

NCSEAA Annual Report 2007-2008

We help North Carolina pay for college



This annual report is designed as a Web document and can be accessed at <http://www.NCSEAA.edu>.

September 29, 2008

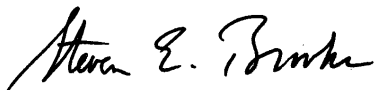
To the Citizens of North Carolina:

The Board of Directors and staff of the State Education Assistance Authority are privileged to have participated in the accomplishments of this, our 42nd year of investment in the future of North Carolina, and to publish this annual report as required under G.S. § 116-209.14. The Authority is a political subdivision of the State, governed by a seven-member Board of Directors appointed for four-year terms by the Governor. The University of North Carolina provides the secretariat for the Authority, which has some 72 receipts-supported employees. No salaries or operating expenses for the Authority are derived from State general fund appropriations.

In a number of key areas, our efforts help North Carolinians make going to college a reality. The Authority:

- Administers inter-institutional programs of student financial aid, created under State and federal law, funded with governmental as well as private resources, and designed to help North Carolinians meet the cost of higher education at public four-year, public two-year, and independent colleges and universities in North Carolina
- Provides significant online (<http://www.cfnc.org> and <http://www.ncseaa.edu>) and telephone resources (866-866-CFNC), as well as publishes and distributes annual printed publications that assist families, financial aid administrators and school counselors as they plan, apply, and pay for higher education
- Obtains and insures capital for educational loans made available under North Carolina's Federal Family Education Loan Program (NCFFELP) and the EXTRA Education Loan Program
- Maintains sensitive and affirmative default prevention and aversion activities in collecting student loans and operates an aggressive student loan collection system for recovery of defaulted student loan obligations
- Promotes access to financial aid opportunities through outreach activities with school counselors and financial aid administrators, so they can assist students and families in planning for higher educational opportunities
- Administers North Carolina's National College Savings Program, a "529" plan providing flexible savings and investment options for parents, grandparents, and others
- Assists the University of North Carolina General Administration, the North Carolina Community College System, and North Carolina Independent Colleges and Universities on various matters pertaining to financial aid
- Contracts with College Foundation, Incorporated (CFI) of Raleigh for certain operational functions. CFI is a nonprofit organization, chartered in 1955 under Chapter 55A of the General Statutes to assist North Carolinians in financing the cost of higher education. As an agent and independent sole source contractor for the Authority since 1966, CFI serves as the central loan originator under the NCFFELP. CFI also administers grant programs and North Carolina's National College Savings Program on behalf of the Authority and makes, collects and services student loans on behalf of the Authority and other investors. The Authority reimburses CFI for its pro-rata share of operating and reasonable capital costs incurred in the administration of the programs for which it contracts. No State-appropriated funds are used in reimbursing CFI.

Through its numerous aid programs, outreach and educational efforts, the Authority is committed to helping North Carolina achieve the goal of universal access to higher education, regardless of financial means.



Steven E. Brooks
Executive Director



Mission:

We help North Carolina pay for college.

We are the State agency that promotes access to higher education by administering financial aid and savings programs, informing students and families about paying for college, teaching educators about financial aid administration, and advocating for resources to support students.

Vision:

Working in effective collaboration with our partners, we are the recognized leader in service to North Carolina students and families, schools, colleges, and policy makers for innovative, high quality financial aid programs and activities.

Values:

Respect

We respect the contributions of our colleagues and value their commitment to helping the agency serve the people of North Carolina. We treat our customers, our partners, and each other with compassion, friendliness, courtesy, and honesty.

Professionalism

We are dedicated to achieving the highest standards of integrity and ethical behavior, technical knowledge and informed judgment.

Responsibility

We expect efficiency, effectiveness, and accountability in service to our customers and to each other.

Innovation

We strive to be forward-thinking and flexible in identifying business challenges and seeking creative solutions.

Teamwork

We are committed to a collaborative cohesive work environment, understanding that our success depends on open communication and working together.

