



Financial Aid for Community College Students

by Sam Watts

"It is the responsibility of the community, at the local, State, and National levels, to guarantee that financial barriers do not prevent any able and otherwise qualified young person from receiving the opportunity for higher education."

PRESIDENT TRUMAN'S COMMISSION ON HIGHER EDUCATION, 1947

Executive Summary

State-funded, need-based financial aid to community college students is an area of North Carolina's financial aid policy that has received less attention than the provision of similar aid to traditional students in four-year colleges and universities. Financial aid programs that best serve community colleges take into account the facts that the demographics of the student population are not the same as at traditional colleges and that students receiving aid are typically those not given an opportunity to attend the state's four-year institutions.

Of the 268,421 students enrolled in North Carolina community colleges' curriculum instruction courses (classes that go toward a degree or credit) in 2005–06, 57 percent received some form of student financial aid. This aid totaled \$321,915,077. In North Carolina, 62 percent of the aid awarded to community college students was from the need-based Pell Grant program—the baseline **federal** student aid program designed to help the nation's neediest students.

Community colleges offer the lowest cost path to postsecondary education or training in the state, and at \$1,100, the tuition and fees at North Carolina community colleges are 45 percent lower than the national average. However, the true cost of attending a North Carolina community college full-time for nine months for a resident student who does not live with his or her parents is \$15,600.

Because tuition and fees represent such a small percentage of the total cost, the student aid needs of community college students are often perceived as being less than those of students in other types of institutions. The result is that aid programs often are designed for traditional students who are financially dependent on their parents and proceed directly

from high school to college. Aid programs for community colleges must deal with the reality that in North Carolina students are more likely to be independent of their parents, working, and perhaps supporting a family, and they must take into account that the institutions are often called on to retrain workers.

Special Financial Aid Programs for Community Colleges

The state provides a number of student aid programs that assist students in all sectors of higher education in North Carolina. However, there are some programs that are geared toward the particular needs of community college students.

1. N.C. Community College Grant, Targeted Financial Assistance, and Loan Program

The N.C. Community College Grant, Targeted Financial Assistance, and Loan Program was enacted by the legislature in 1999. The three goals of the program are to provide need-based grants, to offer incentives for individuals to enroll in programs with high local demand from employers but low student enrollment, and to offer short-term loans.

Since the Community College Grant's inception, community colleges have left funds unspent at the end of each year. The unspent funds historically have been a sore spot between state budget officials and community college administrators and often are cited as a reason not to increase the appropriation for the Community College Grant Program.

The stability of the Community College Grant's funding worries community college administrators. The state's escheats account is comprised of abandoned and unclaimed money and property—for example, money that

is left in safe deposit boxes. The Escheats Fund is **constitutionally** required to be used for need-based aid for students in public higher education institutions.

The Escheats Fund is being used to fund six different student aid programs with the interest generated by the State Treasurer's investment of the escheats, as well as some of the principal. The budget provision requires that the balance of the Escheats Fund not be allowed to dip below \$400 million. Even though the balance in the Escheats Fund has increased in each of the last 10 years, the amount of interest spent on student aid from the fund has decreased during each of the last three years.

The state funds three parallel need-based programs that are specific to each sector of higher education—the N.C. Community College Grant, the UNC Need-Based Grant, and the State Contractual Scholarship for students in private colleges and universities. In addition to these major need-based programs, the state funds numerous work force contingent financial aid programs. Work force contingent financial aid programs provide money for college in exchange for an individual's commitment to work in occupations where there is a shortage or in regions that have difficulty attracting employees. Some of these programs are not open to community college students or have academic participation requirements that preclude participation by community college students.

2. Tuition Waivers

Tuition waivers are used as a form of student aid more often in community colleges than in other type of institutions. Waivers are grants of free or reduced tuition for certain groups, such as volunteer firefighters, that are identified by the legislature or the State Board of Community Colleges as needy or deserving of special access to college. The two main types of waivers are full tuition waivers or a waiver

of the non-resident portion of tuition so that the student pays in-state tuition.

3. The Need-Based Teaching and Nursing Grant Program

The Need-Based Teaching and Nursing Grant Program was a program funded by the legislature for only one year using non-recurring state funds. The legislature provided the community college system \$500,000 for the year 2006–07. The 2006 budget conference report indicated that this was a start-up appropriation made with the intention that the program would be funded by the state lottery in subsequent years. The program was intended to help address work force shortages in the fields of teaching and nursing.

4. Federal Student Loan Programs

According to an April 2008 report released by the Project on Student Debt, only 23 of the 58 North Carolina community colleges offer access to all of the need-based, low-interest loan programs offered by the federal government. North Carolina ranks third-worst in the nation in terms of community college students not having access to federal student loans. Any institution whose student loan default rate reaches 25 percent for three consecutive years will lose access to **all** federal aid programs for students. For most of the community colleges, the risk of the sanction outweighs the potential benefits of offering the loans.

Most colleges with federal loan programs have default management initiatives—programs that educate students on how to manage, defer, and repay student loans. Higher default rates are to be expected at community colleges because the institutions have higher dropout rates. Students who did not perform well in high school but aspire to earn a four-year degree may attend community colleges in order to prove their academic ability. However,

many of the behavior patterns responsible for poor high-school performance also lead many students to fail to complete community college programs—and subsequently to default on student loans. As a result, the high loan default rates at two-year institutions are a cost of having a system that offers second chances.

5. The North Carolina State Child Care Grant

The North Carolina State Child Care Grant is a need-based program funded by the legislature that provides child care services to students who also are parents enrolled in community colleges. The services are locally controlled and managed by individual institutions. To be eligible, students must enroll at least half-time in a community college curriculum program and make satisfactory academic progress. Funds in the program do not go directly to students, but are made as payments to local child care vendors. The goals are to increase access to a college education for parents with young children and to lower the odds that a student will not finish a program of study.

6. The Dreamkeepers and Angel Fund Emergency Financial Aid

The Dreamkeepers and Angel Fund Emergency Financial Aid programs are a national pilot project that offers emergency funds to community college students facing financial crises that could force them to drop out of school. The programs are managed locally but administered by two national organizations—Scholarship America and the American Indian College Fund. Both efforts are operating in the third year of a three-year grant from the Lumina Foundation for Education of Indianapolis, Indiana. The three goals of the national project are “to support the development of an infrastructure to offer emergency

financial aid at the participating colleges; to learn whether and to what extent emergency assistance helps students stay enrolled in college; and to promote the long-term sustainability of an emergency aid program at the participating colleges.”

Conclusions and Recommendations

In order to maintain and expand access to the state’s community colleges for low-income North Carolinians, the N.C. Center for Public Policy Research makes four recommendations based on our research:

(1) The N.C. General Assembly should appropriate additional funding for the N.C. Community College Grant Program so that more community college students have access to financial aid. The Center recommends that the maximum grant be raised to \$1,250 per year, an amount that would allow the working poor to qualify for grants and an amount more closely correlated to the average cost of in-state tuition and fees at community colleges.

(2) The N.C. General Assembly should move to put the Community College Grant Program on more solid financial footing by shifting its funding source from escheats to the state’s General Fund.

(3) The N.C. Community College System and the State Education Assistance Authority should help community colleges develop default management initiatives so that they can participate in federal student loan programs. The N.C. General Assembly should provide the funding and personnel for the state system and local community colleges to develop successful default management programs.

(4) The N.C. General Assembly should increase the annual appropriation to the N.C. State Child Care Grant Program.



