

# ANNUAL REPORT



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This Annual Report is designed as a web document  
and can be accessed via the [NCSEAA website](#).

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## PREFACE

October 15, 2020


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 presented here in service of our State's investment in the future of its people 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 80 receipts-supported employees.

In a number of key areas, our efforts help North Carolina pay for education. The Authority:

- Administers inter-institutional programs of student financial aid, created under State and federal law, funded with government as well as private resources, and designed to help North Carolinians meet the cost of education at public four-year, public two-year, independent colleges and universities, and nonpublic K12 schools in North Carolina.
- Provides significant online ([www.CFNC.org](http://www.CFNC.org) and [www.NCSEAA.edu](http://www.NCSEAA.edu)) and telephone (866-866-CFNC) resources, as well as publishes and distributes annual publications that assist families, financial aid administrators, and school counselors as they plan, apply and pay for education.
- Obtains and insures capital for education loans.
- 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, tax-advantaged savings and investment options for parents, grandparents and others.
- Assists the Governor, the General Assembly and other elected officials, the University of North Carolina System Office, the North Carolina Community College System and North Carolina Independent Colleges and Universities on various matters pertaining to financial aid and paying for educational 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 for all education loans financed and guaranteed by the Authority. CFI also administers need-based student 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.

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



Executive Director

## MISSION, VISION AND VALUES



### MISSION:

We help North Carolina pay for education.

We are the State agency that promotes access to education by administering financial aid and savings programs, informing students and families about paying for education, 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.

## 2019-2020 HIGHLIGHTS

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

- Administered 141,043 higher education and K12 student grant, scholarship and loan awards, totaling over \$355 million, as detailed in tables on pages 7-8 of this report.
- Administered loan forgiveness to 88 teachers under the federal Teacher Loan Forgiveness Program, totaling \$595,000. With this amount, the Authority has granted over \$24 million to over 3,500 teachers through this program since its inception in 2002.
- Achieved a federal cohort default rate for NCSEAA guaranteed loans under North Carolina's Federal Family Education Loan Program (NCFFELP) of 5.7%, well below the national average of 9.7% for the federal fiscal year 2017, the most recent year for which final data are available. The U.S. Department of Education calculates default rates on borrowers after three years in repayment.
- Processed 1,831 NCFFELP borrower default and other guaranty claims, totaling \$35,483,271.
- Recovered \$36.7 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 2019 was 19.81%.
- Cancelled \$23.9 million of principal in State forgivable loan program indebtedness for borrowers repaying their debts through vocational service under program terms, and collected \$5.5 million in principal and interest payments from borrowers who did not fulfill their vocational service obligations. Historical data on Forgivable Education Loans for Service indicates that 87% of the total debt loaned has been repaid in qualified service.
- Expanded the NC Assist Loan program for students and parents beyond the pilot year introduction (2018-19) to end the fiscal year with 1,315 borrowers with \$20.8 million in outstanding principal.
- Originated 663 loans totaling \$1,221,700 for teachers pursuing National Board Certification.
- Conducted reviews of State aid program administration to monitor compliance with applicable laws and regulations at 22 postsecondary institutions.
- Held FAFSA completion events throughout the year with assistance from the North Carolina Association of Student Financial Aid Administrators and the State Employees Credit Union. High school seniors in North Carolina public high schools (including charters) completed 63,489 FAFSAs as of July 31, 2020. This represents 60% of the public high school class of 2020. North Carolina ranks 18<sup>th</sup> in the nation for FAFSA completion.
- Collaborated with MyFutureNC, which held a FAFSA Frenzy in June 2020. SEAA coordinated financial aid expertise offered at 11 online FAFSA completion events in June, in addition to providing content support, via CFNC, for FAFSA Frenzy online resources.
- Administered the Finish the FAFSA Program that tracks the FAFSA completion status for all high school seniors in participating NC public high schools. School counselors use the database to identify students who may need assistance completing the FAFSA. In the 2019-20 academic year, participation increased to include 99% of all North Carolina public high schools.
- Served as the portal entity for SARA North Carolina. As of June 30, 2020, the Authority has approved 83 schools representing four sectors of postsecondary institutions.
- Administered \$20 million in NC COVID-19 Relief funds for 40 independent colleges and universities.

