

North Carolina State Education Assistance Authority

Annual Report  
2010-2011



**NCSEAA**   
*North Carolina State Education  
Assistance Authority*

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

October 1, 2011

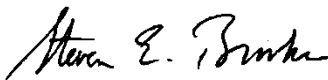
To the Citizens of North Carolina:

The Board of Directors and staff of the State Education Assistance Authority are privileged to have participated in the accomplishments of this, our 45th 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 66 receipts-supported employees. No salaries or operating expenses for the Authority are appropriated from the State General Fund.

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 and other elected officials, 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 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.

## 2010-2011 Highlights

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

- Administered 201,352 student grant, scholarship and loan awards, totaling \$359,716,897.
- Granted loan forgiveness to 266 teachers under the Federal Teachers Loan Forgiveness Program, totaling \$1.9 million.
- Granted an annual NCFFELP payment holiday to 1,060 North Carolina teachers, totaling \$178,308
- Recorded default rates for the most recent federal fiscal years at 2.9% (FFY 09 Cohort Rate) and 1.31% (FFY 10 Trigger Rate) for the NCFFELP, ranking among the four lowest default rates of all guaranty agencies in the nation for the eighth consecutive year.
- Processed 3,811 NCFFELP borrower default claims, totaling \$46,111,985.
- Recovered \$28.4 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 2010 was 26%.
- Cancelled \$13 million of principal in State scholarship loan program indebtedness for borrowers repaying their debts through vocational service under program terms, and collected \$4.5 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 85% of borrowers repay their debts in service to the State.
- Originated 433 loans totaling \$959,450 for teachers pursuing Nation Board Certification.
- Conducted 28 training sessions, attended by 1,036 school counselors and financial aid administrators, on availability and administration of State financial aid programs for students.
- Sponsored 5 additional training webinars with participation by 180 members of the North Carolina Association of Student Financial Aid Administrators.
- Organized "FAFSA Day" activities on 67 campuses and in 227 State Employees' Credit Union locations across North Carolina 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.
- Began planning for implementation of the new program, Forgivable Education Loans for Service that will consolidate eight existing scholarship loan programs.

## **State Capitals Campaign with College Board and National Conference of State Legislators (NCSL)**

The State Capitals Campaign is a multi-state campaign to mobilize the nation to significantly increase the proportion of Americans who hold a postsecondary degree by 2025. It is a call to action that brings together policymakers, educators and community and business leaders with the common goal of improving college completion rates, especially among low-income and minority students, and returning the United States to its place as the global leader in educational attainment.

Nationally recognized as a leader in financial aid reform, the state of North Carolina was selected as an early stop in a nationwide tour for its impressive state and institution policies that support access to postsecondary education for all students while keeping college affordable.

On May 17<sup>th</sup> The College Board Advocacy & Policy Center, NCSL and NCSEAA hosted an interactive conversation highlighting some of the biggest challenges facing our education system, particularly how we advance college completion and drive excellence in our schools and universities in the face of budget constraints, rising costs, and expanding enrollment.

The event program included distinguished speakers and two dynamic panel discussions moderated by Shirley Ort, associate provost and director of scholarships and student aid, University of North Carolina, Chapel Hill, and Steve Brooks of the North Carolina State Education Assistance Authority. Participants engaged in a conversation about ways to advance the policies and practices that drive excellence in our schools and universities and improve college success in the face of budget constraints, rising costs and expanding enrollment.

### **Speakers included:**

- Gaston Caperton, Former Governor of West Virginia and President, The College Board
- Tom Apodaca, North Carolina State Senator
- June Atkinson, State Superintendent of Public Instruction
- Brenda Bautsch, Policy Specialist, National Conference of State Legislatures
- Steven E. Brooks, Executive Director, North Carolina State Education Assistance Authority
- Lieutenant Governor Walter Dalton
- Rick Glazier, North Carolina State Representative
- Shirley Ort, Associate Provost and Director, Scholarships and Student Aid, University of North Carolina, Chapel Hill
- Scott Ralls, President, North Carolina Community Colleges
- Thomas W. Ross, President, University of North Carolina
- Hope Williams, President, North Carolina Independent Colleges and Universities

## **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, 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 2011 marked the tenth 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.

Through CFNC, SEAA assists students and families from elementary school years through high school graduation and beyond. Services include helping young people to understand career opportunities and the education required to sustain them; assisting students to chart their coursework to prepare for college and career and to select colleges appropriate to their ambitions and talents; communicating with families the availability of financial aid to make college affordable; and advising students and families to take appropriate actions to minimize borrowing and prevent delinquency and default.