In 2005–06, North Carolina’s community colleges enrolled 268,421 students in curriculum instruction courses, or those classes that go toward a degree or credit.¹ Of those students, 152,260, or 57 percent, received some form of student financial aid, totaling \$321,915,077, in the same year. In North Carolina, 62 percent of the aid awarded to community college students was from the need-based Pell Grant² program—the baseline *federal* student aid program designed to help the nation’s neediest students.³ Nationally, 47 percent of community college students receive some form of student financial aid, and 23 percent receive federal grants.⁴

Community colleges offer the lowest cost path to postsecondary education or training in the state. In fact, according to the Southern Regional Education Board, the tuition and fees at North Carolina community colleges are the lowest in the Southeast and are 45 percent lower than the national average for two-year institutions.⁵

However, the true cost of attending a North Carolina community college full-time for nine months for a resident student who does not live with his or her parents is \$15,600. Only \$1,100 of this cost are tuition and fees from the college. This includes living expenses and assumes the student is taking at least 12 hours of courses⁶ (see Table 1).

Because tuition and fees represent such a small percentage of the total cost, the student aid needs of community college students are often perceived as being less than those of students in other types of institutions. Consequently, student aid programs and issues geared toward community college students do not get as much attention from the public and policymakers as those geared for students attending baccalaureate institutions. The result is that aid programs often are designed for traditional students who are financially dependent on their parents and who proceed directly from high school to college. In North Carolina, the reality is that community college students

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are more likely to be independent of their parents, working, and perhaps supporting a family.

Student aid programs designed for community college students often require a non-traditional approach. For example, many students don't qualify for some aid programs because they earn too much money to get help but not enough to afford school. Kennon Briggs, vice president for business and finance for the N.C. Community College System, says, "Financial aid eligibility formulas do a disservice to the working poor. People who work make a little too much to get Pell Grants." The state's response to that assistance gap in the Pell Grant program was to tailor the eligibility requirements of two state-funded financial aid programs so that community college financial aid officers could use them to plug the gap.

““ *Financial aid eligibility formulas do a disservice to the working poor. People who work make a little too much to get Pell Grants.* ””

KENNON BRIGGS,
VICE PRESIDENT FOR BUSINESS AND FINANCE,
N.C. COMMUNITY COLLEGE SYSTEM

Aid programs at community colleges often must respond to changing employment situations of students. Stephen Scott, President of Wake Technical Community College, says, "Another hardship imposed by the financial aid structure is the stipulation that the income basis for qualification is calculated from the student's previous yearly income. This means that anyone who has lost employment or suffered an economic setback, such as a serious accident or expensive illness during the current fiscal year, will not qualify for federal aid if their previous yearly salary was above federal guidelines." Since community colleges often are called on to serve the needs of

workers who have lost their jobs, making an exception to this federal stipulation requires financial aid administrators to exercise professional judgment in estimating income for the newly jobless—a process that requires time and staff resources.

Special Financial Aid Programs for Community Colleges

The state of North Carolina funds three general financial aid programs for students in higher education—the Education Access Rewards North Carolina (EARN) Grant, the Education Lottery Scholarship, and the Student Incentive Grant.

““ *When you talk about the world of community college financial aid, there has to be a real divide in how we are looked at from a policy perspective.* ””

KENNON BRIGGS

The state also funds three sector-specific aid programs—one for students in UNC institutions, one for private colleges and universities, and one for community colleges. In addition to general and sector-specific financial aid programs, the state provides work force contingent aid programs that offer money for college in exchange for an individual's commitment to work in occupations where there is a shortage or regions that have difficulty attracting employees. Most of North Carolina's state-funded general and work force contingent aid programs are available to students in community colleges, as well as those in public and private universities and baccalaureate colleges.

However, there are a number of programs that are unique to community colleges. These community college financial aid programs are geared toward the particular needs of community college students—needs driven by the differing mission and demographic composition of students in the institutions. "When you talk about the world of community college financial aid, there has to be a real divide in how we are looked at from a policy perspective," says Briggs. Aid programs for community colleges must deal with the reality that students are more likely to be independent of their parents, working, and perhaps supporting a family and they must take into account that the institutions often are called on to retrain workers.

1. N.C. Community College Grant, Targeted Financial Assistance, and Loan Program

The N.C. Community College Grant, Targeted Financial Assistance, and Loan Program was enacted by the legislature in 1999 and replaced an older program called the N.C. Community College Scholarship Program. The three goals of the program are to provide need-based grants, to offer incentives for individuals to enroll in programs with high local demand from employers but low student enrollment, and to offer short-term loans.⁷

The program is North Carolina's primary state-funded need-based grant source for community college students. It is designed to dovetail with federal Pell Grants to meet the needs of students who require assistance but who do not qualify for the maximum aid from the Pell program. Beginning in 2008–09, financial aid administrators at community colleges will tailor financial aid packages to student needs using combinations of four state-level programs—the Community College Grant, the new Education Access Rewards North Carolina (EARN) Grant, the N.C. Education Lottery Scholarship, and the N.C. Student Incentive Grant—to fill in the gaps left by the Pell Grant program. The four programs are need-based and have similar minimum academic requirements.

Community colleges will compete with the state's other higher education institutions for allocations from the EARN Grant, the Lottery Scholarship, and the Student Incentive Grant. The EARN grants will be offered for the first time in 2008–09, but may have limited usefulness for community colleges because the grants are restricted to dependent students—those who live with their parents. The EARN Grant has a high maximum award—\$4,000—and is projected to serve 3,500 community college students in 2008–09. The Lottery Scholarship was offered for the first time in 2007–08 and is projected to provide a total of \$14,188,028 to 12,256 community college students this fiscal year. The Student Incentive Grant has been around since the 1970s, but has remained a relatively small program because it is based on a federal appropriation that is then matched by the state.

The Community College Grant Program is only available to students in the state's community colleges. The program is limited to state residents without baccalaureate degrees and is

Table 1. Cost of Attendance at N.C. Community Colleges for Nine Months of Full-Time Study, 2006–07 Estimates

Student Not Living with Parent (In-State)	
Tuition and fees*	\$ 1,100
Books and supplies	1,500
Transportation	2,000
Personal expenses	1,500
Room and board	9,500
Total:	\$15,600

* Tuition was raised by the 2007 General Assembly to \$1,344 for 16 hours of classes.

Note: The estimated cost of attendance is used to determine financial aid eligibility and does not represent the direct cost paid to the college.

Source: Figures provided to the N.C. Center for Public Policy Research by Wanda White, director of student development services, N.C. Community College System. The cost estimates are provided by the system office for information only. Actual fees and living expenses vary at institutions across the state. Since community college students are typically older and may be supporting their families while they are in school, living expenses for community college students not living with parents may be higher than expenses for traditional college students.

administered by the State Educational Assistance Authority, the state agency responsible for coordinating most federal, state, and private student financial aid programs in North Carolina. The program's maximum grant award amount for students is \$900 per year.

The high employer demand/low student enrollment goal in the program allows the State Board of Community Colleges to designate up to 10 percent of the program's annual appropriation from the legislature to grants for students in courses that are identified as offering training needed to fill high local work force demands but that have too few students enrolled. Local community colleges identify appropriate credit or non-credit courses for the initiative and select students who will receive the grants.

The short-term loan goal of the program is geared toward helping students who anticipate receiving federal educational tax credits to obtain cash to pay for tuition, books, and fees at the beginning of each community college term. The loan program is administered by each local community college. When students repay the loans on time, the collections are handled by the local institution. Colleges must report the names of students who default on loans to the N.C. Department of Revenue and to the community college system office. The state Revenue Department then manages collections on loans that are in default.

Macon County resident Timothy Barnett is a recipient of a Community College Grant. He was one of 930 workers who lost jobs when Fruit of the Loom closed its textile plant in Rabun Gap, Georgia, in 2006 and moved its operations overseas. Barnett, who lives just over the state line in Franklin, N.C., had been working at the plant more than eight years when he received a pink slip. Facing an uncertain future, he decided to enroll in Southwestern Community College's electronics engineering technology program. That decision, he said, was driven in large part by his ability to obtain funding through the North Carolina Community College Grant and other assistance programs.