## COLLEGE FOUNDATION OF NORTH CAROLINA

As part of its commitment to help more students obtain an education beyond high school, since 2000 the State Education Assistance Authority has actively participated in a collaboration called “College Foundation of North Carolina” (CFNC). This joint effort involves working with the College Foundation, Inc., the North Carolina Community College System, the North Carolina Department of Public Instruction, the North Carolina Independent Colleges and Universities, and the University of North Carolina in providing a comprehensive website and a call center staffed with college planning and financing specialists.

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

Through CFNC, the Authority 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; and communicating with 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 and nonpublic K12 education through the tax-advantaged NC 529 program.



### CFNC USAGE STATISTICS, FY 2019-20

- On June 30, 2020, CFNC.org had more than eight million user accounts and averaged 11,841 visits a day for the fiscal year.
- The CFNC Call Centers responded to more than 68,600 phone calls about paying for college and 6,612 calls regarding careers and college admissions. They also responded to 4,818 financial aid emails and 3,567 emails with questions or publication requests on college admissions and careers.
- CFNC Regional Representatives, located across the State, made a total of 1,893 college access presentations to 93,429 people in schools and community groups.
- North Carolina students submitted 388,858 college applications using CFNC.org.
- CFNC processed 366,736 high school e-transcripts for 611 North Carolina high schools.

## NORTH CAROLINA'S NATIONAL COLLEGE SAVINGS PROGRAM (NC 529 PLAN)

North Carolina's National College Savings Program, commonly known as the "NC 529 Plan," is maintained by the State Education Assistance Authority to enable residents of any state to invest funds to pay the qualified education expenses of their designated beneficiaries on a flexible basis with certain tax benefits 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, and while its original and primary purpose is saving for college, funds can be withdrawn from the NC 529 Plan to pay for primary and secondary tuition under certain conditions consistent with federal tax law.

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. Current information on investment options and details on the program can be found under [Save for College](#) on the CFNC website.

### INVESTMENT OPTION

	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>Change</u>
Federally Insured Deposit Account	\$179,616,036	\$156,902,509	14.5%
Vanguard Individual Funds	1,027,850,998	987,877,745	4.0%
Vanguard Age-Based Funds	1,486,724,584	1,374,285,076	8.2%
<b>Total Fund Value</b>	<b>\$2,694,191,618</b>	<b>\$2,519,065,330</b>	<b>7.0%</b>
<b>Number of Accounts</b>	<b>150,247</b>	<b>145,593</b>	<b>3.2%</b>

### ACCOUNT CONTRIBUTIONS

Federally Insured Deposit Account	14,081,719	13,532,536	4.1%
Vanguard Individual Funds	90,692,410	85,930,406	5.5%
Vanguard Age-Based Funds	145,608,041	138,649,771	5.0%
<b>Total</b>	<b>\$250,382,170</b>	<b>\$238,112,713</b>	<b>5.2%</b>

### ACCOUNT DISTRIBUTIONS

Federally Insured Deposit Account	26,035,793	25,805,854	0.9%
Vanguard Individual Funds	67,885,199	64,326,141	5.5%
Vanguard Age-Based Funds	88,819,903	76,875,319	15.5%
<b>Total</b>	<b>\$182,740,895</b>	<b>\$167,007,314</b>	<b>9.4%</b>

## FINANCIAL AID AWARDS ADMINISTERED BY NCSEAA 2019-2020

### GRANTS FOR HIGHER EDUCATION

*Grant and scholarship programs are funded from State and private sources.*

<b>Program</b>	<b>Number of Awards</b>	<b>Amount Awarded</b>
NC Community College Grant	22,317	\$19,328,523
NC Education Lottery Scholarship	22,255	23,343,258
NC National Guard Tuition Assistance Program	546	2,060,339
NC Need-Based Scholarship	19,757	90,047,818
NC Reach (Child Welfare Postsecondary Support)	313	1,953,174
UNC Campus Scholarships	2,845	5,336,613
UNC Need-Based Grant	55,086	125,114,697