Services continue through the student’s college education and on into adulthood for nontraditional students, promoting financial literacy education and encouraging college completion, and last until any college indebtedness has been satisfied. CFNC includes information on both State and federal student aid programs to give students a comprehensive picture specific to their own situations. It also promotes the value of saving for college through the tax-advantaged NC-529 program.

### **CFNC Usage Statistics, FY 2009-10**

- CFNC.org on June 30, 2011 had more than 3.7 million user accounts and had averaged almost 10,000 unique visitors a day for the year; 523,876 new user accounts were created during the year.
- The CFNC Call Center responded to over 104,111 phone calls on paying for college and responded to 7,231 emails on financial aid. The CFNC Resource Center took 11,296 calls on careers and college admission and responded to 5,098 emails with questions or publication requests on college admission and careers.
- CFNC Regional Representatives located across the state made a total of 2,582 college access presentations to 75,537 people in schools and community groups.
- North Carolina students submitted 424,828 college admissions applications using CFNC.org.
- CFNC has implemented electronic transcript transmission for 448 North Carolina high schools, and has processed over 220,216 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, for North Carolina residents, 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, 2011, the NC 529 plan had 92,176 active accounts with a total market value of \$822,169,720, representing increases of 15.3% and 41.7%, respectively, over the previous year.

In October of 2010 Money Magazine designated the NC 529 Plan as one of three state college-savings plans at the "Head of the Class" based on fee structure and age-based portfolio options. Current information on investment options and details on the program can be found at <http://www.CFNC.org/savings>.





Richard B. Roberts, *Chairman*  
F.V. Allison, *Vice-Chairman*  
Arlene M. Ferren, *Treasurer*  
Martha J. Beasley  
Carolyn F. Edwards  
Jennifer H. Haygood, *Ex Officio*  
Robert S. Misenheimer  
Ernie Murphrey (7/20/2010 - 12/31/2010)  
Charles E. Perusse, *Ex Officio (beginning 3/1/2011)*  
James O. Roberts

Board members are appointed by the Governor for terms of four years, with the exception of the Chief Financial Officers of the University of North Carolina and the North Carolina Community College System, who serve ex officio per State law.

### **NCSEAA Senior Management**

Steven E. Brooks, *Executive Director*  
Iona Duckworth, *Director of Administrative Services and Quality Control*  
Sharon E. Grubb, *Assistant to the Executive 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>

## Financial Aid Awards Administered by NCSEAA

### Grants and Scholarships

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

	2010-2011		2009-2010	
	<u>Number of Awards</u>	<u>Amount Awarded</u>	<u>Number of Awards</u>	<u>Amount Awarded</u>
Dr. Wade H. Atkinson Scholarship	11	\$23,000	11	\$29,315
Board of Governors' Medical Scholarship *	***	*****	4	44,280
Aubrey Lee Brooks Scholarship	64	713,541	64	684,082
Thomas Holmes Carrow Scholarship	23	112,500	22	75,104
Certain Private Education Institutions	159	283,976	174	313,815
Contract Programs in Medicine, Dentistry, Optometry	18	250,200	39	537,550
Criminal Justice Scholarship	6	12,000	7	13,000
A.P. and Frances Dickson Scholarship	12	24,000	12	24,000
EARN Scholarship	***	*****	22,288	44,401,620
Education Lottery Scholarship	32,912	34,449,071	31,599	38,296,362
Golden LEAF Scholarship Program (UNC)	564	1,624,500	583	1,680,494
Mayor Anthony Foxx Scholarship	33	33,000	***	*****
Jagannathan Scholarship	11	36,750	13	36,388
Ruth Jewell Scholarship	1	2,000	***	*****
James Lee Love Scholarship	14	67,500	15	75,000
John B. McLendon Scholarship	10	6,250	18	20,625
Medical Student Grants	224	1,115,000	215	1,072,500
North Carolina Community College Grant	27,762	16,011,721	27,195	14,748,619
North Carolina Legislative Tuition Grant	36,091	57,757,183	35,181	55,593,122
North Carolina National Guard Tuition Asst Program	789	1,810,571		
NC Reach (Child Welfare Postsecondary Support)	525	1,275,771	321	923,494
North Carolina School of Science & Mathematics Tuition Grant	841	3,745,347	824	2,957,517
North Carolina Student Incentive Grant	9,398	5,635,362	9,501	5,834,475
Penn Family Scholarship	***	*****	***	*****
State Contractual Scholarship Fund	18,349	46,397,693	17,151	44,318,168
C.M. and M.D. Suther Scholarship	15	40,600	***	*****
Teacher Assistant Scholarship	194	491,632	265	648,000
Turrentine Foundation Scholarship	***	*****	***	*****
UNC Campus Scholarships	2,539	5,377,292	2,472	5,501,762
UNC Need Based Grant	65,993	161,439,804	61,952	133,351,783
<b>Total Grants and Scholarships</b>	<b>196,558</b>	<b>\$338,736,264</b>	<b>209,926</b>	<b>\$351,181,075</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*