"It would have been very difficult, probably darn near impossible, to go back to school without that help," says Barnett, 48, who is married

and has two college-age children. "My family was very accustomed to me bringing in money, and even though the funding just pays for my schooling, I'm not complaining. I get to keep collecting unemployment until my school career is done. Even though it's wonderful, it's only a small percentage of what I used to make. Every bit of money I receive helps me and my family to keep going."

The Community College Grant Program also gets high marks in effectiveness from community college administrators interviewed for this article. They say that there is unmet need for student aid in community colleges and identify increased funding for this program as a way to help meet that need.

Unspent Funds in the Community College Grant Program

Since the Community College Grant Program's inception in 1999, community colleges have left funds unspent at the end of each year. The unspent funds historically have been a sore spot between state budget officials and community college

Escheats after June 30, 1971.

All property that, after June 30, 1971, shall accrue to the State from escheats, unclaimed dividends, or distributive shares of the estates of deceased persons shall be used to aid worthy and needy students who are residents of this State and are enrolled in public institutions of higher education in this State. The method, amount, and type of distribution shall be prescribed by law.

—ARTICLE IX, §10 (2)
OF THE N.C. CONSTITUTION

administrators and often are cited as a reason not to increase the appropriation for the Community College Grant Program.

Vickie Call, director of financial aid at Wilkes Community College, attributes the problem to requirements that a portion of the funds be used as an incentive for students to enroll in training programs with high local demand from employers but low student enrollment.

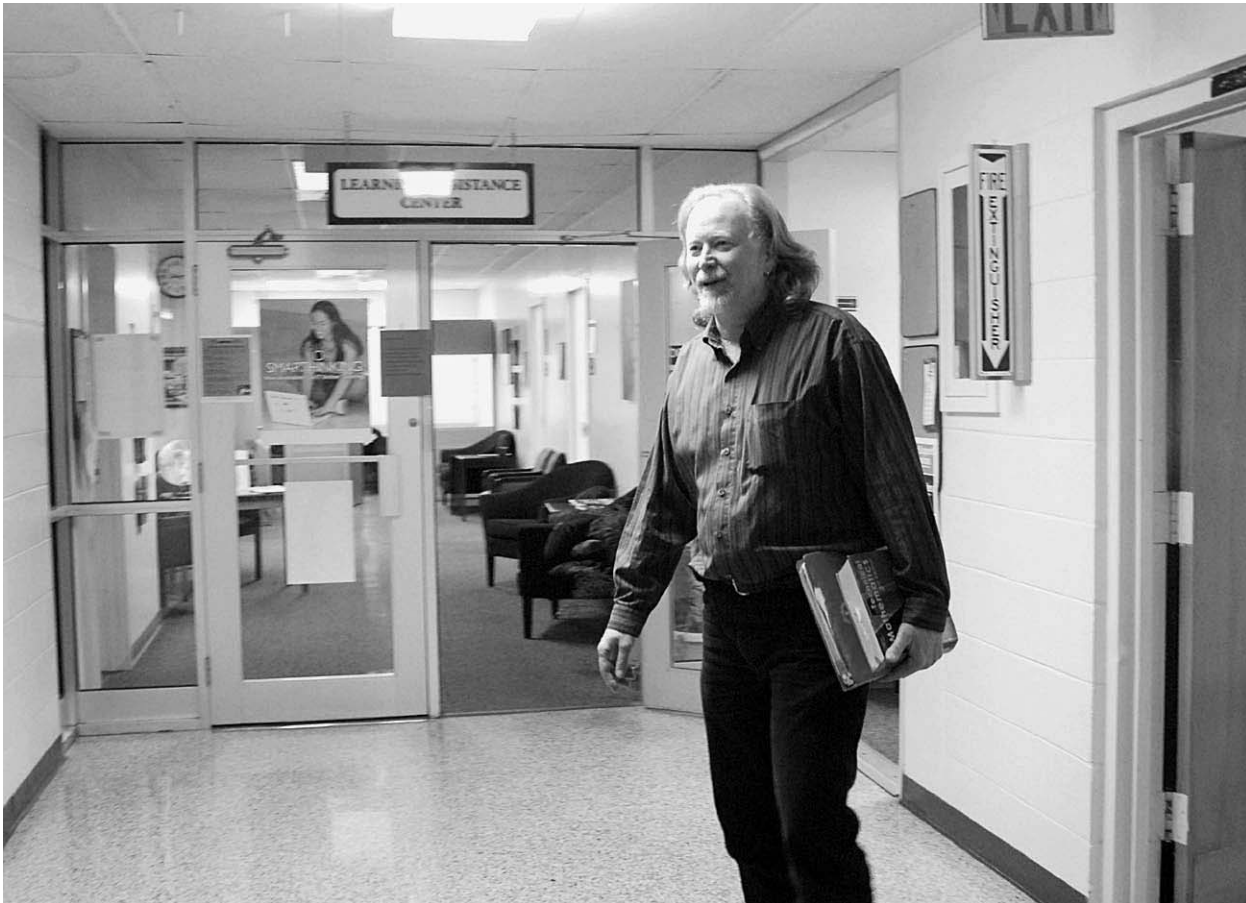
“We have always spent funds that we have for Wilkes Community College, but it is difficult to try to work in certain [financial aid formulas] to find programs with high demand but low enrollment. If these funds could be put into another fund that does not have such strict requirements, then more students’ needs could be met.”

Escheats Funding of the Community College Grant

The stability of the Community College Grant’s funding also worries community college administrators. “It’s all escheats, and that’s a concern for us,” says Briggs. The state’s escheats account is comprised of abandoned and unclaimed money and property—for example, money that is left in safe deposit boxes. The Escheats Fund is *constitutionally* required to be used for need-based aid for students in public higher education institutions.⁸

Proceeds from the Escheats Fund are not as stable a source of revenue as the state’s General Fund. Additionally, the Escheats Fund is being used to fund six different student aid programs. As of 2007–08, escheat funding is not only being used for the Community College Grant, but also for the Child Welfare Postsecondary Support

Timothy Barnett, a recipient of a Community College Grant at Southwestern Community College



Program for students from the foster care system, the new Education Access Rewards North Carolina (EARN) Grant, the Millennium Teaching Scholarship Loan Program, the UNC Need-Based Grant, and the state’s Veterans Scholarships.

The provision of the state budget that allocates escheats funds to the Community College Grant and five other student aid initiatives allows the programs to spend the interest generated by the State Treasurer’s investment of the escheats as well as some of the principal—the actual escheats. The state has used the principal *and* the interest for student aid during the last four years. Previously, the state spent *only* the interest earned on the Fund. The budget provision also requires that the balance of the Escheats Fund not be allowed to dip below \$400 million.⁹ Even though the balance in the Escheats Fund has increased in each of the last 10 years, the amount of interest spent on student aid has decreased during each of the last three years.

A separate concern about the stability of the escheats funding is whether the \$400 million floor in the fund is too low. At that level, it would only be possible to generate the average amount of escheat interest spent on student aid for the last three years if the annual investment earnings exceeded 6.2 percent. The 10-year average of earnings on the fund is 6.04 percent (see Table 2).

N.C.’s Higher Education Sector-Specific Need-Based Financial Aid Programs

The state funds three parallel need-based programs that are specific to each sector of higher education—the N.C. Community College Grant, the UNC Need-Based Grant, and the State Contractual Scholarship for students in private colleges and universities. “The parallel system works well,” says Steve Brooks, executive director of the State Education Assistance Authority. “Where each has its own program, there is less elbowing and arguing over technical aspects of the eligibility formula—so the program can be closely targeted to the needs of the students served by each sector of higher education.”