### SCHOLARSHIPS FOR HIGHER EDUCATION

<b>Program</b>	<b>Number of Awards</b>	<b>Amount Awarded</b>
Dr. Wade H. Atkinson Scholarship	12	32,976
Aubrey Lee Brooks Scholarship	66	843,219
Thomas Holmes Carrow Scholarship	24	118,179
Criminal Justice Scholarship	8	16,000
Dr. A.P. and Frances Dickson Scholarship	14	29,985
Mayor Anthony Foxx Scholarship	6	6,000
Golden LEAF Scholars	705	2,009,979
Jagannathan Scholarship	1	2,000
James Lee Love Scholarship	16	85,270
Penn Family Scholarship	205	290,802
C.M. and M.D. Suther Scholarship	16	69,000
Turrentine Foundation Scholarship	437	829,000
John Sharpe Williams Memorial Scholarship	1	2,000
<b>Total Grants and Scholarships for Higher Education</b>	<b>124,630</b>	<b>\$271,518,832</b>

### FORGIVABLE LOANS FOR VOCATIONAL SERVICE IN NORTH CAROLINA

*Loans made for postsecondary study in areas of high demand and critical shortages. Repayment may be satisfied through vocational service or in cash for those not fulfilling the service obligation.*

<b>Program</b>	<b>Number of Awards</b>	<b>Amount Awarded</b>
Forgivable Education Loans for Service (FELS)	1,919	\$18,570,249
Principal Fellows Program (PFP)	63	1,752,070
Teaching Fellows Program (TFP)	168	1,319,140
<b>Total Forgivable Loans for Higher Education</b>	<b>2,150</b>	<b>\$21,641,459</b>



## GRANTS AND SCHOLARSHIPS FOR K12

*North Carolina offers programs for students in kindergarten through 12th grade that provide assistance to pay for tuition and required fees at participating nonpublic schools. In addition, two of the programs cover certain expenses related to educating a child with a disability.*

<b>Program</b>	<b>Number of Awards</b>	<b>Amount Awarded</b>
Opportunity Scholarships (OSP)	12,284	\$48,117,458
Personal Education Savings Account (ESA)	304	2,646,000
Special Education Scholarship Grants for Children with Disabilities	1,675	11,363,875
<b>Total Grants and Scholarships for K12</b>	<b>14,263</b>	<b>\$62,127,333</b>
<b>Grand Total NCSEAA Aid:</b>	<b>141,043</b>	<b>\$ 355,287,624</b>

## STATEMENT OF NET POSITION

As of June 30, 2020

(in thousands)<sup>1</sup>

### ASSETS

#### Current Assets

Restricted Cash and Investments	505,797
Receivables	176,225
Other Current Assets	25

#### Noncurrent Assets

Restricted Cash and Investments	2,682,964
Notes Receivable	972,787

#### Capital Assets

	1,982
Total Assets	<u>\$ 4,339,780</u>

### LIABILITIES & NET POSITION:

#### Current Liabilities

Accounts, Notes, Bonds Payable	\$ 325,999
Other Payables and Accrued Liabilities	1,008

#### Noncurrent Liabilities

Accounts, Bonds Payable	3,389,321
Other Liabilities	6,787

Total Liabilities	<u>3,723,115</u>
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### NET POSITION

Net Investment in Capital Assets	1,982
Restricted for Educational Assistance Programs	505,519
Unrestricted for Student Aid Program	109,164

Total Net Position	<u>616,665</u>
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Total Liabilities and Net Position	<u>\$ 4,339,780</u>
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### STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

#### REVENUES:

Non-operating Aid	\$ 78,482
Grants	166,656
Investment Earnings	8,141
Interest Earnings on Loans	44,651
Miscellaneous	18,498
Grants, Aids, Subsidies	(205,570)

Total Revenues (Expenses)	<u>110,858</u>
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#### EXPENSES:

Student Loan Service Cancellations	19,723
Interest Costs	28,760
Other Administrative and General	44,916

Total Expenses	<u>93,399</u>
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Change in Net Position	<u>17,459</u>
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### NET POSITION

NET POSITION-Beginning of Year	<u>599,206</u>
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NET POSITION-End of Year	<u>\$ 616,665</u>
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<sup>1</sup> Note: Audited financial statements are available on our website at [www.ncseaa.edu](http://www.ncseaa.edu).

