

North Carolina State Education Assistance Authority

Annual Report  
2009-2010



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

October 1, 2010

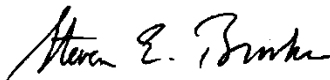
To the Citizens of North Carolina:

The Board of Directors and staff of the State Education Assistance Authority are privileged to have participated in the accomplishments of this, our 44th 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 nine-member Board of Directors. The University of North Carolina provides the secretariat for the Authority, which has some 65 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 Carolina pay for college. 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)
- Maintains sensitive and affirmative default prevention and aversion activities 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 North Carolina General Assembly, 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 servicer 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.

## 2009-2010 Highlights

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

- Administered 378,084 student grant, scholarship and loan awards, totaling \$1,281,383,270.
- Guaranteed 191,287 new loans totaling \$878,826,493 under the Federal Family Education Loan Program.
- Granted loan forgiveness to 234 teachers under the Federal Teachers Loan Forgiveness Program, totaling \$1.7 million.
- Granted an annual NCFFELP payment holiday to 1,044 North Carolina teachers, totaling \$173,636.
- Recorded default rates for the most recent federal fiscal years at 2.8% (FFY 08 Cohort Rate) and 1.36% (FFY 09 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 3,796 NCFFELP borrower default claims, totaling \$44,818,469.
- Recovered \$25.4 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 2009 was 23%.
- Cancelled \$11.9 million of principal in State scholarship loan program indebtedness for borrowers repaying their debts through vocational service under program terms, and collected \$4.2 million 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 31 training sessions, attended by 1,295 school counselors and financial aid administrators, on availability and administration of State financial aid programs for students.
- Expanded "FAFSA Day" activities to 69 campuses and 227 State Employees' Credit Union locations with the assistance of the Credit Union and the Cooperative Extension Service, to help high school students and their families complete applications for federal and State financial aid. Unfortunately, while 4,500 students registered to attend FAFSA day, winter weather caused many sites to cancel or postpone the event; ultimately, assistance was provided to approximately 2,900 students in 2010.

## **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 2010 marked the ninth 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](http://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 2009-10**

- CFNC.org on June 30, 2010 had more than 3.2 million user accounts and had averaged almost 11,000 unique visitors a day for the year, with an average visit time of about 9.5 minutes. 558,602 new user accounts were created during the year.
- The CFNC Call Center responded to over 149,089 phone calls on paying for college and 8,527 on careers and college admission. They also responded to 11,738 emails on financial aid and 3,235 emails with questions or publication requests on college admission and careers.
- CFNC Regional Representatives located across the state made a total of 3,047 college access presentations to 61,700 people in schools and community groups.
- North Carolina students submitted 471,650 college admissions applications using CFNC.org.
- CFNC has implemented electronic transcript transmission for 448 North Carolina high schools, and has processed over 192,883 electronic high school transcripts.
- A 2006 market awareness study 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, 2010, the NC 529 plan had 79,758 active accounts with a total market value of \$580,219,276, representing increases of 16.8% and 35.2%, respectively, over the previous year. During the past year, the Authority expanded the choice of investment options by adding the Federally-Insured Deposit Account as guaranteed by the State Employees' Credit Union and insured by the National Credit Union Administration. Current information on investment options and details on the plan can be found at <http://www.CFNC.org/savings>.



## **Federal Legislative Changes**

The Health Care and Education Reconciliation Act of 2010 was signed into law on March 30, 2010 and requires that all new federal student loans be originated through the federal Direct Loan program effective July 1, 2010, ending any new loan originations under the Federal Family Education Loan program. The legislation does not alter the responsibilities of the Authority for financing capital and insuring loans under the NCFFELP.

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. (Resigned, December 2009)  
Steven E. Brooks, *Secretary, Ex Officio*

The activities included in this annual report took place under the Board of Directors listed above. On July 20, 2010, shortly after the period covered by this annual report, Governor Perdue signed into law an act of the North Carolina General Assembly that increases the number of members from seven to nine, with seven appointed by the Governor and two serving ex officio.

The new law provides that three of the members appointed by the Governor have expertise in secondary or higher education, two have expertise in finance, one be a member of the public at large with an interest in higher education and one be a chief financial officer from a college or university that is a member of, and recommended by, the North Carolina Independent Colleges and Universities, Inc. Each of the chief financial officers of The University of North Carolina and the North Carolina Community College System will serve as ex officio members.

