

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009**

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**SENATE DRS55546-LHz-262\* (04/08)**

Short Title:   Comm. Coll/Realign Fund Formula/Fed Loans.

(Public)

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Sponsors:    Senators Stevens, Dorsett, Foriest, and Vaughan.

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Referred to:

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A BILL TO BE ENTITLED

1  
2 AN ACT TO DIRECT THE STATE BOARD OF COMMUNITY COLLEGES TO REALIGN  
3 ITS FORMULA FUNDING BY INCREASING THE ALLOCATION FOR FINANCIAL  
4 AID SERVICES TO STUDENTS AND DECREASING THE ALLOCATION FOR  
5 CURRICULUM AND CONTINUING EDUCATION INSTRUCTION AND TO  
6 REQUIRE THAT ALL COMMUNITY COLLEGES PARTICIPATE IN THE WILLIAM  
7 D. FORD FEDERAL DIRECT LOAN PROGRAM BY JULY 1, 2011, AS  
8 RECOMMENDED BY THE JOINT SELECT COMMITTEE ON STATE FUNDED  
9 STUDENT FINANCIAL AID.

10           Whereas, during this time of recession a number of the State's citizens are enrolling  
11 in the community college system to expand their education and learn new skills with the hope  
12 of increasing their opportunity for employment in today's difficult job market; and

13           Whereas, many of these students need financial aid to assist them with these  
14 educational costs; and

15           Whereas, financial aid may be available to many of these students as loans through  
16 the William D. Ford Federal Direct Loan Program, but a student is eligible to apply for and be  
17 considered for one of the federal loans only if the community college in which the student  
18 enrolls participates in that federal loan program; and

19           Whereas, 37 of the State's community colleges currently do not participate in the  
20 federal loan program which means that students attending those colleges are ineligible to apply  
21 for or receive federal loans that may be available to assist with the student's educational costs;  
22 and

23           Whereas, community college student services staff are already experiencing a  
24 significant increase in workload due to (i) enrollment growth at community colleges, (ii)  
25 increases in the proportion of students seeking financial aid, and (iii) changes in federal  
26 financial aid regulations, particularly those enacted by the Higher Education Opportunity Act;  
27 and

28           Whereas, a requirement that all community colleges participate in the federal loan  
29 program will add to this workload, as community colleges must provide more intensive student  
30 advising, validate eligibility requirements, execute the award process, and track participating  
31 students; Now, therefore,

32 The General Assembly of North Carolina enacts:

33           **SECTION 1.** The State Board of Community Colleges shall permanently realign  
34 its formula funding by increasing the amount allocated in the funding formula for students'



1 services by fifty million dollars (\$50,000,000) and by reducing the amount in the funding  
2 formula for curriculum and continuing education instruction by a commensurate amount. The  
3 revised formula shall ensure that community colleges have the adequate funds and resources  
4 necessary to administer and provide financial aid services to students.

5 **SECTION 2.** G.S. 115D-40.1 reads as rewritten:

6 "**§ 115D-40.1. Financial Assistance for Community College Students.**

7 (a) Need-Based Assistance Program. – It is the intent of the General Assembly that the  
8 Community College System make these financial aid funds available to the neediest students  
9 who are not eligible for other financial aid programs that fully cover the required educational  
10 expenses of these students. The State Board may use some of these funds as short-term loans to  
11 students who anticipate receiving the federal HOPE or Lifetime Learning Tax Credits.

12 (b) Targeted Assistance. – Notwithstanding subsection (a) of this section, the State  
13 Board may allocate no more than ten percent (10%) of the funds appropriated for Financial  
14 Assistance for Community College Students to:

15 (1) Students who do not qualify for need-based assistance but who enroll in  
16 low-enrollment programs that prepare students for high-demand  
17 occupations, and

18 (2) Students with disabilities who have been referred by the Division of  
19 Vocational Rehabilitation and are enrolled in a community college.

20 (c) Administration of Program. – The State Board shall adopt rules and policies for the  
21 disbursement of the financial assistance provided in subsections (a) and (b) of this section.  
22 Degree, diploma, and certificate students must complete a Free Application for Federal Student  
23 Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the  
24 State Education Assistance Authority for administration of these financial assistance funds.  
25 These funds shall not revert at the end of each fiscal year but shall remain available until  
26 expended for need-based financial assistance.

27 ~~The State Board shall ensure that at least one counselor is available at each college to~~  
28 ~~inform students about federal programs and funds available to assist community college~~  
29 ~~students including, but not limited to, Pell Grants and HOPE and Lifetime Learning Tax~~  
30 ~~Credits and to actively encourage students to utilize these federal programs and funds.~~ The  
31 interest earned on the funds provided in subsections (a) and (b) of this section may be used to  
32 support the costs of administering the Community College Grant Program.

33 (d) Participation in Federal Loan Programs. – All community colleges shall participate  
34 in the William D. Ford Federal Direct Loan Program. The State Board shall ensure that at least  
35 one counselor is available at each college to inform students about federal programs and funds  
36 available to assist community college students including, but not limited to, Pell Grants, HOPE  
37 and Lifetime Learning Tax Credits, and the William D. Ford Federal Direct Loan Program, and  
38 to actively encourage students to utilize these federal programs and funds."

39 **SECTION 3.** Section 2 of this act becomes effective July 1, 2011. The remainder  
40 of this act becomes effective July 1, 2010.