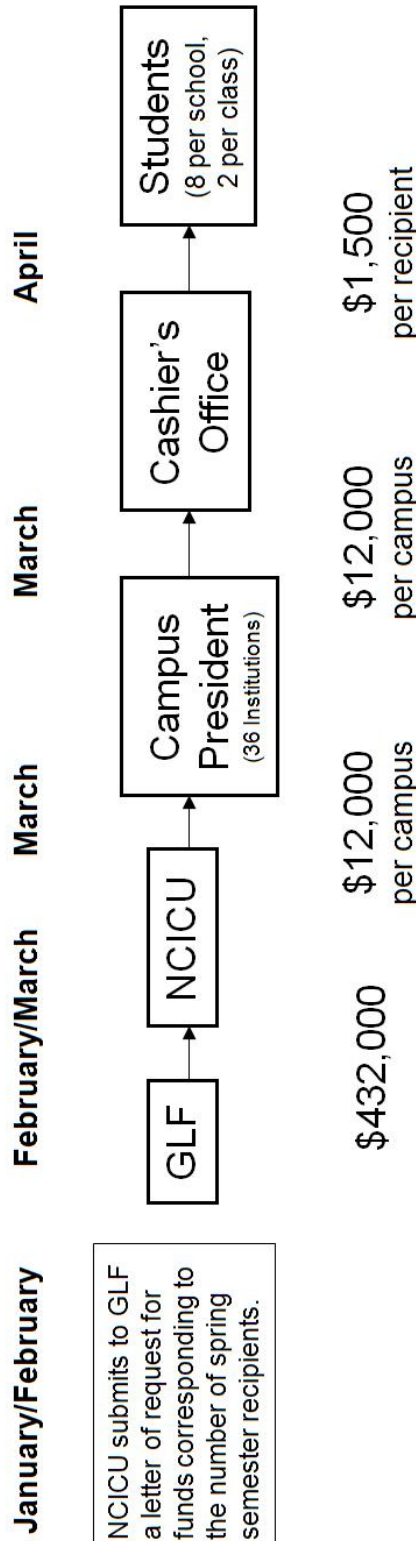
Spring Semester

2007-08 Grant

Private Funds Transfer Process Maps



Golden LEAF Scholarship Program Funds Transfer



Amounts represent full deployment of funds. Actual amounts will be less if institutions cannot identify 8 recipients.

Spring Semester

2007-08 Grant

Appendix F – GLF Questions from the Rough Draft

A rough draft of this report was shared with GLF on Monday, April 13. We requested feedback on the draft by Friday, April 24. Below are GLF's questions from the rough draft and our responses to them.

Question 1

It would be very helpful for our Board to have some estimate of the cost of operating the scholarship program if we were to take it in house or engage a third party to operate it. Can you get any estimates of those costs?

The cost to administer the scholarship program depends in part on whether it is administered in-house by GLF staff or out-sourced. If administered in-house, we believe a single part-time program administrator could handle the work involved. If GLF wishes to administer an alumni network as well, we believe both tasks could probably be handled by a single full-time program administrator. GLF knows better than the SOG what the labor market in Rocky Mount is like and what kind of compensation package would suffice to fill this position with a capable staff member. Were the full-time scholarship/alumni network program administrator position to be based in Chapel Hill, it might require an annual salary of \$35,000-\$50,000.

We envision the following tasks would be associated with this job:

1. Part-time
 - a. Initial design of scholarship program (one-time activity)
 - b. Distribution of marketing materials (recurring activity)
 - c. Administration of scholarship program (recurring activity)
2. Full-time, includes all items under Part-time above, plus the following
 - a. Initial design of alumni network (one-time activity)
 - b. Administration of alumni network (recurring activity)

We are not in a position to know what other organizations might charge to execute the tasks outlined above. We also cannot begin to estimate the cost required to design and administer an alumni network until after we complete Phase II's phone survey (which may tell us what kinds of services GLF scholarship alumni would like the network to offer). However, as a frame of reference, were the SOG to take on the tasks associated with designing and administering the scholarship program, we believe it would cost...

