

NCSEAA Annual Report 2008-2009

We help North Carolina pay for college



North Carolina State Education Assistance Authority

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

September 23, 2009

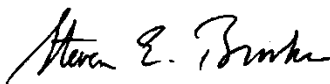
To the Citizens of North Carolina:

The Board of Directors and staff of the State Education Assistance Authority are privileged to have participated in the accomplishments of this, our 43rd 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 education
- 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 and paying for college costs
- 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 appropriations from the General Fund are used in the administration of these programs at 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.

2008-2009 Highlights

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

- Administered 379,479 student grant, scholarship, and loan awards, totaling \$1,199,427,694.
- Issued tax-exempt student loan revenue and refunding bonds in the aggregate par amount of \$575,655,000 to finance student and parent loans for NCFFELP and to refund certain outstanding bonds of the Authority, and completed a private placement bond transaction with the State Employees' Credit Union in the par amount of \$500,000,000 to finance loans under NCFFELP and the EXTRA Education Loan Program.
- Guaranteed 177,855 new loans totaling \$812,337,669 under the Federal Family Education Loan Program (NCFFELP).
- Granted loan forgiveness to 170 teachers under the Federal Teachers Loan Forgiveness Program, totaling \$1.3 million.
- Recorded default rates for the most recent federal fiscal years at 2.9% (FFY 07 Cohort Rate) and 1.60% (FFY 08 Trigger Rate) for the NCFFELP, ranking among the four lowest default rates of all guaranty agencies in the nation for the sixth consecutive year.
- Processed 4,909 NCFFELP borrower default claims, totaling \$53,315,288.
- Recovered \$18.4 million from defaulted NCFFELP borrowers, including funds from litigation and wage garnishment activities, seizure of federal and State tax refunds, collection agencies, and loan rehabilitation and loan consolidation programs. The Authority's recovery rate for the federal fiscal year 2008 was 27.5%.
- Cancelled \$11,088,826 of principal in State scholarship loan program indebtedness for borrowers repaying their debts through vocational service under program terms, and collected \$4,235,113 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 86% of borrowers repay their debts in service to the State.
- Conducted 21 training sessions, attended by 1,179 school counselors and financial aid administrators, on availability and administration of State financial aid programs for students.
- Expanded "FAFSA Day" activities to 65 locations throughout North Carolina with the assistance of the State Employees' Credit Union and the Cooperative Extension Service, to help high school students and their families complete applications for federal and State financial aid. Through this program, more than 4,500 students and families were assisted by over 750 counselors, aid administrators, and other volunteers in 2009.
- Developed and began implementation of an Enterprise Content Management system, to reduce operating costs and increase operational efficiency and effectiveness by imaging and managing file documents for almost 30,000 student loan borrowers and scholarship and grant recipients.

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 (a partnership of the University of North Carolina, the North Carolina Community College System, North Carolina Independent Colleges and Universities, and the Department of Public Instruction) in providing a comprehensive website and a call center staffed with college planning and financing specialists. Fiscal year 2009 marked the eighth full year of CFNC.

The service provides, in one place, 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. Among recent additions to the site are a transfer articulation module, a financial aid estimator, a “smart borrower” calculator to help limit debt to an amount that is within reason, and courses on financial literacy for high school and college students.

The CFNC Call Center, accessed toll-free at **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.

CFNC Usage Statistics, FY 2008

- CFNC.org on June 30, 2009 had more than 2.4 million user accounts and had averaged almost 10,000 unique visitors a day for the year, with an average visit time of about 13 minutes.
- The CFNC Call Center responded to over 154,349 phone calls on paying for college and 13,072 on careers and college admission. They also responded to 12,964 emails on financial aid and 4,489 emails with questions or publication requests on college admission and careers.
- CFNC Regional Representatives located across the state made a total of 2,740 college access presentations to 79,900 people in schools and community groups.
- North Carolina students submitted 354,482 college applications using CFNC.org.
- CFNC has implemented electronic transcript transmission for 265 North Carolina high schools, and has processed over 100,000 electronic high school transcripts.
- Most recent market awareness study (2006) indicated 93% awareness of CFNC among high school students in North Carolina and 88% awareness among parents of North Carolina middle and high school students.



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, 2009, the NC 529 plan had 68,318 active accounts with a total market value of \$429,299,086, representing increases of 16% and 2.5%, respectively, over the previous year. Current information on investment options, which were streamlined in spring 2009, and details on the plan can be found at <http://www.CFNC.org/savings>.

