

NCSEAA Annual Report 2000-2001



*Insuring Access to Higher Education for
North Carolinians Since 1965*

October 1, 2001

To the Citizens of North Carolina:

The Board of Directors and staff of the North Carolina State Education Assistance Authority (NCSEAA) are privileged to have participated in the accomplishments of this, our 35th year of investment in the future of North Carolina.

NCSEAA 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 agency, which has over 65 employees.

During 2000-2001, the agency administered 127,468 awards, totaling \$378,906,909, an increase of 12% in the number of awards and 24% in funds disbursed over the previous year. For Fiscal Year 2001, 95% of operating costs for the agency were derived from program revenue and only 5% came from State 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 by state and federal law, as well as private resources, designed to help North Carolinians meet the cost of higher education
- provides significant online (<http://www.cfnc.org> and at <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
- maintains an aggressive student loan collection system for recovery of matured and defaulted student loan obligations, including significant default prevention and aversion activities
- obtains and insures capital for educational loans made available under North Carolina's Federal Family Education Loan Program (FFELP).
- 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 postsecondary educational opportunities
- administers North Carolina's "529" college savings program, providing flexible savings and investment options for parents, grandparents and others
- assists the Office of the President of the University of North Carolina, the Community College System and the North Carolina Independent Colleges and Universities on various matters pertaining to financial aid.

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

Steven E. Brooks
Executive Director

2000-2001 Financial Aid Programs Administered by NCSEAA

Grants and Scholarships

Offered by state, federal and private sources

	Number of Awards	Amount Awarded
Dr. Wade H. Atkinson Scholarship	10	16,800
Board of Governors Dental Scholarship	30	442,142
Board of Governors Medical Scholarship	80	1,195,519
Aubrey Lee Brooks Foundation Scholarship	54	380,634
Thomas Holmes Carrow Scholarship	16	60,800
Contract Programs in Medicine, Dentistry, Optometry	94	805,000
Criminal Justice Scholarship	7	14,000
Dr. A.P. and Frances Dickson Scholarship	16	12,320
ECSU Incentive Scholarship	496	1,383,697
Freshman Scholars Program	36	67,137
Incentive Scholarship for Certain Constituent Institutions	614	1,504,778
Incentive Scholarship and Grant for Native Americans	392	699,160
Jagannathan Scholarship	10	33,380
Ruth Jewell Scholarship	1	1,000
Legislative College Opportunity Program	60	151,482
James Lee Love Scholarship	16	43,200
Governor James B. Hunt Scholarship	5	5,000
Governor James G. Martin Scholarship	20	20,000
Minority Presence Grants	1,440	1,538,654
North Carolina Community College Grant	7,111	4,303,997
North Carolina Legislative Tuition Grant	29,061	43,910,666
North Carolina Student Incentive Grant	3,825	2,448,696
State Contractual Scholarship Fund	12,750	31,272,299
C.M. and M.D. Suther Scholarship	16	14,400
Turrentine Foundation Scholarship	297	459,551
UNC Need Based Grant	5,334	6,140,441
Total Grants and Scholarships	61,791	\$96,924,753

Scholarship/Loans

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

	Number of Awards	Amount Awarded
Health, Science, and Mathematics Loans	425	2,917,494
Nurse Scholars Program -- Masters	91	537,000
Nurse Scholars Program -- Undergraduate	966	3,626,750
Nurse Education Scholarship Loans	939	984,100
Principal Fellows Program	183	3,660,000
Total Scholarship/Loans	2604	\$ 11,725,344

Loans

Made under North Carolina's Federal Family Education Loan Program and the Carolina Computing Initiative Program.

	Number of Awards	Amount Awarded
Stafford Loans	37,380	119,096,918
Unsubsidized Stafford Loans	28,736	101,379,086
PLUS Loans	4,314	24,790,357
FFELP Consolidation Loans	797	22,755,361
Carolina Computing Initiative Loans	846	2,238,484
Total Loans	72,073	\$270,260,206

	Awards	Amount
Total NCSEAA-Administered Financial Aid	136,468	\$ 378,910,303

2000-01 Highlights

- Issued \$225,000,000 in taxable revenue bonds to fund student loans through College Foundation Inc.
- Guaranteed 71,227 student and parent loans totaling \$268,021,722, under the North Carolina Federal Family Loan Education Program (FFELP).
- The federal 2000 annual default rate for NCSEAA-insured loans was 2.54%, one of the lowest in the nation.
- Recovered \$11,271,787 from defaulted borrowers during FY00-01, through such collection efforts as wage garnishment, seizure of tax refunds and litigation.
- Cancelled \$7,273,274 of principal in the scholarship/loan program and collected an additional \$11,787,709 in cash payments from borrowers that did not fulfill the vocational service obligation.
- Conducted training opportunities for over 300 school counselors, introducing them to the new College Foundation of North Carolina service and facilitated a discussion regarding the types of questions prospective students should ask colleges concerning costs associated with their education.
- Organized FAFSA Day, a statewide event to assist high school students and their families in completing financial aid forms for college and submitting them online. Over 100 financial aid administrators and school counselors met with 500 students at 12 locations.
- Administered \$805,000 to 94 students pursuing professional education through the Contract Programs in Dentistry, Medicine and Optometry.