2007-2008 Highlights

During the period from July 1 through June 30, the Authority:

- Administered 314,157 student grant, scholarship and loan awards, totaling \$1,079,076,841.
- Issued guaranteed student loan revenue bonds in the aggregate par amount of \$1,524,200,000 including \$434,200,000 in tax-exempt and \$1,090,000,000 in taxable bonds to fund student and parent loans for NCFFELP.
- Guaranteed 147,559 new loans totaling \$764,704,851 under the Federal Family Education Loan Program (NCFFELP).
- Recorded default rates for the most recent federal fiscal years at 1.5% (FFY 06 Cohort Rate) and 1.00% (FFY 07 Trigger Rate) for the NCFFELP, ranking among the lowest four default rates of all guaranty agencies in the nation for the fifth consecutive year.
- Processed 3,696 NCFFELP borrower default claims, totaling \$34,164,135.
- Recovered \$15.1 million from defaulted NCFFELP borrowers, including funds from litigation and wage garnishment activities, seizure of federal and State tax refunds, collection agencies, loan rehabilitation and loan consolidation programs. The Authority's recovery rate for the federal fiscal year 2007 was 28.2%.
- Cancelled \$11,305,154 of principal in State scholarship-loan program indebtedness for borrowers repaying their debts through vocational service under program terms, and collected \$4,706,841 in principal and interest payments from borrowers who did not fulfill their vocational service obligations. Historical data on loans closed through repayment in these programs indicates that nearly 88% of borrowers repay their debts in service to the State.
- Conducted 22 training sessions, attended by 1,240 school counselors and financial aid administrators, on availability and administration of state financial aid programs for students.
- Organized successful "FAFSA Day" activities at 56 locations throughout North Carolina, connecting high school students and their families with school counselors and financial aid administrators for the purpose of completing applications for federal and State financial aid. Through this program, over 3,600 students and families were assisted by over 650 counselors, aid administrators and other volunteers in 2008.
- Developed and launched an electronic "Student Portal" to securely communicate with students and enable students to view the status of their applications, download forms, and notify the SEAA of their intent to accept award offers.
- Trained, in cooperation with College Foundation, 310 college and university financial aid personnel in administering the new EARN Scholarship program.

College Foundation of North Carolina

As part of its commitment to help more students obtain an education beyond high school, the State Education Assistance Authority actively participates in a partnership called “College Foundation of North Carolina” (CFNC). This collaborative effort involves working with CFI and Pathways of North Carolina in providing a comprehensive website and a call center, staffed with college planning and financing specialists. Fiscal year 2008 marked the seventh full year of CFNC.

The service provides, in one place, all the information North Carolina students and families need to plan, apply and pay for college. The CFNC service helps communicate through a single, one-stop resource that higher education is available and possible for all North Carolinians, creating greater opportunities to go to college than ever before.

Via www.CFNC.org, students can use a wide range of career exploration and planning tools; maintain a personal portfolio to record courses taken, test scores and accomplishments; visit a virtual “College Fair” to compare, explore and link to more than 110 North Carolina colleges and universities; apply online for college admission and financial aid; and access financial planning, college savings, loan, grant and scholarship information.

The toll-free CFNC number, **866-866-CFNC**, offers specialists in career counseling, academic advising and financial resources for college. Students, families and counselors are encouraged to call with individual questions or to request more information.

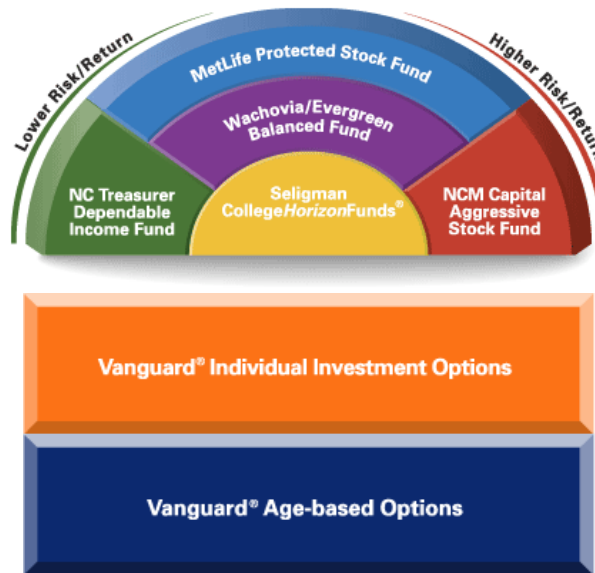
With CFNC’s expanded services, families with young children are able to start early in their financial and academic planning for college. For those families with high school students or adults soon anticipating college enrollment, CFNC provides detailed guidance on both college admission and financial aid.