NCSEAA Board of Directors 2008-2009

Richard B. Roberts, *Chairman*
F.V. Allison, *Vice-Chairman*
Arlene M. Ferren, *Treasurer*
Martha J. Beasley
Carolyn F. Edwards
Robert S. Misenheimer
Nathan F. Simms, Jr.
Steven E. Brooks, *Secretary, Ex Officio*

Contacting the NCSEAA

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Financial Aid Information: <http://www.CFNC.org>

NCSEAA Senior Management

Steven E. Brooks, *Executive Director*
Iona Duckworth, *Director*
Administrative Services and Quality Control
Sharon E. Grubb, *Assistant*
to the Executive Director for Agency Management
Julia R. Hoke, Esq., *Director*
Legal Affairs and General Counsel
Wayne E. Johnson, *Director*
Guaranty Agency and Repayment Services
Elizabeth V. McDuffie, *Director*
Grants, Training and Outreach

Statement of Net Assets

As of June 30 (in thousands)

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
<u>Current Assets</u>		
State Student Aid Program Cash**	\$ 52,581	\$ 48,895
Restricted Cash and Investments	530,633	902,220
Receivables	442,206	548,170
Other Current Assets	27	721
<u>Noncurrent Assets</u>		
Restricted Cash and Investments	484,697	477,144
Notes Receivable	3,516,279	2,827,261
Unamortized Bond Issuance Expenses	20,780	16,223
<u>Capital Assets</u>		
	6,660	7,043
Total Assets	<u>\$ 5,053,863</u>	<u>\$ 4,827,677</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Other Payables	\$ 694,080	\$ 649,801
Accounts Payable & Accrued Liabilities	12,960	1,511
<u>Noncurrent Liabilities</u>		
Accounts/Bonds Payable	3,744,855	3,514,662
Other Liabilities	1,907	6,034
Total Liabilities	<u>4,453,802</u>	<u>4,172,008</u>
<u>Net Assets</u>		
Invested in Capital Assets, net of Related Debt	6,660	7,043
Restricted for Educational Assistance Programs	533,643	595,106
Unrestricted for Student Aid Programs	59,759	53,520
Total Net Assets	<u>600,062</u>	<u>655,669</u>
Total Liabilities and Net Assets	<u>\$ 5,053,864</u>	<u>\$ 4,827,677</u>

Statement of Revenues, Expenses & Changes in Net Assets

<u>REVENUES:</u>		
Non-operating Aid	\$ 192,663	\$ 142,983
Grants	39,870	47,161
Investment Earnings	19,558	39,731
Interest Earnings on Loans	136,276	200,308
Miscellaneous	2,987	2,792
Grants, Aids, Subsidies	(217,055)	(138,792)
Total Revenues (Expenses)	<u>174,299</u>	<u>294,183</u>
<u>EXPENSES:</u>		
Student Loan Service Cancellations	17,217	15,812
Interest Costs	131,821	165,567
Other Administrative and General	80,868	86,414
Total Expenses	<u>229,906</u>	<u>267,793</u>
Change in Net Assets	(55,607)	26,390
NET ASSETS--Beginning of Year	<u>655,669</u>	<u>629,279</u>
NET ASSETS--End of Year	<u>\$ 600,062</u>	<u>\$ 655,669</u>

Note: These are unaudited figures. Audited figures are available on our website at www.ncseaa.edu after Dec 1, 2009

