



THE CAROLINA COVENANT

The Carolina Covenant™ is a promise to eligible low-income students throughout North Carolina and the United States that, if they are admitted, they can graduate from the University of North Carolina at Chapel Hill (UNC) debt-free. The Covenant was created to ensure that access would not be compromised by increases in tuition and other college costs, and to communicate a clear message of predictability of aid for low-income students who are admitted. Shirley Ort, associate provost and director of the Office of Scholarships and Student Aid at the University of North Carolina at Chapel Hill, describes the Covenant, which seeks to influence the educational aspirations of low-income youth and encourage those who want to attend UNC to prepare academically, with the knowledge that they can afford to attend.



MISSION CONTROL

- ✘ Low-income families often overestimate college costs and are hesitant to assume loans to pay these costs.
- ✘ The Carolina Covenant™ is designed to communicate a clear, simple message of predictability of financial aid for low-income students, and promises that low-income students can graduate debt-free.
- ✘ The Covenant incorporates a campuswide support network and commitment to student success. A mentoring program is a central component of the support network.
- ✘ The cost of additional grant assistance is marginal, since admission is need-blind and Covenant Scholars qualify for a full financial aid award anyway; work-study replaces much of what would have been awarded as loans.

Basis of the Carolina Covenant

The University of North Carolina at Chapel Hill, chartered in 1789, was the nation's first public university, and it still has a strong identity and mission to serve as "the people's university." Both the state of North Carolina and UNC have a long-standing tradition of providing access and affordability through a low-tuition policy. In the late 1990s, however, several factors emerged: North Carolina's population was growing and diversifying, the state's poverty rate was the 14th highest in the nation, median family income was declining, and the state had the fastest-growing Hispanic population (which nearly quadrupled between 1990 and 2000) in the nation. As a result, a larger population of college-age youth were from low-income families and in need of financial aid to be able to attend college.

Further, the state was facing serious fiscal problems, and tuition had to meet a growing share of the budget shortfall. Other costs of attendance (room and board, books, transportation, etc.) also had increased. At the same time, research indicated that low-income families tend to overestimate college costs and are often wary of assuming loans to pay for these costs. These factors all pointed to an increasing lack of access for a growing number of academically prepared low-income students.

The Carolina Covenant, created in 2003, pledges that the university will meet 100 percent of an admitted, eligible student's need with a combination of grants and scholarships and the amount a student can earn by working 10–12 hours per week during the academic year. (Students may elect to borrow rather than participate in the work-study program.) All dependent students whose parents' adjusted gross income is 200 percent or less of the federal poverty guidelines are considered for the program and the designation of "Covenant Scholar," and are likely to be eligible unless the family has considerable assets.

Three factors were critical to UNC's ability to establish, fund, and sustain the Carolina Covenant. First, the population of students expected to be eligible for the Covenant is manageable by virtue of Carolina's selectivity. Although the admissions process is need-blind, UNC's selectivity yields better-prepared students, often from more affluent families. However, the university anticipates—and, indeed, hopes—that an increasing number of

low-income students will be admitted to, and graduate from, Carolina as a result of the Covenant.

Second, the Carolina Covenant is possible because of the nexus of policies adopted by the North Carolina General Assembly, the Board of Governors for the state's public university system, and the UNC Board of Trustees—all of which have historically favored low tuition and access via appropriations for need-based aid. Since 2000, for example, each time the Board of Governors has imposed a tuition increase throughout the system, the General Assembly has added funding to the UNC Need-Based Grant Program.

Finally, Carolina's "hold harmless" tuition policy (wherein eligible students' additional tuition charges were covered with grants, dollar for dollar), in effect since 1996, and its commitment of specific institutional revenue sources (such as profits from student stores and revenues from the sale of trademarked licensed goods) to need-based aid are also critical. Because of this well-established platform of assistance, the marginal cost of providing enriched grant packages to Covenant Scholars is within reach, even with an expanding population.

Program Design

The Covenant's primary goals are to communicate clearly and simply about the predictability of financial aid, to offer assurance of access, and to make it possible for low-income students to graduate debt-free. It was designed to be easy to understand and participate in: once a student is admitted or enrolled at Carolina and has completed an application for financial aid, consideration for the program is automatic. A Covenant Scholar who continues to meet eligibility criteria may be awarded aid through the program until he or she has completed the requirements for a baccalaureate degree, up to a maximum of nine semesters.

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The Covenant incorporates work-study as a key component, both as a result of research showing its value to participants and to avoid the perception that the Covenant is simply a "giveaway" program. Indeed, there has not been a "middle-income pushback" to the Carolina Covenant. It is likely that this can be attributed in part to the inclusion of work-study in Covenant awards and to the strong financial aid packages available to all other needy undergraduate students at

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UNC. Implementation of the Covenant has not eroded the base of support for other needy students.

The university has not established a minimum quota, nor is there a limit on the number of Covenant Scholars. The designation of Covenant Scholar will be given to all eligible students, and all will receive the program's enriched financial aid award.

Further, the university believes that the Covenant's success should be measured not only by the number of students served each year, but also by the number who successfully complete their undergraduate education. Thus, the Covenant incorporates a campuswide support network and commitment to student success. Faculty and staff throughout the university have embraced the Carolina Covenant and are actively engaged in efforts to promote the adjustment and achievement of Covenant Scholars. A comprehensive infrastructure of support systems is in place to ensure that Covenant Scholars have every opportunity to successfully complete their baccalaureate education.