During its seventh year CFNC.org averaged 10,292 unique daily visitor sessions averaging over 12 minutes each. The service added 491,163 user accounts during the fiscal year, bringing the total accounts through that date to 2,154,464. Additionally, during the fiscal year students filed 309,482 college admissions applications through the website, bringing the total filed through June 30 to 1,008,984.



North Carolina's National College Savings Program

North Carolina's National College Savings Program is maintained by the State Education Assistance Authority to enable residents of any state to invest funds to pay the qualified higher education expenses of their designated beneficiaries on a flexible basis that achieves certain tax savings in accordance with federal tax law and North Carolina tax law. The program is designed to meet the requirements of a qualified tuition program under Section 529 of the Internal Revenue Code. As part of the program, the General Assembly of North Carolina has established the Parental Savings Trust Fund, of which the Authority is trustee, to hold all assets of the program. The Trust Fund assets are not the property of the State of North Carolina. As of June 30, 2007, the fund had 58,852 accounts, with a market value of \$418,688,823, increases of 58% and 24% respectively, over the previous year.



NCSEAA Board of Directors 2007 - 2008

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F.V. Allison, *Vice-Chairman*
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Iona Duckworth, *Director
Administrative Services and Quality Control*
Sharon E. Grubb, *Assistant
to the Executive Director*
Julia R. Hoke, Esq., *Director
Legal Affairs and General Counsel*
Wayne E. Johnson, *Director
Guaranty Agency Services*
Elizabeth V. McDuffie, *Director
Grants, Training and Outreach*

Contacting the NCSEAA

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10 Alexander Drive
Research Triangle Park, NC

Telephone: (919) 549-8614
FAX: (919) 549-8481
Email: information@ncseaa.edu
Financial aid information:
<http://www.CFNC.org>

Statement of Net Assets

As of June 30 (in thousands)

<u>ASSETS</u>	<u>2008</u>	<u>2007</u>
<u>Current Assets</u>		
State Student Aid Program Cash**	\$ 49,186	\$ 42,932
Restricted Cash and Investments	901,930	523,098
Receivables	1,006,284	862,909
Other Current Assets	721	948
<u>Noncurrent Assets</u>		
Restricted Cash and Investments	477,144	491,233
Notes Receivable	2,369,176	2,034,980
Unamortized Bond Issuance Expenses	16,339	14,315
<u>Capital Assets</u>		
	7,043	7,740
Total Assets	<u>\$ 4,827,823</u>	<u>\$ 3,978,155</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Other Payables	\$ 649,801	\$ 561,570
Accounts Payable & Accrued Liabilities	1,758	1,209
<u>Noncurrent Liabilities</u>		
Accounts/Bonds Payable	3,514,663	2,778,825
Other Liabilities	6,034	7,272
Total Liabilities	<u>4,172,256</u>	<u>3,348,876</u>
<u>Net Assets</u>		
Invested in Capital Assets, net of Related Debt	7,043	7,740
Restricted for Educational Assistance Programs	595,004	573,754
Unrestricted for Student Aid Programs	53,520	47,785
Total Net Assets	<u>655,567</u>	<u>629,279</u>
Total Liabilities and Net Assets	<u>\$ 4,827,823</u>	<u>\$ 3,978,155</u>

Statement of Revenues, Expenses & Changes in Net Assets

<u>REVENUES:</u>		
Non-operating Aid	\$ 142,983	\$ 98,394
Grants	47,161	44,807
Investment Earnings	39,731	41,534
Interest Earnings on Loans	200,142	203,437
Miscellaneous	2,792	2,536
Grants, Aids, Subsidies	(138,792)	(85,673)
Total Revenues (Expenses)	<u>294,017</u>	<u>305,035</u>
<u>EXPENSES:</u>		
Student Loan Service Cancellations	15,812	13,744
Interest Costs	165,567	136,776
Other Administrative and General	86,349	85,064
Total Expenses	<u>267,728</u>	<u>235,584</u>
Change in Net Assets	26,289	69,451
NET ASSETS--Beginning of Year	<u>629,278</u>	<u>559,827</u>
NET ASSETS--End of Year	<u>\$ 655,567</u>	<u>\$ 629,278</u>

