

1 work group shall address the issue of proportionality of funding and shall
2 take into account all of the following in its consideration of that issue: the
3 proportionality of funding that currently exists among The University of
4 North Carolina, the North Carolina Community College System, and the
5 North Carolina private colleges and universities; funding sources;
6 accounting for student enrollment change; monetary differences between
7 certain categories of students and whether based on those monetary
8 differences student financial aid should be based on cost of attendance or
9 tuition and fees. The work group may also consider whether it is appropriate
10 to redefine "need" for purposes of student financial aid and to develop a
11 common formula for the distribution of financial aid and the consequences
12 of any proposed modifications if the decision is made to redefine "need" and
13 develop a common formula. The program shall be designed to: (i) distribute
14 funds in a manner that is consistent with legislative intent, but more easily
15 understood by potential students, and (ii) retain the ability to track lottery
16 funds.

- 17 (2) Design a "forgivable loans for service" program that combines at a minimum
18 the following existing programs into one consolidated program that focuses
19 on loans for services: the Nurse Educators of Tomorrow; Nurse Scholars
20 Program; Nurse Education Scholarship Loan Program; Board of Governors
21 Medical Scholarship Loans; Board of Governors Dental Scholarship Loans;
22 Health, Science and Mathematics Student Loan Program; Prospective
23 Teacher Scholarship Loan Program; and the Teacher Assistant Scholarship
24 Program. This single consolidated program shall initially focus on two high
25 area needs: teaching and health professions (including nursing, allied health
26 and medical, dental, and pharmacy careers). In designing this program, the
27 work group may consider the current allocation of funds among the various
28 scholarship and forgivable loan programs, whether it would be appropriate
29 to allow the reallocation and award of funds not distributed as forgivable
30 loans in a specific service area to be awarded as forgivable loans in a
31 different service area, and, if so, what procedure and methodology would be
32 appropriate to trigger the reallocation of funds and provide for the
33 distribution of those funds as awards in a different service area.

34 **SECTION 1.(c)** In addition to the considerations set out in subsection (b) of this
35 section, the work group shall also consider all of the following: the time period required to
36 phase out student loans from any of the programs affected by the program consolidation; how
37 federal funding may affect student financial aid services; how to deal with current recipients of
38 funds from programs affected by the consolidation; how to deal with recipients who are paying
39 back loans made through programs affected by the consolidation; whether the State Education
40 Assistance Authority should be authorized to extend the repayment period for forgivable loans
41 in hardship circumstances when a good faith effort has been made to repay the loan in a timely
42 manner, and if so, what the appropriate procedure may be for making that determination and
43 extending the repayment period. The work group may also consider any other issues it deems
44 relevant to this study.

45 **SECTION 1.(d)** The work group shall present its proposed program designs and
46 report its findings and recommendations to the Joint Select Committee on State-Funded Student
47 Financial Aid by October 1, 2010. In its report the work group shall also identify options that
48 may vary from the proposed program designs but that are alternatives that the work group
49 determines may also be workable and consistent with the legislative intent of this study. The
50 work group shall also include in the report any legislative changes that may be needed to
51 implement the program designs and work group recommendations.

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SECTION 2. This act is effective when it becomes law.