The 2007–08 state appropriation for the Community College Grant Program is \$13,981,202. In 2006–07, a total of \$10,463,547 was awarded through the state’s Community College Grant Program to 12,641 community college students—an average of \$827 per student. The state’s companion aid program for public universities,

Table 2. Trends in Escheats Funding of Student Aid Programs with Percentages of Interest and Principal Spent

	2003–04		2004–05		2005–06		2006–07	
Annual Balance of the Escheats Fund	\$475,676,542		\$510,153,641		\$522,074,323		\$686,260,019	
Escheat Interest Spent on Student Aid	\$36,356,125	88%	\$27,255,262	47%	\$24,726,366	30%	\$22,730,705	27%
Escheat Principal Spent on Student Aid	\$5,178,324	12%	\$31,278,641	53%	\$58,271,500	70%	\$62,461,074	73%
Total Escheat Funding of Student Aid	\$41,534,449	100%	\$58,533,903	100%	\$82,997,866	100%	\$85,191,779	100%

Source: *Escheat Fund Fact Sheet*, Fiscal Research Division, N.C. General Assembly

the UNC Need-Based Grant, served 33,929 students in 2005–06 with expenditures of \$58,071,081—an average of \$1,712 per student. That same year, a parallel program for private colleges and universities in North Carolina, the need-based State Contractual Scholarship, received \$35,148,247 from the legislature to provide 14,531 residents attending private institutions—an average grant of \$2,419.¹⁰ Each year in undergraduate degree or certificate-track programs, the state’s private institutions serve 51,000 North Carolinians, while the UNC system serves 195,000, and the community colleges serve more than 268,000 residents (see Table 3).

In addition to these major need-based programs, the state of North Carolina funds numerous work force contingent financial aid programs. Work force contingent financial aid programs provide money for college in exchange for an individual’s commitment to work in occupations where there is a shortage or in regions that have difficulty attracting employees. Sixteen such programs funded by the state provided a total of \$27,549,156 to 4,230 students in higher education institutions in 2005. While many of these programs, such as the Teacher Assistant Scholarship Program, are available to community college students, some, such as the N.C. Teaching Fellows Program, are

Table 3. Annual Awards from North Carolina’s Major State Need-Based Student Aid Programs

State Program	Community Colleges	UNC System	Private Colleges	Total
N.C. Community College Grant	\$10,463,547	N/A	N/A	\$10,463,547
UNC Need-Based Grant	N/A	\$58,071,081	N/A	58,071,081
State Contractual Scholarship Program	N/A	N/A	\$35,148,247	35,148,247
EARN Grant (Projected)	33,000,000	67,000,000	N/A	100,000,000
Lottery Scholarship (Estimated)	14,188,028	18,352,432	5,469,094	38,009,554
N.C. Student Incentive Grant	1,275,450	3,305,781	543,070	5,124,301
Total	\$58,927,025	\$146,729,294	\$41,160,411	\$246,816,730
Percentage of Total Annual Awards	23.9%	59.4%	16.7%	

Notes: Amounts for N.C. Community College Grant, UNC Need-Based Grant, State Contractual Scholarship Program, and N.C. Student Incentive Grant are actual disbursements from 2005–06 from the *Statistical Abstract of Higher Education in 2006–07*, University of North Carolina, Chapel Hill, N.C., May 2007, pp. 143–44. Amounts for the Lottery Scholarship are based on estimates for 2007–08 provided to the General Assembly’s Fiscal Research Division by the State Education Assistance Authority. Amounts for the Education Access Rewards North Carolina (EARN) Grant are based on 2008–09 projections provided by the State Education Assistance Authority of 8,300 community college students and 16,850 UNC students being awarded an EARN Grant of up to \$4,000. N/A means that the grant is not available to students in that sector of higher education.

Table 4. Groups Entitled to Tuition Waivers at N.C. Community Colleges

A. Full Tuition Waivers for N.C. Residents

1. Volunteer firefighters
2. Local fire department personnel
3. Volunteer rescue and lifesaving department personnel
4. Local rescue and lifesaving department personnel
5. Radio Emergency Associated Citizens Team (REACT) members ^(a)
6. Local law enforcement officers
7. Full-time custodial employees of the Department of Correction ^(b)
8. Employees of the Division of Community Corrections ^(b)
9. Employees of the Division of Juvenile Justice and Delinquency Prevention ^(b)
10. Members of the N.C. State Defense Militia
11. Members of the N.C. Civil Air Patrol ^(c)
12. Individuals engaged in Civil Preparedness ^(c)
13. Patients in state Alcoholic Rehabilitation Centers
14. Clients of sheltered workshops
15. Clients of Adult Developmental Activity Programs
16. Students in Health and Human Services Development Programs ^(d)
17. Juveniles committed to Division of Juvenile Justice and Delinquency Prevention
18. Prison inmates
19. High school students taking college courses (Huskins Bill) [#]
20. High school students taking college courses (Concurrent Enrollment)
21. Students enrolled in Middle and Early College High School Programs
22. Students enrolled in Basic Skills (e.g., High School Equivalency)
23. Students enrolled in Human Resources Development Program ^(d)
24. Students enrolled in a Learning Laboratory (curriculum program)
25. Trainees enrolled in Basic Law Enforcement Training with sponsorship letter ^(d)
26. Trainees enrolled in the New & Expanding Industry Training Program ^(e)
27. Full-time community college staff ^(f)
28. Senior citizens who are legal residents of N.C. and aged 65 or older
29. Elementary and secondary school teachers who take CPR or first-aid classes
30. Any child, between 17 and 23 years old, who is a ward of the State ^(d)
31. Survivors, spouse and child, of a law enforcement officer, firefighter, volunteer firefighter, or rescue squad worker who was killed or permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty ^(d)

B. Waivers of the Non-Resident Portion of Tuition (Non-Residents Who Are Allowed To Pay In-State Tuition)

32. Armed services personnel and their dependents
33. Members of the N.C. National Guard Unit
34. N.C. residents who lose their legal residence status
35. Members of families that were transferred to N.C. by business, industry, or civilian families transferred by the military
36. Out-of-state residents who work for N.C. employers (employer is charged in-state rate)
37. Refugees who lawfully entered the U.S. and are living in the state
38. Non-residents of the U.S. who have resided in N.C. for a 12-month qualifying period and have filed an immigrant petition
39. A person lawfully admitted to the U.S. who satisfied the qualifications from a public school and has graduated
40. A person sponsored by a N.C. nonprofit entity who is lawfully admitted to the U.S. ^(g)

Notes:

- ^(a) The REACT team must be under contract to a county as an emergency response agency enrolled in job-specific training courses
- ^(b) Limited to positions that require certification under the rules of the Criminal Justice and Training Standards Commission
- ^(c) Limited to training courses directly relating to job performance and job title, and responsibility must be included in a local Emergency Plan
- ^(d) Individuals must meet program-specific eligibility requirements
- ^(e) Courses do not earn budget reimbursement from the General Assembly
- ^(f) Limited to one curriculum or continuing education course per reporting term
- ^(g) Individual, employer, or sponsor must meet specific eligibility requirements
- [#] The Huskins bill is legislation from 1983 named for former state Representative Joseph P. Huskins (D-Iredell) allowing community colleges to offer classes not otherwise available to students free of charge in the 9th through 12th grades at participating high schools.

Source: N.C. Community College System, *Authorized Groups Eligible for Tuition and Fee Waivers—Quick Reference Guide.*



not. Still others, such as the Prospective Teacher Scholarship-Loan, are competitively awarded based on academic merit—a process that usually precludes participation by community college students.

2. Tuition Waivers

Tuition Waivers are a tool that, while not unique to the community college system, are used as a form of student aid more often in community colleges than in other types of institutions. Waivers are grants of free or reduced tuition for groups, such as volunteer firefighters, that are identified by the legislature or the State Board of Community Colleges as needy or deserving of special access to college. The two main types of waivers are full tuition waivers or a waiver of the non-resident portion of tuition so that the student pays in-state tuition.