College Foundation of North Carolina

As part of its commitment to help more students obtain an education beyond high school and to provide a single source for information on college financing, a partnership between North Carolina State Education Assistance Authority and College Foundation Inc. (CFI) was launched on May 4, 2000, known to the public as College Foundation of North Carolina (CFNC). Its initial services included a comprehensive Web site and a call center, staffed with college financing specialists, with information about financing college education, regardless of the age of the prospective student. Initial content included access to information about hundreds of scholarships and grants as well as information about loans and other financing options. During its first year of operation the site attracted as many as 3,000 visitors per day, averaging over ten minutes per session. Telephone calls to the financing specialists averaged over 2,000 per month.

Additionally, during the 2000-2001 year, the Authority continued its support of the Pathways of North Carolina project, designed to promote early awareness of higher education and to provide tools for career exploration, academic preparation, and online application to colleges in North Carolina. The Authority initially became involved in Pathways as a part of its default prevention initiatives, believing that “activities should be targeted to enhance the financial and academic preparation for college of low-income students in an effort to reduce defaults by enhancing retention and lessening reliance on borrowing.”

As both the CFNC and the Pathways web sites and telephone services were promoted during the 2000-2001 year, the Authority, Pathways, and CFI all became aware that much greater simplicity could be achieved on behalf of students and families by combining all the information into one new and improved web and telephone service.

The expanded partnership with Pathways of North Carolina, College Foundation Inc., and the Authority on the CFNC Web site and toll-free call center was developed during the spring of 2001, with launching of the new service scheduled for July 2, 2001. The new service provides, in one place, all the information students and families need to plan, apply and pay for college.

With the additional information available at 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 100 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 new 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 will be 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 can provide guidance through the process of admission and financial aid.

The new CFNC services 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.

Partnership with College Foundation Inc.

For certain operational functions, NCSEAA contracts with College Foundation Incorporated (CFI) of Raleigh. CFI is a non-profit organization, chartered in 1955 under Chapter 55A of the General Statutes to assist North Carolinians in financing the cost of postsecondary education. As an agent and independent, sole-source contractor for NCSEAA since 1966, it serves and the central loan originator under the North Carolina Federal Family Education Loan Program (FFELP). CFI administers grants and makes, collects and services student loans on behalf of NCSEAA and other investors.

NCSEAA 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 for this contractual program, which is entirely self-sustaining with loan program revenue.

North Carolina Escheat Fund

Income from the North Carolina Escheat Fund, administered by the Office of State Treasurer, constitutes a vital portion of the financing program for student loans. During 2000-01, the Authority made loans from the Escheat income of \$14,735,743 to 5,174 needy North Carolina students enrolled in public institutions of higher education. The availability of this funding lowers the overall costs of funds for students and enables NCSEAA to offer substantial repayment reductions to all FFELP borrowers.



BALANCE SHEET

As of June 30
[In Thousands]

	2001	2000
<u>Assets</u>		
Cash and Investments	\$453,479	\$531,552
Loans Receivable (plus interest)	944,355	765,236
Other Assets	<u>26,851</u>	<u>20,573</u>
Total Assets	\$1,424,685	\$1,317,361
<u>Liabilities</u>		
Bonds and notes payable	\$894,743	\$699,052
Other Liabilities	<u>32,816</u>	<u>160,321</u>
Total Liabilities	927,559	859,372
<u>Fund equity</u>		
Retained Earnings	\$497,124	\$457,989
 Total liabilities and fund balances	 \$1,424,684	 \$1,317,361

STATEMENT OF REVENUE AND EXPENSES

<u>Revenues</u>		
Transfers from Primary Government	\$36,363	\$24,293
Investment		
Earnings	21,518	18,134
Interest Earnings on Loans	71,485	56,480
Other Revenues	6,168	1,663
 Non-Operating Revenue (Expense)	 (687)	 (120)
Less: Interest		
Costs	<u>(44,539)</u>	<u>(35,657)</u>
Total Net Revenues	\$90,309	\$64,793
<u>Expenses</u>		
Student Loan Cancellations	\$10,430	\$9,260
Administrative and General Expenses	<u>40,744</u>	<u>30,348</u>
Total Expenses	\$51,174	\$39,608
 Excess of Revenues Over Expenses	 \$39,135	 \$25,186
 Fund balances at beginning of the year	 <u>457,989</u>	 <u>432,803</u>
Fund balances at end of the year	\$497,124	\$457,989

*Complete financial statements, as audited by an independent public accounting firm,
available upon request.*

NCSEAA Board of Directors 2000-2001

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This annual report is submitted in compliance with section 116-209.14 of the North Carolina General Statutes. This was designed as a web document and can be accessed at <http://www.NCSEAA.edu>.