## **NCSEAA Senior Management**

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

## **Contacting the NCSEAA**

Post Office Box 14103  
Research Triangle Park, NC 27709

10 T.W. Alexander Drive  
Research Triangle Park, NC 27709

Telephone: (919) 549-8614  
FAX: (919) 549-8481

Email: [information@ncseaa.edu](mailto:information@ncseaa.edu)  
Financial Aid Information: <http://www.CFNC.org>



## Statement of Net Assets

As of June 30 (in thousands)

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
<b><u>Current Assets</u></b>		
State Student Aid Program Cash**	\$ 47,631	\$ 52,581
Restricted Cash and Investments	351,284	530,633
Receivables	1,340,755	442,206
Other Current Assets	7	27
<b><u>Noncurrent Assets</u></b>		
Restricted Cash and Investments	631,132	484,697
Notes Receivable	3,291,600	3,516,279
Deferred Charges	18,099	20,780
<b><u>Capital Assets</u></b>		
	6,417	6,660
Total Assets	<u>\$ 5,686,925</u>	<u>\$ 5,053,863</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Other Payables	\$ 1,629,628	\$ 694,080
Accounts Payable & Accrued Liabilities	18,683	13,198
<b><u>Noncurrent Liabilities</u></b>		
Accounts/Bonds Payable	3,451,011	3,744,855
Other Liabilities	3,764	1,907
Total Liabilities	<u>5,103,086</u>	<u>4,454,040</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, net of Related Debt	6,417	6,660
Restricted for Educational Assistance Programs	501,635	533,404
Unrestricted for Student Aid Programs	75,787	59,759
Total Net Assets	<u>583,839</u>	<u>599,823</u>
Total Liabilities and Net Assets	<u>\$ 5,686,925</u>	<u>\$ 5,053,863</u>

## Statement of Revenues, Expenses & Changes in Net Assets

<u>REVENUES:</u>		
Non-operating Aid	\$ 209,247	\$ 192,663
Grants	65,010	39,870
Investment Earnings	7,903	19,558
Interest Earnings on Loans	110,666	135,805
Miscellaneous	3,793	2,987
Grants, Aids, Subsidies	(223,527)	(217,054)
Total Revenues (Expenses)	<u>173,092</u>	<u>173,829</u>
<u>EXPENSES:</u>		
Student Loan Service Cancellations	19,363	17,217
Interest Costs	72,319	131,821
Other Administrative and General	97,395	80,636
Total Expenses	<u>189,077</u>	<u>229,674</u>
Change in Net Assets	(15,985)	(55,845)
NET ASSETS--Beginning of Year	<u>599,824</u>	<u>655,669</u>
NET ASSETS--End of Year	<u>\$ 583,839</u>	<u>\$ 599,824</u>

Note: Audited figures will be available on our website at [www.ncseaa.edu](http://www.ncseaa.edu) after October 1, 2010