As of 2007, there are 40 groups entitled to receive some form of tuition waiver from North Carolina community colleges. “It’s [worth] about \$41 million a year,” says Briggs. “And that’s guaranteed access, because you don’t have to pay.”¹¹ The community college system granted tuition waivers of one or both types to 25,434 students in curriculum and non-curriculum courses in 2005–06, while the UNC System granted waivers to 1,522 that same year (see Table 4).

3. The Need-Based Teaching and Nursing Grant Program

The Need-Based Teaching and Nursing Grant Program was a program funded by the legislature for only one year using non-recurring state funds. The legislature provided the community college system \$500,000 for the year 2006–07. The 2006 budget conference report indicated that this was a start-up appropriation made with the intention that the program would be funded by the state lottery in subsequent years.¹² The program was intended to help the state address work force shortages in the fields of teaching and nursing.

Kathy Owens lost her job with Fruit of the Loom when the plant closed and attended Southwestern Community College through a work/study program



Teresa Gale Johnson receives a Pell Grant to attend Southwestern Community College

In the field of teacher education, North Carolina's schools will need 953 more *new* teachers each year even to maintain current student-teacher ratios, much less improve them.¹³ Public schools must *replace* approximately 10,000 teachers every year due to resignation and retirement.¹⁴ North Carolina will need approximately 6,500 *more* graduates each year in order to address the state's teacher shortage.¹⁵ Yet, for academic year 2005–06, all public and private North Carolina colleges and universities combined produced a total of 4,866 pre-licensure teaching graduates and completers.

In the field of health care, North Carolina will have an estimated shortage of 9,000 nurses in 2015 and almost 18,000 by 2020.¹⁶ For academic year 2005–06, North Carolina colleges and universities produced a total of 3,380 pre-licensure (not yet licensed to practice) registered nursing graduates.¹⁷ North Carolina will need roughly 2,400 more graduates annually in the field of health care.¹⁸ (For an in-depth discussion of these work force shortages, see John Manuel, "Help Wanted: Community Colleges' Role in Meeting Work Force Shortages," p. 136.)

The Community College Teaching and Nursing Grant program provided \$950 annual grants for full-time students and \$750 grants for part-time students in teaching and nursing preparation courses. However, the program ended after one year and more than 200 students who received the grants for one year of school did not receive funding for a second year.¹⁹

"We were able to serve quite a few students with that money," says Wanda White, director of student development services for the community college system. "That really should have been a recurring appropriation."

4. Federal Student Loan Programs

Some community colleges in North Carolina participate in Federal Student Loan Programs. According to an April 2008 report released by the Project on Student Debt, only 23 of the 58 institutions offer access to all of the need-based, low-interest loan programs offered by the federal government. The Project estimates that 47 percent of North Carolina's community college students have no access to federal loans—ranking

the state third-worst nationally. North Carolina trails only Alabama and Georgia. The Project on Student Debt says that failure to provide access to federal loans increases the risk that students will incur more debt by utilizing private loans with interest rates as high as 19 percent, rather than taking advantage of the subsidized federal loan rates which have interest rates not exceeding 6 percent.²⁰

“A loan program is worth it because it’s access,” says Monty Hickman, the community college system’s associate director for financial aid. “But participation is a tradeoff,” adds Briggs. The two go on to explain that most North Carolina community colleges do not participate in all federal government student loan programs because a high default rate on the loans would put the schools at risk of losing access to Pell Grants and all other federal aid programs. Any institution whose student loan default rate reaches 25 percent for three consecutive years will lose access to all federal aid programs for students. For most of the community colleges, the risk of the sanction outweighs the potential benefits of offering the loans.

“I feel that community colleges do need to participate in federal loan programs,” says Vickie Call, financial aid director of Wilkes Community College. “But, we obviously do not want the default rate to affect us, causing us to lose access to the federal financial aid programs.”

“There are ways in which more community colleges could offer federal loans to students,” says Wanda White. “But they will have to develop default management initiatives on their campuses.”

Most colleges with federal loan programs have default management initiatives—programs that educate students on how to manage, defer, and repay student loans. U.S. Department of Education guidelines suggest that institutions provide entrance and exit counseling for students, financial literacy training for borrowers, counseling for those most at-risk for default, and many other campus-based tools to ensure lower default rates.²¹

The state agency responsible for managing most student aid in North Carolina is willing to help community colleges solve this problem. “The State Education Assistance Authority will be happy to serve as a resource for our community colleges in North Carolina in developing default management programs for campuses to use,” says Steve Brooks, director of the authority. “We have good experience in the area as a guarantor of federal loans, and I believe that we can offer solid advice and support under current law.”

Robert B. Archibald, a professor of economics and a former director of the Thomas Jefferson Program in Public Policy at the College of William and Mary, in Virginia, explains that higher default rates are to be expected at community colleges because the institutions have higher dropout rates. Archibald writes, “Students who think they have the ability to go to a four-year college, but who do not perform well in high school, use [community colleges] to demonstrate that they are worthy of admission to a four-year college. Because many of the behavior patterns responsible for poor high-school performance stick with those students, their failure rate at community colleges is quite high. Still, a significant number of students do go on to four-year institutions. *The high loan defaults at two-year institutions then are simply a cost of having a system that offers second chances* [emphasis added]”²² (see Table 5).

“There are ways in which more community colleges could offer federal loans to students. But they will have to develop default management initiatives on their campuses.”

WANDA WHITE,
DIRECTOR OF STUDENT DEVELOPMENT SERVICES,
N.C. COMMUNITY COLLEGE SYSTEM

5. The North Carolina State Child Care Grant

The North Carolina State Child Care Grant is a need-based program funded by the legislature that provides child care services to benefit community college students who also are parents. The services are locally controlled and managed by individual institutions. To be eligible, students must enroll at least half-time in a community

**Table 5. Student Loan Default Rates
for N.C. Public Higher Education Institutions
Participating in Federal Loan Programs**

N.C. Community Colleges	2005 Student Loan Default Rate (%)
1. Roanoke-Chowan Community College	10.9%
2. Davidson County Community College	10.8
3. Bladen Community College	10.1
4. Guilford Technical Community College	9.7
5. Lenoir Community College	9.1
6. Martin Community College	8.6
7. Fayetteville Technical Community College	6.7
8. Southeastern Community College	5.4
9. Robeson Community College	5.2
10. Sampson Community College	4.3
11. Wake Technical Community College	3.9
12. Halifax Community College	3.7
13. Western Piedmont Community College	3.7
14. Gaston College	2.9
15. Carteret Community College	2.6
16. Asheville-Buncombe Technical Community College	2.6
17. Wilson Technical Community College	2.5
18. Craven Community College	2.2
19. Surry Community College	2.2
20. Vance-Granville Community College	2.1
21. Caldwell Community College & Technical Institute	1.7
22. Pitt Community College	1.7
23. Cape Fear Community College	1.5
24. Haywood Community College	1.3
25. Johnston Community College	1.2
26. James Sprunt Community College	1.1
 University of North Carolina Institutions	
1. Elizabeth City State University	11.3%
2. Fayetteville State University	11.2
3. North Carolina Agricultural & Technical State University	10.2
4. North Carolina Central University	9.2
5. Winston-Salem State University	5.0
6. Western Carolina University	3.6
7. University of North Carolina at Pembroke	2.9
8. North Carolina School of the Arts	2.9
9. University of North Carolina at Wilmington	2.8

—continues

**Table 5. Student Loan Default Rates
for N.C. Public Higher Education Institutions
Participating in Federal Loan Programs, *continued***

University of North Carolina Institutions	2005 Student Loan Default Rate (%)
10. University of North Carolina at Asheville	2.1
11. University of North Carolina at Greensboro	2.0
12. University of North Carolina at Charlotte	1.4
13. North Carolina State University	1.2
14. East Carolina University	1.1
15. Appalachian State University	0.6
16. University of North Carolina at Chapel Hill	0.2

Source: U.S. Department of Education 2005 student loan cohort default rate database, released Sept. 10, 2007. On the Internet at <http://www.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>. The 2005 default rates represent the percentage of borrowers at each school in the Federal Family Education Loan and William D. Ford Federal Direct Loan programs who began loan repayments between October 1, 2004, and September 30, 2005, and who defaulted before September 30, 2006. This table does not necessarily reflect the list of schools that currently participate in federal loan programs because to be listed in the database, a school must have had at least one borrower in repayment any time between October 1, 2002, and September 30, 2005, and the school must have had cohort loan default rate calculated to be found in this database.

college curriculum program and make satisfactory academic progress. Funds in the program do not go directly to students, but are made as payments to local child care vendors.