## PROGRAMS ADMINISTERED BY NCSEAA, SEPTEMBER 2020

### STATE SCHOLARSHIP AND GRANT PROGRAMS

- Child Welfare Postsecondary Support Program (NCREACH) (Disbursement)
- North Carolina Community College Grant
- North Carolina Education Lottery Scholarship
- North Carolina National Guard Tuition Assistance Program
- North Carolina Need-Based Grant
- Tuition Grant for Graduates of NC School of Science and Math
- UNC Campus Scholarship
- UNC Need-Based Grant

### STATE CAREER-SPECIFIC FORGIVABLE EDUCATION LOAN FOR SERVICE PROGRAMS<sup>2</sup>

- Board of Governors' Dental Scholarship Loan (Repayment)
- Board of Governors' Medical Scholarship Loan (Repayment)
- Forgivable Education Loans for Service
- Future Teachers of North Carolina Scholarship Loan (Repayment)
- Health, Science and Mathematics Scholarship Loan (Repayment)
- Millennium Teacher Scholarship Loan (Repayment)
- North Carolina Optometry Scholarship Loan (Repayment)
- Nurse Education Scholarship Loan (Repayment)
- Nurse Educators of Tomorrow Scholarship Loan (Repayment)  
(Graduate Nurse Scholarship Program for Faculty Production)
- Nurse Scholars Program (Repayment)
- Physical Education-Coaching Scholarship Loan (Repayment)
- Principal Fellows Program
- Prospective Teacher Scholarship Loan (Repayment)
- Social Work Education Loan Fund (Repayment)
- Teacher Assistant Scholarship Loan (Repayment)
- Teaching Fellows Program

### STATE LOAN PROGRAM FOR HIGHER EDUCATION

- NC Assist Loans for Students and Parents

### 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
- James Lee Love Scholarship
- Penn Family Scholarship
- C.M. and M.D. Suther Scholarship
- Turrentine Foundation Scholarship
- John Sharpe Williams Memorial Scholarship

<sup>2</sup> 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. These programs are better termed "forgivable education loans for service."

## FEDERAL FAMILY EDUCATION LOAN PROGRAM (GUARANTY AND REPAYMENT)

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

## SCHOOL SERVICE

- North Carolina Residency Determination Service (RDS)

## K12 PROGRAMS

- Opportunity Scholarship
- Personal Education Savings Account
- Special Education Scholarship Grants for Children with Disabilities

## OTHER PROGRAMS ADMINISTERED

- Carolina Computing Initiative Loan Program (Alternative Loan Collections)
- College Foundation of North Carolina (Information Dissemination)
- Finish the FAFSA (Information Dissemination)
- National Board Certification Loan Program (National Board for Professional Teaching Standards)
- North Carolina COVID-19 Relief Fund
- North Carolina EXTRA Loan Program (Alternative Loan Collections)
- North Carolina's National College Savings Program (NC 529 Plan)
- North Carolina Principal Fellows and Transforming Principal Preparation Program
- State Authorization Reciprocity Agreement North Carolina (SARA NC)

## ABOUT NCSEAA

### BOARD OF DIRECTORS 2019-2020

#### Current:

- James O. Roberts, Chair
- Clay H. Jackson, Vice-Chair
- Deirdra C. Williams, Treasurer
- Jammison A. Applequist (effective August 18, 2020)
- Craig M. Barfield
- Phoebe J. Emory
- Elizabeth P. Grovenstein, *Ex Officio*
- Jennifer H. Haygood, *Ex Officio* (effective August 1, 2020)
- Terri E. LeGrand

#### Former:

- Clinton P. Carter, *Ex Officio* (through July 31, 2020)
- William R. McKinney (through June 15, 2020)

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.

### SEAA SENIOR LEADERSHIP

- Elizabeth V. McDuffie, Executive Director
- Julia R. Hoke, Esq., Director of Legal Affairs and General Counsel
- Wayne E. Johnson, Director of Guaranty Agency and Repayment Services
- Kathryn C. Marker, Ph.D., Director of Grants, Training and Outreach
- Elizabeth "Betsy" I. Rozakis, Director of Financial Services and Chief Financial Officer

### CONTACTING THE SEAA

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