1. Initial design of scholarship program (~\$12,000 from July 1 through Nov. 1, 2009)
2. Administration of scholarship program (~\$20,000 from Feb. 1 through Aug. 1, 2010)

Question 2

Had you all thought about what marketing, etc. might be necessary and/or appropriate to do a better job of informing students of the availability of the scholarships, especially if we establish a stand-alone program?

Marketing was not something we sought to provide guidance on, due in part to the fact that there is currently a significant amount of unmet demand for these scholarships among rising college freshmen. Thus, marketing does not seem to be a pressing concern. However, we recommend contacting NCSEAA, financial aid officers at NC colleges and universities, and high school guidance counselors to gather suggestions for ways to market the stand-alone scholarship program. The amount of funding available for marketing will likely play some role in the forms it takes. Some possible options include:

- CFNC website and Student Portal
- Informational sheets sent to NC college/university financial aid offices
- NCSEAA Newsletter, which goes out to high school counselors and counselor coordinators
- Radio, TV, and newspaper ads
- Fliers posted in high schools
- Informational conversations with high school guidance counselors

Question 3

It may be helpful to have more detail about the timeline of the proposed new program in the body of the memo itself so the Board can understand how much of the decision will be driven by FAFSA and associated timing issues.

The FAFSA website recommends that the FAFSA be submitted by January 1, so as to ensure that the EFC it generates will be available to families before the deadlines of many state sources of financial aid. Thus, the following timeline is based on a January 1 FAFSA application deadline. January is also when most college applications should be submitted by, though some schools begin accepting applications earlier. For example, UNC-CH has two application periods: Early Notification and Normal Notification. The application deadline for Early Notification is November 3 and the application deadline for Normal Notification is January 15.

- **June** – GLF decides which of the following task to out-source or keep in-house.
 - Initial design of scholarship program
 - Marketing of scholarship program
 - Administration of scholarship program
 - Initial design of alumni network
 - Administration of alumni network
- **July & August** – Work begins on determining GLF scholarship award amounts, criteria, vetting process, and marketing methods.
- **September & October** – Marketing materials and information available. Work begins on design of GLF scholarship application and vetting tool.

- **November 1** – GLF scholarship application completed and made available on the web.
- **January 1** – Rising high school senior submits college and FAFSA applications.
- **Late January** – The FAFSA administration sends back a Student Aid Report (SAR), which includes information about what federal aid is available, as well as the EFC.
 - If the FAFSA is submitted online, the SAR will be returned in 2-3 days. If the FAFSA is submitted by mail, the SAR will be returned in 2-3 weeks.
- **February 15** – GLF scholarship deadline. Applicants must include a copy of their SAR with application, since the EFC therein is the primary basis of GLF funding eligibility.
- **March 1** – GLF makes preliminary award decisions based on EFC. GLF drafts and sends out preliminary award notifications.
- **Late March** – Colleges and universities send out admissions letters/packets.
- **April** – Students weigh where to enroll. Since the GLF preliminary award notifications were received prior to receipt of admission letters/packets, the GLF award is able to play a role in enrollment decisions.
- **Early May** – Students notify schools and GLF of their enrollment decisions.
- **May, June, & July** – GLF works with NC colleges and universities to determine remaining need and distribute funds. Any unused funds can be retained by GLF or used to grant additional scholarships.

Question 4

On the FAFSA/farmer issue, do you know if it makes a difference if the family farm is incorporated or not? Also, does it matter if the farmer rents land from someone else to supplement the farm operation? (This will be a significant issue for our Board, so I want to make certain we have anticipated as many questions as we can.)

According to NCSEAA, “[it] does not matter if the farm is incorporated. If a farmer rents to supplement the farm operation, that land will not be reported on the FAFSA. As such, neither are factors in determining a family’s financial strength.”