Note: These are unaudited figures. Audited figures are available on our website at www.ncseaa.edu after December 1, 2008

**Includes Education Lottery Scholarship and State Scholarship Loan Funding for disbursement in 2008-2009 year

Financial Aid Awards Administered by NCSEAA

Grants and Scholarships

Grant and scholarship programs are offered from State, federal and private sources

	2007-2008		2006-2007	
	<u>Number of Awards</u>	<u>Amount Awarded</u>	<u>Number of Awards</u>	<u>Amount Awarded</u>
Dr. Wade H. Atkinson Scholarship	10	\$25,275	8	\$18,400
Board of Governors' Dental Scholarship *	17	387,926	23	567,056
Board of Governors' Medical Scholarship *	36	762,760	64	1,417,936
Aubrey Lee Brooks Scholarship	63	644,827	63	635,090
Thomas Holmes Carrow Scholarship	22	61,581	18	54,000
Certain Private Education Institutions	161	313,950	165	297,000
Contract Programs in Medicine, Dentistry, Optometry	88	1,180,900	88	1,105,100
Criminal Justice Scholarship	8	16,000	7	13,000
A.P. and Frances Dickson Scholarship	10	15,000	16	20,800
Education Lottery Scholarship	29,492	35,133,991	***	*****
Golden LEAF Scholarship Program (UNC)	505	1,643,283	550	1,397,012
Jagannathan Scholarship	10	29,017	13	34,842
Ruth Jewell Scholarship	***	*****	1	2,000
James Lee Love Scholarship	12	55,000	16	75,200
North Carolina Community College Grant	21,262	11,691,960	12,641	10,463,457
North Carolina Legislative Tuition Grant	33,509	56,339,992	33,088	53,896,557
North Carolina School of Science & Mathematics Tuition Grant	784	2,710,330	582	1,864,706
North Carolina Student Incentive Grant	9,184	5,764,373	7,947	5,023,509
Penn Family Scholarship	96	185,600	***	*****
State Contractual Scholarship Fund	16,137	42,992,813	14,972	39,616,747
C.M. and M.D. Suther Scholarship	13	10,556	16	20,000
Teacher Assistant Scholarship Program	470	1,222,910	491	1,177,950
Turrentine Foundation Scholarship	248	445,390	234	433,191
UNC Campus Scholarships	2,793	5,435,826	3,019	5,473,904
UNC Need Based Grant	43,975	95,304,710	40,227	77,341,367
Total Grants and Scholarships	158,905	\$262,373,970	114,249	\$200,948,824

* See also section on Scholarship-Loan programs. New recipients beginning in 2006-07 signed promissory notes for the Board of Governors' Medical and Dental funds; renewing students retained scholarship status without repayment obligation. Thus the programs are reported by recipient under both categories. Total recipients and expenditures in the programs would be the sum of the amounts reported.

Scholarship-Loans

Made for vocational areas of high demand and critical shortage. Repayment may be canceled through vocational service or made in cash for those not fulfilling the service obligation

	2007-08		2006-07	
	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded
Board of Governors' Dental Scholarship Loans	16	\$440,826	8	\$231,200
Board of Governors' Medical Scholarship Loans	28	812,065	16	451,226
Future Teachers of North Carolina	64	373,750	122	767,000
Health, Science, and Mathematics Loans	390	2,578,178	405	2,727,242
Millennium Teacher Scholarship Loans	98	614,750	98	627,250
Nurse Education Scholarship Loans	484	1,041,569	658	1,011,349
Nurse Educators of Tomorrow Scholarship Loans	123	1,785,000	39	555,000
Nurse Scholars Program -- Masters	94	477,000	90	447,000
Nurse Scholars Program -- Undergraduate	679	3,061,750	862	3,831,155
Physical Education-Coaching Scholarship Loan	15	56,000	28	94,000
Principal Fellows Program	113	3,170,666	129	3,541,416
Project HEALTH	1	10,000	11	190,000
Prospective Teacher Scholarship Loan	1182	3,604,872	841	1,986,150
Teacher Assistant Scholarship Loan	***	*****		
Total Scholarship-Loans	3,287	\$18,026,426	3,307	16,459,988