The goals are to increase access to a college education for parents with young children and to lower the odds that a student will not finish a program of study. Wanda White, director of student development services for the community college system, says, "If there is money for child care programs, students will graduate sooner, enter the work force sooner, and the number of people on public assistance will decrease."

One recipient of the Child Care Grant is Sarah Haldeman, 27. The Sanford resident was a newly-divorced single mom when she decided to enroll in Sandhills Community College. "I have a 7-year-old and an 8-year-old," Haldeman says. "I had been an assistant manager for Dollar Tree and had done retail for awhile. With the hours working retail, I couldn't find anyone to watch the kids. Plus, I needed insurance and a way to pay for college for my two kids. The motivation for going back to school involved a lot of financial reasons, plus I wanted more time with them and to give them and myself a better future."

Haldeman enrolled in Sandhills' early childhood development program in fall 2004. A year later, she switched to elementary education because she saw more job opportunities in that field. She received her associate's degree in December 2007. Her grade point average is 3.94, and she has been admitted to Fayetteville State University for the spring 2008 semester. She plans to continue her education there, working toward a bachelor's degree in elementary education.

In 2005–06, the child care program cost \$1,792,533 and benefited 1,146 community college students like Sarah Haldeman across the state. In addition to the 1,146 students served by the program that year, 1,396 students applied and met qualifications

*Either the United States will destroy
ignorance or ignorance will destroy the
United States.*

—W.E.B. DuBois,
THE SOULS OF BLACK FOLK, 1903

“Many community college students are working adults who would not be able to further their education and skills without child care. This is particularly true for single mothers.”

REP. DEBORAH ROSS (D-WAKE)

for the program but were not served because the program lacked sufficient funding.

Representative Deborah Ross (D-Wake) introduced legislation in 2007 to increase funds for the child care grants, but the budget remained at \$1.9 million.²³ “Many community college students are working adults who would not be able to further their education and skills without child care,” says Ross. “This is true particularly for single mothers.”

6. The Dreamkeepers and Angel Fund Emergency Financial Aid

The Dreamkeepers and Angel Fund Emergency Financial Aid programs are a national pilot project that offers emergency funds to community college students facing financial crises that could force them to drop out of school. The programs are managed locally but administered by two national organizations, the American Indian College Fund and Scholarship America. Both efforts are operating in the third year of a three-year grant from the Lumina Foundation for Education of Indianapolis, Indiana.

The project is functioning at 37 community and tribal colleges across the country. Three of those 37—Durham Technical Community College, Martin Community College, and Wayne Community College—are North Carolina community colleges that participate in Lumina’s Dreamkeepers project. The three North Carolina colleges were chosen because they enroll large numbers of African American and low-income students, groups that have historically low college completion rates. Colleges in the project are allowed to design their emergency aid program to offer grants and/or loans in a manner that best meets the needs of their students. The colleges also must provide data for the project’s evaluation, effectively administer the program, and raise matching funds (see Table 6).



Sam Watts

**Table 6. Dreamkeepers and Angel Fund Emergency Financial Aid:
Characteristics of Award Payments and Recipients at Colleges
in North Carolina, January—December 2005**

Location	Durham Technical Community College, Durham	Martin Community College, Williamston	Wayne Community College, Goldsboro
Number of awards	33	23	50
Number of recipients ^a	29	22	50
Female	72.4%	68.2%	76.0%
Male	27.6%	27.3%	24.0%
African-American	69.0%	59.1%	70.0%
Native American	0.0%	0.0%	4.0%
White	27.6%	36.4%	26.0%
Multi-racial	3.4%	0.0%	0.0%
Number of students receiving multiple awards	4	1	0
Minimum aid received	\$36	\$50	\$83
Maximum aid received	\$2,286	\$600	\$400
Average aid received	\$744	\$290	\$206
Reasons for requesting aid ^b			
Books	6.1%	13.0%	22.0%
Child care	6.1%	0.0%	0.0%
Housing	48.5%	17.4%	42.0%
Meals	9.1%	0.0%	2.0%
Transportation	39.4%	34.8%	32.0%
Tuition	3.0%	17.4%	0.0%
Other	60.6%	17.4%	4.0%

Notes: MDRC calculations based on data collected by Scholarship America. Calculations for this table used available data for those students who received a Dreamkeepers grant from their respective college. The Scholarship America database does not include records for those students who applied but were denied funding. The database contains records on payments made between 01/03/2005 and 12/15/2005. Percentage totals may not add to 100%.

^a Differences between the number of awards and recipients are attributed to some students having received multiple payments. The row “Number of students receiving multiple awards” indicates to whom this applies. Percentage totals may not add to 100% because of missing data.

^b Percentage totals may exceed 100% because students may request Dreamkeepers aid for multiple needs.

Source: Lande Ajose, Casey MacGregor, and Leo Yan, with Michael Pih, *Emergency Financial Aid for Community College Students: Implementation and Early Lessons from the Dreamkeepers and Angel Fund Programs—Interim Report*, MDRC, New York, N.Y., Feb. 2007, pp. 9–10.

*Education is
not the filling
of a pail,
But the lighting
of a fire.*

—WILLIAM BUTLER YEATS

The three goals of the national project are “to support the development of an infrastructure to offer emergency financial aid at the participating colleges; to learn whether and to what extent emergency assistance helps students stay enrolled in college; and to promote the long-term sustainability of an emergency aid program at the participating colleges.” The project is being evaluated by MDRC (formerly Manpower Demonstration Research Corporation) of New York City and Oakland, California, a nonprofit, nonpartisan social policy research organization. MDRC’s interim evaluation was released in February 2007, and its final report will be available in Spring 2008.²⁴

The interim evaluation, which found that the programs were successful at providing emergency assistance to students, primarily focused on ways to improve implementation and management of the programs. The interim report had only one year of data available to evaluate. For that one year (2005), the pilot project made 106 awards to 101 North Carolina students totaling \$41,522 at the three participating community colleges in the state.

Since community colleges serve a disproportionate share of working poor students, unanticipated financial setbacks such as a car repair bill or a medical expense can negatively impact a student’s ability to complete a program of study. Says Briggs, “We’ve heard lots and lots of testimonies from students with financial aid packages that if something changes—their car breaks down, and they get a \$500–\$1,000 repair bill, or if it means they have to choose between groceries and school—they stop-out of school.”

Vickie Call, the financial aid director at Wilkes Community College, agrees that emergency financial aid can make a difference. “We have had several students enrolled here that have lost their jobs due to plant closings. The unemployment that they are drawing may, and often does, run out before they can finish their degree and graduate. Sometimes they may only need two or three months of help and then they will graduate. Emergency funds would help these students graduate and give them hope of getting a new job and starting a new career.”

Staffing of Community College Financial Aid Offices

The legislature’s 2006 budget added one staff member to the student services division at each of the state’s 58 community colleges. Financial aid offices at each institution are located in these divisions. The legislature recommended but did not require that the positions be placed in each school’s financial aid office.