	<b>2010-2011</b>		<b>2009-2010</b>	
	<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	\$969,153	28	\$891,978
Board of Governors' Medical Scholarship Loans	73	1,782,221	68	1,729,213
Future Teachers of North Carolina	19	107,250	67	412,750
Health, Science, and Mathematics Loans	383	2,780,215	436	2,897,757
Millennium Teacher Scholarship Loans	46	285,015	53	317,413
Nurse Education Scholarship Loans	542	1,086,560	569	1,187,512
Nurse Educators of Tomorrow Scholarship Loans	142	1,995,250	154	2,125,000
Nurse Scholars Program -- Masters	153	805,560	151	830,375
Nurse Scholars Program -- Undergraduate	805	3,502,775	822	3,590,790
Optometry Scholarship Loan	17	236,300	18	243,250
Physical Education-Coaching Scholarship Loan	***	*****	8	30,000
Principal Fellows Program	115	3,228,868	128	3,637,518
Prospective Teacher Scholarship Loan	1,266	4,201,466	1,387	4,472,649
<b>Total Scholarship Loans</b>	<b>3,589</b>	<b>\$20,980,633</b>	<b>3,889</b>	<b>\$22,366,205</b>
<b>Total NCSEAA Aid</b>		<b>\$359,716,897</b>		<b>\$373,547,280</b>

## Statement of Net Assets

As of June 30 (in thousands)

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<b><u>Current Assets</u></b>		
State Student Aid Program Cash**	\$ 49,466	\$ 47,631
Restricted Cash and Investments	286,656	351,284
Receivables	361,478	1,340,755
Other Current Assets	0	7
<b><u>Noncurrent Assets</u></b>		
Restricted Cash and Investments	847,308	631,132
Notes Receivable	3,126,572	3,291,600
Deferred Charges	16,597	18,099
<b><u>Capital Assets</u></b>		
	6,044	6,417
Total Assets	<u>\$ 4,694,121</u>	<u>\$ 5,686,925</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts, Notes, Bonds Payable	\$ 327,598	\$ 1,641,542
Other Payables & Accrued Liabilities	4,848	6,769
<b><u>Noncurrent Liabilities</u></b>		
Accounts/Bonds Payable	3,780,290	3,454,399
Other Liabilities	326	376
Total Liabilities	<u>4,113,062</u>	<u>5,103,086</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, net of Related Debt	6,044	6,417
Restricted for Educational Assistance Programs	516,080	501,635
Unrestricted for Student Aid Programs	58,935	75,787
Total Net Assets	<u>581,059</u>	<u>583,839</u>
Total Liabilities and Net Assets	<u>\$ 4,694,121</u>	<u>\$ 5,686,925</u>

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

<b><u>REVENUES:</u></b>		
Non-operating Aid	\$ 168,421	\$ 209,247
Grants	44,405	65,010
Investment Earnings	4,420	7,903
Interest Earnings on Loans	82,159	110,666
Miscellaneous	26,034	3,793
Grants, Aids, Subsidies	(203,847)	(223,527)
Total Revenues (Expenses)	<u>121,592</u>	<u>173,092</u>
<b><u>EXPENSES:</u></b>		
Student Loan Service Cancellations	18,302	19,363
Interest Costs	38,755	72,319
Other Administrative and General	67,315	97,395
Total Expenses	<u>124,372</u>	<u>189,077</u>
Change in Net Assets	(2,780)	(15,985)
NET ASSETS--Beginning of Year	<u>583,839</u>	<u>599,824</u>
NET ASSETS--End of Year	<u>\$ 581,059</u>	<u>\$ 583,839</u>

Note: Audited figures will be available on our website at [www.ncseaa.edu](http://www.ncseaa.edu) after October 1, 2011

\*\*Includes Education Lottery Scholarship and State Scholarship Loan Funding for disbursement in 2011-2012

**NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY**  
**Listing of Programs Administered, September 2011**

**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
- 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 Private College Need-Based Scholarship Program (implementation for 2012-13)
- 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
- Forgivable Education Loan for Service (implementation for 2012-13)
- Future Teachers of North Carolina Scholarship Loan (Collections)
- Health, Science, and Mathematics Scholarship Loan
- Millennium Teacher Scholarship Loan
- North Carolina Optometry Scholarship Loan
- Nurse Education Scholarship Loan
- Nurse Educators of Tomorrow Scholarship Loan  
(Graduate Nurse Scholarship Program for Faculty Production)
- Nurse Scholars Program

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\* 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 and NC Independent Colleges)
- 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)