**Includes Education Lottery Scholarship and State Scholarship Loan Funding for disbursement in 2009-2010 year

Financial Aid Awards Administered by NCSEEA

Grants and Scholarships

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

	2008-2009		2007-2008	
	<u>Number of Awards</u>	<u>Amount Awarded</u>	<u>Number of Awards</u>	<u>Amount Awarded</u>
Dr. Wade H. Atkinson Scholarship	8	\$20,070	10	\$25,275
Board of Governors' Dental Scholarship *	8	199,792	17	387,926
Board of Governors' Medical Scholarship *	19	470,353	36	762,760
Aubrey Lee Brooks Scholarship	64	674,170	63	644,827
Thomas Holmes Carrow Scholarship	16	62,979	22	61,581
Certain Private Education Institutions	156	298,114	161	313,950
Contract Programs in Medicine, Dentistry, Optometry	64	854,900	88	1,180,900
Criminal Justice Scholarship	6	12,000	8	16,000
A.P. and Frances Dickson Scholarship	8	16,000	10	15,000
EARN Scholarship	13,798	48,029,533	***	*****
Education Lottery Scholarship	30,172	33,557,825	29,492	35,133,991
Golden LEAF Scholarship Program (UNC)	599	1,731,634	505	1,643,283
Jagannathan Scholarship	9	21,534	10	29,017
Ruth Jewell Scholarship	1	2,000	***	*****
James Lee Love Scholarship	14	70,000	12	55,000
John B. McLendon Scholarship	14	17,500	***	*****
North Carolina Community College Grant	26,252	16,497,311	21,262	11,691,960
North Carolina Legislative Tuition Grant	35,735	58,959,149	33,509	56,339,992
NC Reach (Child Welfare Postsecondary Support)	260	1,256,647	***	*****
North Carolina School of Science & Mathematics Tuition Grant	799	2,759,055	784	2,710,330
North Carolina Student Incentive Grant	9,097	5,618,255	9,184	5,764,373
Penn Family Scholarship	106	224,606	96	185,600
State Contractual Scholarship Fund	15,831	43,569,161	16,137	42,992,813
C.M. and M.D. Suther Scholarship	***	*****	13	10,556
Teacher Assistant Scholarship	438	1,003,200	470	1,222,910
Turrentine Foundation Scholarship	240	500,003	248	445,390
UNC Campus Scholarships	3,539	5,248,998	2,793	5,435,826
UNC Need Based Grant	55,284	126,996,462	43,975	95,304,710
Total Grants and Scholarships	192,537	\$348,671,251	158,905	\$262,373,970

* 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

	2008-09		2007-08	
	<u>Number of Awards</u>	<u>Amount Awarded</u>	<u>Number of Awards</u>	<u>Amount Awarded</u>
Board of Governors' Dental Scholarship Loans	24	\$699,357	16	\$440,826
Board of Governors' Medical Scholarship Loans	50	1,232,480	28	812,065
Future Teachers of North Carolina	64	407,772	64	373,750
Health, Science, and Mathematics Loans	380	2,347,061	390	2,578,178
Millennium Teacher Scholarship Loans	92	565,500	98	614,750
Nurse Education Scholarship Loans	551	1,183,166	484	1,041,569
Nurse Educators of Tomorrow Scholarship Loans	135	1,855,000	123	1,785,000
Nurse Scholars Program -- Masters	124	613,500	94	477,000
Nurse Scholars Program -- Undergraduate	714	3,136,750	679	3,061,750
Optometry Scholarship Loan	18	235,800	***	*****
Physical Education-Coaching Scholarship Loan	23	88,000	15	56,000
Principal Fellows Program	117	3,336,444	113	3,170,666
Project HEALTH	***	*****	1	10,000
Prospective Teacher Scholarship Loan	1,412	4,423,950	1182	3,604,872
Total Scholarship Loans	3,704	\$20,124,780	3,287	\$18,026,426

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

	2008-09		2007-08	
	<u>Number of Awards</u>	<u>Amount Awarded</u>	<u>Number of Awards</u>	<u>Amount Awarded</u>
NCFFELP Loans				
Stafford Loans	78,101	\$297,001,222	70,027	\$263,100,478
Unsubsidized Stafford Loans	87,015	387,060,188	61,754	265,807,552
Graduate/Professional PLUS Loans	3,344	47,843	1,788	25,159,347
Parent PLUS Loans	9,396	80,432,900	9,259	76,013,627
Consolidation Loans	1,178	32,835,400	4,731	134,623,847
Carolina Computing Initiative Loans	189	340,060	197	389,246
Extra Education Loans	4,015	32,914,050	4,209	33,582,348
Total Loans	183,238	\$830,631,663	151,965	\$798,676,445
Total NCSEAA Student Financial Aid	379,479	\$1,199,427,694	314,157	\$1,079,076,841

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) (Disbursement)
- Contract Programs in Medicine, Dentistry, Optometry
- Education Access Rewards North Carolina (EARN)
- Medical Students 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 (Collections)
- Health, Science, and Mathematics Scholarship Loan
- Millennium Teacher Scholarship Loan
- North Carolina Optometry Scholarship Loan

* 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.

- Nurse Education Scholarship Loans
- Nurse Educators of Tomorrow Scholarship Loan
(Graduate Nurse Scholarship Program for Faculty Production)
- Nurse Scholars Program
- Physical Education-Coaching Scholarship Loan
- Principal Fellows 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)