Question 5

If the EFC is used as the determining factor for support, how would we handle a situation where the gap between COA and EFC is less than the scholarship amount?

Assuming GLF opts to retain an award of \$3,000 per year, this situation will be extremely rare. It requires that a family’s EFC is only \$3,000 less than the COA. Such applications would receive the lowest priority for GLF funding. In addition, according to the data contained in the charts on pages 2 and 4, there is no shortage of applicants with much lower EFCs.

If such a situation ever occurred, the simplest thing to do is offer a *maximum* of \$3,000 / year, or less in the situation described above. In that case the award would only be enough to cover the gap between EFC and COA.

Question 6

Did you all get any input on using GPAs for selection criteria and/or whether the strategy of focusing the program at students that are in the middle of the pack than in the top of their classes is a good idea?

We believe academic variables like high school GPA should be left to the universities to weigh. If the applicant gets accepted, and GLF is willing to help cover the cost of any school in NC, we see no need for GLF *and* the schools to consider high school GPA. In addition to being unnecessary, doing so would also begin to blur the lines between merit-based and need-based scholarships. We also think the simplicity of the proposed application vetting process (which focuses almost entirely on EFC) is a significant advantage. GLF can always make the vetting process more complicated later, but we recommend keeping it as simple as possible for at least the first few years.

We see no problem with GLF continuing to have a minimum *college* GPA in order for scholarship recipients to continue to receive GLF funding.

Question 7

Can you give a brief explanation in the report re: the ways that the EFC limits the impact of our support? As I understand it, we cannot establish a program that would use GLF funds to displace EFC because as soon as we encroach on EFC, financial aid offices will reduce other financial aid for students, and there is no good way to bypass the financial aid offices.

The Free Application for Federal Student Aid (FAFSA) is the first stop for families seeking financial aid for college. The FAFSA is the application used to determine access to federal gift and loan aid. One of the variables included in financial aid eligibility calculations is called the Expected Family Contribution (EFC). The EFC, determined by the FAFSA, acts as the basis for federal aid as well as most other forms of financial aid, including state aid, institutional (college/university) aid, and private aid.

The EFC calculation looks at family assets and income to determine how much the family should contribute to their children's education. The greater a family's income or assets, the higher the EFC, and the fewer financial aid resources available. As mentioned before, assets associated with family farms (those operated and lived on by the family) are not counted as assets in the EFC calculation.

The EFC cannot be displaced. Aid that is not need-based (like merit-based aid) must be reported in the FAFSA and reduces the remaining need, which reduces in the availability of all other sources of need-based financial aid. Families could opt to take out a regular bank loan to cover the EFC, but those have regular interest rates too.

Question 8

To follow that last point, is there a way under either the a la carte or comprehensive overhaul options to make certain that GLF funds would displace loan dollars and not other grants or scholarships?

GLF scholarship funds are considered near the end of the financial aid process and primarily displace loan dollars under the current system as well as both the a la carte and comprehensive overhaul options. The following example shows the order in which these different forms of financial aid are considered. EFC is considered first, then merit-based aid, and so on. As additional funding from higher-ranked sources increases, the need for lower-ranked sources decreases. For example, if access to federal gift-type aid (like Pell Grants) increases, families will not need to take out as much in Stafford Loans.

Cost of Attendance (COA) at UNC-Chapel Hill	\$17,000
- EFC	\$2,000
- Merit-based Gifts	
- Federal	\$0
- State	\$0
- Institutional	\$1,000
- Private	\$1,000
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Remaining Need	\$13,000
- Need-based Gifts	
- Federal (Pell Grant)	\$0
- State	\$2,000
- Private (GLF Scholarship)	\$3,000
- Institutional	\$2,000
- “Self Help”	
- Institutional (work-study)	\$1,000
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Amount needed to be covered by loans	\$5,000
- Need-based Loans	
- Federal (Stafford Loan)	\$5,000
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Remainder	\$0