

## STAFF-DIRECTED POLICY QUESTIONS REGARDING SCHOLARSHIPS AND STUDENT FINANCIAL AID

### University of North Carolina at Chapel Hill Academic Year 2013-14

Need-based financial aid provides access for students who could not otherwise afford to attend the University. Merit-based aid recognizes and rewards student talent and promise, without regard to need. Both are important sources for the recruitment and retention of undergraduate and graduate/professional students and for the achievement of the University's mission. Access and excellence are mutually reinforcing goals; aid and scholarships allow us to recruit and enroll the strongest class possible.

These are the policy questions we believe most relevant to campus discussions this year:

1. Federal funding for student aid is expected to remain flat, with little or no growth for the foreseeable future. How can we work with the White House and Congress to influence student aid policy? How can we best serve students in the context of likely increases in tuition and other college costs?
2. By grant of authority of the Board of Governors, Carolina has used between 35% and 38% of *new* tuition revenue each year for need-based aid, making those revenues by far our largest source of institutional grant aid. It is uncertain whether that authority will continue or face new policy restrictions.
3. The North Carolina General Assembly has already enacted a 12.3% tuition increase for *non-resident undergraduates* in 2014-15, with the resulting revenue paid into the state's general fund rather than retained on campus. Further, the state no longer exempts campus dining services charges from taxation, significantly increasing the cost of board for on-campus students. Will the University be able to meet the full need of students in aid packages going forward? And if so, how?
4. Carolina has a long tradition of meeting the full need of undergraduate students who qualify under federal standards with at least 65% in grants and scholarships. In 2012-13, that share was lowered to 60% (although increases in external scholarships kept the overall grant/scholarship support constant at 74%). Can we sustain that policy, how do we fund it, and what are the specific implications for:
  - a. In-state students;
  - b. Out-of-state students;
  - c. Undergraduate borrowing;
  - d. The Carolina Covenant?
5. In view of our challenges with funding for need-based aid, should the University continue to use unrestricted funds for merit-based aid? If so, what share, from

which sources, in what form (a recurring scholarship or one-time recognition award), and for whom?

6. Is there a level of debt for undergraduate students that we consider optimal? Is there a limit to what we consider acceptable?
7. What happens if the out-of-state scholarship provision for merit scholarship recipients is repealed by the General Assembly without “grandfathering in” current scholars (as the athletic scholarship provision was eliminated in 2010)? Who pays the bill (estimated at \$7 million annually to sustain current commitments), when, and with what funds?
8. How can we maximize the use of student aid to further the University’s recruitment and retention goals, as we have done within the Carolina Covenant?
9. What new initiatives or fund-raising efforts should we pursue to bolster financial support for students?
10. What resources or efforts can we use to better compete for international students as Carolina works to strengthen its global presence?
11. What is our responsibility for meeting the financial needs of admitted undocumented students, if any?
12. To what extent might federal higher-education affordability/access initiatives affect UNC-Chapel Hill?

Ort: November 2013; amended January 2014.