“Some schools, however, did not get to take advantage of this new money to hire financial aid staff because of greater needs or priorities in other areas of [student] service,” says Call. “Now with new financial aid programs being added and increased needs for verifications, the workload in financial aid keeps increasing.”

Conclusions and Recommendations

In order to maintain and expand access to the state’s community colleges for low-income North Carolinians, the North Carolina Center for Public Policy Research makes the following recommendations based on our research:

(1) The N.C. General Assembly should appropriate additional funding for the N.C. Community College Grant Program so that more community college students have access to financial aid. The Center recommends that the maximum grant be raised to \$1,250 per year, an amount that would allow the working poor to qualify for grants and an amount more closely correlated to the average cost of in-state tuition and fees at community colleges.

The N.C. Community College Grant Program, started in 1999, is the state’s primary higher education, sector-specific need-based grant program for community

college students. In 2006–07, a total of \$10,463,547 in state funds was awarded through the program to 12,641 community college students. With the goal of serving 15,000 students at up to \$1,250 per year, the legislature should raise this appropriation to \$18,750,000. By contrast, the state’s companion aid program for public universities, the UNC Need-Based Grant, served 33,929 students in 2005–06 with an appropriation of \$58,071,081, an average of \$1,712 per student. That same year, a parallel program for private colleges and universities in North Carolina, the need-based State Contractual Scholarship, received \$35,148,247 from the legislature to provide 14,531 residents attending private institutions with an average grant of \$2,419. Each year in undergraduate degree or certificate-track programs, the state’s private institutions serve 51,000 North Carolinians, while the UNC system serves 195,000, and the community colleges serve more than 268,000 residents. As a matter of fairness and efficiency in encouraging students to further their education, the average appropriation for community college students should be closer to the amount granted to public university students.

The new N.C. Education Lottery Scholarship and the new state EARN Grant are providing additional student aid for North Carolina community college students. However, the N.C. Community College Grant is the program best designed meet the needs of community college students, and it has fallen behind in funding relative to the state’s parallel programs for public and private colleges and universities.

Many of the students served by the N.C. Community College Grant Program do not qualify for traditional aid programs such as Pell Grants, which are the baseline federal program to serve the nation’s neediest students. This is because as working community college students, they earn too much money to get help but too little money to afford school. Kennon Briggs, vice president for business and finance for the N.C. Community College System, says, “Financial aid eligibility formulas do a disservice to the working poor. People who work make a little too much to get a Pell Grant.” This would ensure that the working poor of North Carolina have access to the financial aid they need to acquire the skills necessary to succeed in our changing economy.

(2) The N.C. General Assembly should move to put the Community College Grant Program on more solid financial footing by shifting its funding source from escheats to the state’s General Fund.

The Community College Grant Program is funded in North Carolina with escheats, a source of funding that is unstable and may not be able to sustain current or future funding levels. The state’s escheats account is comprised of abandoned and unclaimed money and property—for example, money that is left in safe deposit boxes. This type of funding is not stable because the total receipts for the state’s escheats account varies greatly from year to year. In fiscal year 2002–03, total receipts for the account were \$72.5 million, and in fiscal year 2006–07, total receipts were \$159 million. The interest earned on the account varies greatly as well. In 2002–03, the interest spent for student aid programs was \$36.4 million, and in 2006–07, the interest was \$22.7 million. The stability of escheats funding worries community college administrators. “It’s all escheats, and that’s a concern for us,” says Kennon Briggs, vice president for business and finance of the N.C. Community College System.

Currently, the state’s escheats account is being used to fund six different student aid programs: The Community College Grant Program, the Child Welfare Postsecondary Support Program, the Education Access Rewards North Carolina Grant, the Millennium Teaching Scholarship Loan Program, the UNC Need-Based Grant, and the state’s Veterans Scholarship. The escheats account will not be able to meet projected funding needs.

The provision of the state budget that funds these six programs with the escheats account allows the programs to spend the interest generated by the State Treasurer’s investment of the escheats as well as some of the principal—the actual escheats—as

long as the balance of the escheats fund does not dip below \$400 million. Prior to fiscal year 2003–04, only interest earned on the account was spent, but since then, the state has used principal and interest from the escheats account to fund student aid.

The stability of the escheats fund and its sustainability in meeting current and future funding levels needs to be considered in light of two factors. First, even though the balance of the escheats account has increased in each of the last 10 years, the amount of interest spent on student aid from the fund has decreased during each of the last three years: In 2004–05, the interest spent totaled \$27.3 million; in 2005–06, \$24.7 million was spent; and in 2006–07, \$22.7 million was spent. Second, the \$400 million floor may be too low to sustain current and future funding levels. If the principal of the escheats account is reduced to \$400 million as allowed, it would only be possible to generate the average amount of escheats interest spent on student aid for the last three years if the annual investment earnings exceeded 6.2 percent. The 10-year average of earnings on the fund is 6.04 percent.

The North Carolina General Assembly should move to put the Community College Grant Program on more solid financial footing by shifting its funding source from escheats to the state’s General Fund, a more stable and predictable source of funding.

(3) (a) The N.C. Community College System and the State Education Assistance Authority should help community colleges develop default management initiatives so that they can participate in federal student loan programs. (b) The N.C. General Assembly should provide the funding and personnel for the state system and local community colleges to develop successful default management programs.

All community college students in North Carolina should have access to federal loan programs. The loans often provide access to higher educational opportunities for students who are otherwise ineligible for need-based aid. “A loan program is worth it because it’s access,” says Monty Hickman, the community college system’s associate director for financial aid. When students do not have access to federal loan programs, they may “resort to riskier, more expensive forms of debt, such as credit cards or private student loans, when they need help bridging the gap between available grant aid and college costs,” according to the Project on Student Debt.²⁵

Currently, only 23 of the 58 community colleges in North Carolina offer access to all of the need-based, low-interest loan programs offered by the federal government. Many community colleges do not participate in all federal government loan programs because a high default rate on the loans would put the schools at risk of losing access to Pell Grants and all other federal aid programs. Community colleges need to develop default management initiatives, including entrance and exit counseling for students, financial literacy training for borrowers, counseling for those most at-risk for default, and many other campus-based tools to ensure lower default rates.

At some institutions, loan vendors have provided default management training for students. However, new federal guidelines have altered the relationship between loan vendors and colleges, and loan vendors are no longer going to provide assistance on default management training. States are going to have to assume this role.

The state agency responsible for managing most student aid in North Carolina is willing to help community colleges solve this problem. “The State Education Assistance Authority will be happy to serve as a resource for our community colleges in North Carolina in developing default management programs for campuses to use,” says Steve Brooks, director of the Authority. “We have good experience in the area as a guarantor of federal loans, and I believe that we can offer solid advice and support under current law.”

The North Carolina Community College System President needs to determine and request the system personnel and appropriation that would be needed to provide

adequate assistance and expertise to local community colleges so that all 58 community colleges are able to develop default management initiatives for students. Once that is done, the General Assembly should provide the funds to ensure that all community college students have access to federal student loan programs.

(4) The N.C. General Assembly should increase the annual appropriation to the N.C. State Child Care Grant Program.

This financial aid grant program is a need-based program that provides child care services to community college students who also are parents. To be eligible, students must enroll at least half-time in a community college curriculum program and make satisfactory academic progress. Payments are made directly to local child care vendors.