Loans

Education Loans are made under North Carolina's Federal Family Education Loan Program, the Carolina Computing Initiative Program and the EXTRA Education Loan Program

	2007-08		2006-07	
	Number of Awards	Amount Awarded	Number of Awards	Amount Awarded
NCFFELP Loans				
Stafford Loans	70,027	\$263,100,478	67,855	\$242,505,868
Unsubsidized Stafford Loans	61,754	265,807,552	60,315	246,010,308
Graduate/Professional PLUS	1,788	25,159,347	960	11,570,222
Parent PLUS Loans	9,259	76,013,627	10,202	83,854,925
Consolidation Loans	4,731	134,623,847	17,943	346,717,287
Carolina Computing Initiative Loans	197	389,246	194	444,831
Extra Education Loans	4,209	33,582,348	4,963	41,239,660
Total Loans	151,965	\$798,676,445	162,432	\$972,343,101
Total NCSEAA Student Financial Aid	314,157	\$1,079,076,841	279,988	\$1,189,751,913

NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY
Listing of Programs Administered, September 2008

Federal Family Education Loan Program

- Stafford Loans
- Unsubsidized Stafford Loans
- Graduate/Professional PLUS Loans
- Parental PLUS Loans
- Consolidation Loans

State Scholarship and Grant Programs

- Child Welfare Postsecondary Support Program (NCREACH)
- Contract Programs in Medicine, Dentistry, Optometry
- Education Access Rewards North Carolina (EARN)
- Increasing Medical Education Opportunities (Institutional) Grant
- John B. McLendon Scholarship Fund
- North Carolina Community College Grant
- North Carolina Education Lottery Scholarship
- North Carolina Grants for Certain Private Institutions (Bible College)
- North Carolina Legislative Tuition Grant
- North Carolina School of Science and Mathematics Tuition Grant for UNC
- North Carolina Student Incentive Grant
- State Contractual Scholarship Fund
- Teacher Assistant Scholarship Fund
- UNC Campus Scholarships
- UNC Need Based Grant

State Career-Specific Scholarship-Loan Programs *

- Board of Governors' Dental Scholarship Loan
- Board of Governors' Medical Scholarship Loan
- Future Teachers of North Carolina Scholarship Loan
- GSK Teacher Preparation Scholarship Loan
- Health, Science, and Mathematics Scholarship-Loan
- Millennium Teacher Scholarship Loan
- North Carolina Optometry Scholarship Loan
- Nurse Education Scholarship Loans
- Nurse Educators of Tomorrow Scholarship Loan
(Graduate Nurse Scholarship Program for Faculty Production)
- Nurse Scholars Program

* While sometimes labeled "scholarships," the awards made through these programs are actually loans that carry a service repayment obligation. The State of North Carolina issues a loan to pay for a student's education in preparation for a specific career. The borrower earns forgiveness of the loan by working in that career in North Carolina. If the borrower does not complete the service obligation, the loan is repaid in cash, with interest.

- Physical Education-Coaching Scholarship Loan Fund
- Principal Fellows Program
- Project HEALTH Scholarship Loan – Community College Program
- Project HEALTH Scholarship Loan – UNC Program
- Prospective Teacher Scholarship Loan
- Social Work Education Loan Fund (Collections)
- Teaching Fellows Program (Collections)
- Teacher Assistant Scholarship Loan (Collections)

Private Scholarship Programs

- Dr. Wade H. Atkinson Scholarship
- Aubrey Lee Brooks Foundation Scholarship
- Thomas Holmes Carrow Scholarship
- Criminal Justice Scholarship
- Dr. A.P. and Frances Dickson Scholarship
- Golden Leaf Scholarship Program (UNC)
- Jagannathan Scholarship
- Ruth Jewel Scholarship
- James Lee Love Scholarship
- Penn Family Scholarship
- C.M. and M.D. Suther Scholarship
- Turrentine Foundation Scholarship

Other Programs Administered

- Carolina Computing Initiative Loan Program (Alternative Loan)
- College Foundation of North Carolina (Information Dissemination)
- North Carolina EXTRA Loan Program (Alternative Loan)
- North Carolina's National College Savings Program (State 529 Plan)
- Paul Douglas Scholarship/Loan Program (Collection Only)