A mentoring program for first-year Covenant Scholars is a central component of the support network. Faculty and staff mentors help scholars integrate into the university and facilitate academic advising and counseling, as necessary. In addition to activities planned by mentors, the university sponsors several special events throughout the year. These special events (including a winter holiday reception, a year-end celebration, dining etiquette training, etc.) have been enthusiastically received by the scholars. These and other events (including a social skills and career clarification series) are planned for the current year and in the future. Although Covenant Scholars are tracked by the university, they are not identified publicly; thus they are free to decide whether to participate in group activities that would identify them as having come from low-income families.

size. Like all other students, Covenant Scholars were admitted through a need-blind admissions process. Their average high school grade point average was 4.21; their average SAT score was 1209. Fifty-five percent were first-generation students, and 63 percent were students of color. The average family income was \$13,400 for a family of four. (See Table 1.)

The university anticipated that although they had been admitted to Carolina on the same basis as all other students, some Covenant Scholars would encounter personal and academic obstacles that their more affluent peers would not. Based on prior years' data, staff estimated that 8.2 percent of the Covenant Scholars would be required to attend summer school to retain academic eligibility; in actual experience, just 6 percent (14 of the 224 scholars) were required to attend. Grant assistance is provided to scholars who are required to attend summer school.

Scholars' rate of academic improvement from Fall semester to the end of Spring semester—from below a 3.0 GPA to above a 3.0 GPA—was twice that of the general student population. Nearly 88 percent of the first class of Covenant Scholars achieved a 2.0 or higher GPA during their freshman year at UNC, and all but five (2 percent) were academically eligible to return to Carolina for the 2005–06 academic year. Though it cannot be confirmed, the mentoring program initiated in January 2005 is believed to have contributed significantly to the academic success of Covenant Scholars.

Beginning in Fall 2005, the university raised the income threshold for Covenant eligibility to 200 percent of federal poverty guidelines. A total of 350 students

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Results

In Fall 2004, Carolina enrolled its first class of 224 Covenant Scholars (which, combined with low-income independent students, comprised more than 8 percent of the entering first-year class). The income threshold for participation in the program was 150 percent of federal poverty guidelines, indexed by family

Table 1: Carolina Covenant Recipient Profiles, UNC – Chapel Hill

| | <i>Fall 2004</i> 150%* | <i>Fall 2005</i> 150%* | <i>Fall 2005</i> 151–200%* | <i>Fall 2005</i> Composite |
|-------------------------|---------------------------|---------------------------|-------------------------------|-------------------------------|
| Number of Scholars | 224 | 247 | 103 | 350 |
| Average High School GPA | 4.21 | 4.22 | 4.33 | 4.25 |
| Average SAT | 1209 | 1212 | 1248 | 1223 |
| Average Parent AGI | \$13,400 | \$15,279 | \$32,668 | \$20,390 |
| Students of Color | 63% | 63% | 54% | 60% |
| First Generation | 55% | 58% | 30% | 51% |

**Percentage of federal poverty guidelines.*

Table 1 summarizes the profiles of the first two classes of Carolina scholars.

entering Carolina as freshmen or sophomore transfers have been designated as Covenant Scholars. Their average high school GPA is 4.25; their average SAT score is 1223. Sixty percent are students of color. Each has been assigned to a faculty/staff mentor.

These data, which do not show a large jump in the number of low-income students (see Table 2), reflect the university's long-standing tradition of providing access and affordability and, likewise, show why program costs for additional financial aid are manageable. Nevertheless, given state demographic trends, the university's commitment to the Carolina Covenant is significant, now and into the future.

**Table 2: Growth in Enrollment of Low-Income Freshmen*
UNC – Chapel Hill**

| | <i>Number of Students</i> | <i>Percent of Freshman Class</i> |
|-----------|---------------------------|----------------------------------|
| 1999–2000 | 134 | 3.94 |
| 2000–01 | 196 | 5.73 |
| 2001–02 | 263 | 7.13 |
| 2002–03 | 281 | 8.12 |
| 2003–04 | 292 | 8.30 |
| 2004–05 | 306 | 8.52 |
| 2005–06 | 350 | 9.00 |

** Defined as 150% of the federal poverty level, or below, indexed by family size; includes both dependent and independent students.*

Table 2 summarizes the growth in enrollment of low-income first-year students at UNC.

The university estimates that the cost of additional financial aid over a four-year period will be approximately \$3 million over the current grant base. Start-up costs for the program (e.g., developing a policy manual

and promotional materials) were \$60,000 over 18 months, and ongoing annual costs for a first-year summer orientation, faculty mentoring program, and the group activities described above are well under \$200,000. Finally, the cost of additional administrative staff time and recordkeeping has been absorbed by various offices on campus.

Conclusion

The University of North Carolina at Chapel Hill is driven by the imperative to address the educational needs of all citizens of the state, not just those who can afford to pay. Thus, the Carolina Covenant is based on the principle that obtaining a college or university education should be possible for anyone who can qualify academically, regardless of family income. Its promise that low-income students can graduate debt-free addresses one of the primary barriers to college enrollment: the fear on the part of low-income students of accumulating debt. Its key message—that aid is available and college is affordable—is designed to help close the growing gap in college enrollment between high-income and low-income students, which persists even when academic qualifications are matched. The state—and nation—simply cannot afford to leave a large and growing segment of its population on the outside of higher education.

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