In 2005–06, the child care grant program received \$1,792,533 in state appropriations, and it served 1,146 students, an average grant of \$1,564 per student or \$174 per month for child care assistance. According to the N.C. Division of Child Development, the cost of child care across the state in 2007 varied between \$214 and \$1,009 per month depending on location, level of care, and age of the child.²⁶ The 2007–08 budget passed by the N.C. General Assembly adopted the Governor’s recommendation for increased funding for this program, raising the appropriation to \$1,923,016 for fiscal year 2007–08. House Bill 391 of the 2007–08 legislative session, introduced by Representatives Deborah Ross, Margaret Dickson, Angela Bryant, and Jean Farmer-Butterfield, would have increased the annual appropriation for the child care program by \$2,100,000. “Many community college students are working adults who would not be able to further their education and skills without child care,” says Ross. “This is particularly true for single mothers.”

In 2005–06, when 1,146 students were served by the child care grant program, an additional 1,396 qualified students *applied* for the program but *were not served* because the program lacked sufficient funding. The N.C. General Assembly should meet this need by appropriating \$4 million for the N.C. State Child Care Grant program so that all qualified applicants can receive child care assistance. Wanda White, director of Student Development Services for the community college system, says, “If there is money for child care programs, students will graduate sooner, enter the work force sooner, and the number of people on public assistance will decrease.”

State-funded, need-based financial aid to community college students is an area of North Carolina’s financial aid policy that has received less attention than the provision of aid to traditional students in four-year colleges and universities. Many existing state aid programs are designed to alleviate work force shortages by providing money for college in exchange for an individual’s commitment to work in occupations where there is a shortage or in regions that have difficulty attracting employees. While many of these programs, such as the Teacher Assistant Scholarship Program, are available to community college students, some, such as the N.C. Teaching Fellows Program, are not. Still others, such as the Prospective Teacher Scholarship-Loan, are competitively awarded based on academic merit—a process that usually precludes participation by community college students. Most community college students who need financial assistance were not high academic achievers in high school or are not coming directly to college from high school. Financial aid programs that best serve community colleges take into account the facts that the demographics of the student population are not the same as at traditional colleges and that students receiving aid typically are those not given an opportunity to attend the state’s four-year institutions.

“The state is making great strides in serving graduating high school students,” says the community college system’s Kennon Briggs. “But it is not doing enough for the working poor, and that’s really who we serve in community colleges.”

Footnotes

¹ *A Matter of Facts: The North Carolina Community College System Fact Book 2007*, The North Carolina Community College System, Raleigh, N.C., 2007, p. 72. On the Internet at <http://www.ncccs.cc.nc.us/Publications/docs/Publications/fb2007.pdf>

² 20 U.S.C. § 1070a. The Pell grant was named for former U.S. Senator Claiborne Pell (D-Rhode Island) and originally instituted in 1965. The program provides means-tested subsidies directly to students enrolled in college.

³ *Statistical Abstract of Higher Education in North Carolina*, Research Report 1-07, University of North Carolina, Chapel Hill, N.C., May 2007, pp. 143–44. The federal Pell Grant and Veterans benefits programs account for \$218,026,156, or 77 percent of the \$321,915,077, in student financial aid awarded to community college students in North Carolina.

⁴ *Community College Facts at a Glance 2007*, American Association of Community Colleges, Washington, D.C., p. 4. On the Internet at <http://www2.aacc.nche.edu/pdfs/factsheet07.pdf>

⁵ *Fact Book on Higher Education: 2007*, Southern Regional Education Board, Atlanta, Ga., July 2007, pp. 136–37.

⁶ *Joint Conference Report on the Continuation, Expansion, and Capital Budgets: House Bill 1473*, North Carolina General Assembly, Raleigh, N.C., July 27, 2007, p. F-23. The cost estimates for tuition and fees for independent students for 2006–07 are based on a minimum course load of 12 credit hours. The legislature enacted a 6.3 percent tuition increase in its 2007–09 budget, which was signed by the Governor and enacted into law on July 31, 2007. With the tuition increase, a North Carolina resident taking 12 credit hours would pay \$1,008 per year in tuition, or \$42 per credit hour for up to 16 hours per semester. Fees vary by institution and statewide estimates from the community college system office are provided for information only.

⁷ N.C. Gen. Stat. § 115D-40.1.

⁸ N.C. Const. Art. IX, § 10(2).

⁹ N.C. Session Laws 2007-323 § 9.3a (H.B. 1473).

¹⁰ *Joint Conference Report*, note 6 above, p. F16. The legislature funds a separate grant program for the state's private colleges and universities called the Legislative Tuition Grant that provides \$1,950 for each North Carolina student in a private institution regardless of the student's financial need.

¹¹ The community college system granted tuition waivers to 25,434 students in 2005–06, while the UNC System granted waivers to 1,522 that same year according to the *Statistical Abstract of Higher Education in North Carolina*, note 3 above, pp. 143–44.

¹² *Joint Conference Report on the Continuation, Expansion, and Capital Budgets: Senate Bill 1741*, North Carolina General Assembly, Raleigh, N.C., June 30, 2006, p. F-13.

¹³ Editorial calculation based on average teacher-to-student ratios provided by Scott Douglass with N.C. Department of Public Instruction's school business division and *July 1, 2007*

County Total Age Groups-Children and July 1, 2020 County Total Age Groups-Children, N.C. State Data Center, Raleigh, N.C. Accessed Nov. 9, 2007, on the Internet at <http://demog.state.nc.us/>

¹⁴ *Report and Recommendations from the State Board of Education Task Force on Teacher Retention*, State Board of Education, Raleigh, N.C., Feb. 2005, p. 2.

¹⁵ North Carolina Commission on Workforce Development, *State of the North Carolina Workforce: An Assessment of the State's Labor Force Demand and Supply 2007-2017*, N.C. Department of Commerce, Raleigh, N.C., 2007, pp. 46–47.

¹⁶ *Task Force on the North Carolina Nursing Workforce Report*, N.C. Institute of Medicine, Durham, N.C., May 2004, p. ix.

¹⁷ Editorial calculation from *North Carolina Trends in Nursing Education: 2003–06*, N.C. Center for Nursing, Raleigh, N.C., Aug. 2007, pp. 35–36. On the Internet at <http://www.ga.unc.edu/NCCN/research/Trends2007/final%20report%20schools%202007.pdf>

¹⁸ Task Force on the North Carolina Nursing Workforce Report, note 16 above, pp. 46–47.

¹⁹ No further information is available on whether the individual students obtained funding from other sources after the program was discontinued.

²⁰ *Denied: Community College Students Lack Access to Affordable Loans*, Project on Student Debt issue brief, Berkeley, Cal., Apr. 2008, p. 1. On the Internet at http://projectonstudent-debt.org/pub_view.php?id=329

²¹ Kay Jacks, *Default Prevention and Management: A Plan for Student and School Success*, U.S. Department of Education, Office of Federal Student Aid, Washington, D.C., Sept. 30, 2005, pp. 1–9.

²² Robert B. Archibald, "Let's Make a Deal: Colleges Should Guarantee Student Loans," *The Chronicle of Higher Education Review*, Washington, D.C., Feb. 14, 2003, p. B0.

²³ House Bill 391 of the 2007 Session of the General Assembly. The legislation would have increased the annual appropriation for the child care program by \$2,100,000. The budget that passed the legislature did not adjust the Governor's recommendation of \$1,923,016. The bill's prime sponsors were Representatives Deborah Ross, Margaret Dickson, Angela Bryant, and Jean Farmer-Butterfield.

²⁴ Lande Ajose, Casey MacGregor, and Leo Yan, with Michael Pih, *Emergency Financial Aid for Community College Students: Implementation and Early Lessons from the Dreamkeepers and Angel Fund Programs—Interim Report*, MDRC, New York, N.Y., Feb. 2007, pp. 1–49.

²⁵ *Denied: Community College Students Lack Access to Affordable Loans*, note 20 above, p. 1.

²⁶ *Subsidized Child Care Rates for Child Care Centers—Partial Implementation of 2007 Market Rate Survey*, N.C. Division of Child Development, Raleigh, N.C., Aug. 16, 2007, pp. 1–3.