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

## Financial Aid Awards Administered by NCSEAA

### Grants and Scholarships

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

	2009-2010		2008-2009	
	<u>Number of Awards</u>	<u>Amount Awarded</u>	<u>Number of Awards</u>	<u>Amount Awarded</u>
Dr. Wade H. Atkinson Scholarship	11	\$29,315	8	\$20,070
Board of Governors' Dental Scholarship *	***	*****	8	199,792
Board of Governors' Medical Scholarship *	4	44,280	19	470,353
Aubrey Lee Brooks Scholarship	64	684,082	64	674,170
Thomas Holmes Carrow Scholarship	22	75,104	16	62,979
Certain Private Education Institutions	174	313,815	156	298,114
Contract Programs in Medicine, Dentistry, Optometry	39	537,550	64	854,900
Criminal Justice Scholarship	7	13,000	6	12,000
A.P. and Frances Dickson Scholarship	12	24,000	8	16,000
EARN Scholarship	22,288	44,401,620	13,798	48,029,533
Education Lottery Scholarship	31,599	38,296,362	30,172	33,557,825
Golden LEAF Scholarship Program (UNC)	583	1,680,494	599	1,731,634
Jagannathan Scholarship	13	36,388	9	21,534
Ruth Jewell Scholarship	***	*****	1	2,000
James Lee Love Scholarship	15	75,000	14	70,000
John B. McLendon Scholarship	18	20,625	14	17,500
North Carolina Community College Grant	27,195	14,748,619	26,252	16,497,311
North Carolina Legislative Tuition Grant	35,181	55,593,122	35,735	58,959,149
NC Reach (Child Welfare Postsecondary Support)	321	923,494	260	1,256,647
North Carolina School of Science & Mathematics Tuition Grant	824	2,957,517	799	2,759,055
North Carolina Student Incentive Grant	9,501	5,834,475	9,097	5,618,255
Penn Family Scholarship	***	*****	106	224,606
State Contractual Scholarship Fund	17,151	44,318,168	15,831	43,569,161
C.M. and M.D. Suther Scholarship	***	*****	***	*****
Teacher Assistant Scholarship	265	648,000	438	1,003,200
Turrentine Foundation Scholarship	***	*****	240	500,003
UNC Campus Scholarships	2,472	5,501,762	3,539	5,248,998
UNC Need Based Grant	61,952	133,351,783	55,284	126,996,462
<b>Total Grants and Scholarships</b>	<b>209,711</b>	<b>\$350,108,575</b>	<b>192,537</b>	<b>\$348,671,251</b>

\* 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*

	2009-10		2008-09	
	<u>Number of Awards</u>	<u>Amount Awarded</u>	<u>Number of Awards</u>	<u>Amount Awarded</u>
Board of Governors' Dental Scholarship Loans	28	\$891,978	24	\$699,357
Board of Governors' Medical Scholarship Loans	68	1,729,213	50	1,232,480
Future Teachers of North Carolina	67	412,750	64	407,772
Health, Science, and Mathematics Loans	436	2,897,757	380	2,347,061
Millennium Teacher Scholarship Loans	53	317,413	92	565,500
Nurse Education Scholarship Loans	569	1,187,512	551	1,183,166
Nurse Educators of Tomorrow Scholarship Loans	154	2,125,000	135	1,855,000
Nurse Scholars Program -- Masters	151	830,375	124	613,500
Nurse Scholars Program -- Undergraduate	822	3,590,790	714	3,136,750
Optometry Scholarship Loan	18	243,250	18	235,800
Physical Education-Coaching Scholarship Loan	8	30,000	23	88,000
Principal Fellows Program	128	3,637,518	117	3,336,444
Prospective Teacher Scholarship Loan	1,387	4,472,649	1,412	4,423,950
<b>Total Scholarship Loans</b>	<b>3,889</b>	<b>\$22,366,205</b>	<b>3,704</b>	<b>\$20,124,780</b>

## 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*

	2009-10		2008-09	
	<u>Number of Awards</u>	<u>Amount Awarded</u>	<u>Number of Awards</u>	<u>Amount Awarded</u>
NCFFELP Loans				
Stafford Loans	75,172	\$330,704,184	78,101	\$297,001,222
Unsubsidized Stafford Loans	76,137	419,726,243	87,015	387,060,188
Graduate/Professional PLUS	2,924	59,940,049	3,344	47,843
Parent PLUS Loans	7,116	68,456,017	9,396	80,432,900
Consolidation Loans	***	*****	1,178	32,835,400
Carolina Computing Initiative Loans	109	192,337	189	340,060
Extra Education Loans	3,026	29,889,660	4,015	32,914,050
<b>Total Loans</b>	<b>164,484</b>	<b>\$908,908,490</b>	<b>183,238</b>	<b>\$830,631,663</b>
<b>Total NCSEAA Student Financial Aid</b>	<b>378,084</b>	<b>\$1,281,383,270</b>	<b>379,479</b>	<b>\$1,199,427,694</b>

**NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY**  
**Listing of Programs Administered, September 2010**

**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
- 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 National Guard Tuition Assistance Program
- 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
- 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 (Collections)
- 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
- Mayor Anthony Foxx 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 Collections)
- College Foundation of North Carolina (Information Dissemination)
- National Board Certification Loan Program (National Board for Professional Teaching Standards)
- North Carolina EXTRA Loan Program (Alternative Loan - Collections)
- North Carolina's National College Savings Program (State 529 Plan)
- Paul Douglas Scholarship/Loan Program (Collection Only)