



North Carolina State Education  
Assistance Authority

Fiscal Year  
2022-23

# ANNUAL REPORT



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# PREFACE

November 1, 2023

Greetings:

As the Executive Director of North Carolina's State Education Assistance Authority (SEAA) and on behalf of the Board of Directors, it is my pleasure to submit our Annual Report for 2022-23.

SEAA is the state agency that helps North Carolina plan, apply, and pay for education. We administer numerous postsecondary and nonpublic K12 scholarship programs, higher education loan programs, and the state's 529 college savings plans. Additionally, we provide outreach services to education professionals, students, and families on how to plan and pay for college, including working closely with our sector and external partners on North Carolina's *Countdown to College* drive each October. College Foundation, Inc. (CFI), our non-profit partner, administers many of these programs on our behalf.

During the 2022-23 fiscal year:

- Over 128,000 grants and scholarships totaling more than \$269 million were awarded to NC college students.
- \$135 million was awarded in scholarships to more than 25,000 nonpublic K12 students, a 25% increase over the 2021-22 year.
- The average account value for the 145,000 NC 529 beneficiaries increased by 7%.
- SEAA launched the new [NC FAFSA Tracker](#) on CFNC.org, sharing updated information on high schoolers' FAFSA completions statewide.
- Along with the UNC and NC Community College Systems, SEAA simplified financial aid for NC's public college and university students, guaranteeing most students with family incomes below \$75,000 at least \$5,000 to attend a UNC Institution and \$2,800 to attend a NC community college in FY 2023-24.

I remain immensely proud of SEAA's work and the progress our programs have made this year, thanks to our employees' dedication. I hope this Annual Report presents useful information on the programs we administer on behalf of the citizens of North Carolina.

Sincerely,



Andrea Poole  
Executive Director

# LEADERSHIP

## SEAA BOARD OF DIRECTORS

James O. Roberts, Chair  
Jammison A. Applequist, Vice Chair  
Elizabeth Anderson  
Catherine Edmonds, Ed.D.  
Jennifer H. Haygood  
W. Rita Jerman, Ed.D.  
Phillip Price, Ed.D.  
James Rose  
Janet L. Williams

### **FY 2022-23 FORMER MEMBERS (Served Until):**

Brandy Andrews (June 21, 2023)  
Clay H. Jackson (April 1, 2023)  
Terri LeGrand (January 15, 2023)  
Timothy Montgomery (March 22, 2023)

## SEAA LEADERSHIP TEAM

Andrea Poole, Executive Director  
Kathy Hastings, Director of Outreach and Communications  
Wayne E. Johnson, Director of Higher Education  
Leslie Karkanawi, Director of Legal and Regulatory Affairs and General Counsel  
Kathryn C. Marker, Ph.D., Director of K12 Programs  
Elizabeth "Betsy" I. Rozakis, COO and CFO/Director of Financial Services  
Mary Shuping, Director of Governmental and External Affairs

# PROGRAM INFORMATION

## HIGHER EDUCATION GRANTS AND SCHOLARSHIPS

SEAA administers student financial aid programs designed to help North Carolinians meet the cost of education at public and private colleges and universities. These awards include both State-funded programs as well as privately funded scholarships. In FY 2022-23, SEAA awarded over 128,000 grants and scholarships for higher education, totaling more than \$269 million from State and private sources.

Grants and Scholarships for Higher Education, FY 2022-23		
Program	Number of Awards	Amount Awarded
<i>State Funded Programs</i>		
UNC Need-Based Grant	43,594	\$108,880,291
NC Need-Based Scholarship for Private Colleges and Universities	14,550	\$79,878,174
NC Education Lottery Scholarship	25,904	\$33,191,125
NC Community College Grant	18,637	\$14,955,438
UNC Campus Scholarships	2,364	\$4,937,534
NCSSM and UNCSA UNC Tuition Grant	626	\$3,948,567
NC Reach (fiscal agent)	324	\$1,917,476
Patriot Star Foundation Scholarship (fiscal agent)	136	\$875,429
The Washington Center Scholarship (fiscal agent)	26	\$138,685
<i>Privately Funded Programs</i>		
Golden Leaf Scholars	679	\$2,250,016
Other Scholarships	884	\$2,483,489
<i>COVID-19 Relief Funded Programs</i>		
Longleaf Commitment Grants	18,870	\$12,204,467
Longleaf Complete Grants	2,084	\$3,440,639
<b>Total</b>	<b>128,678</b>	<b>\$269,101,330</b>

Note: NCSEAA no longer administers the NC National Guard Tuition Assistance Program (NC TAP).

Academic year 2022-23 was the final year for three of the largest state funded grants: the UNC Need-Based Grant, the NC Community College Grant, and the NC Education Lottery Scholarship. Session Law 2021-180 consolidated these grants into the **North Carolina Need-Based Scholarship Program for Public Colleges and Universities**. SEAA, in consultation with the UNC System and the North Carolina Community College System, established a clear and predictable formula for students and families by combining State funds with federal Pell Grants. For the 2023-24 academic year, students whose family AGI (adjusted gross income) is \$75,000 or less and EFC (expected family contribution) is \$7,500 or less receive a minimum of \$2,800 to attend a NC

# PROGRAM INFORMATION

community college and \$5,000 to attend a UNC institution. Additional funding is available for students based on need.

During the COVID-19 pandemic, SEAA was charged with distributing certain federal COVID-19 relief funding. In 2022-23, SEAA awarded \$12.2 million in Longleaf Commitment Grants to community college students recently graduated from high school and \$3.4 million in Longleaf Complete Grants to NC private college and university students whose education has been or is at risk of being interrupted. The Longleaf Complete program ended on September 30, 2023.

## NONPUBLIC K12 SCHOLARSHIPS

There are two state funded programs for students in kindergarten through 12<sup>th</sup> grade that help families pay for certain expenses at participating nonpublic schools.

The **Opportunity Scholarship Program** provides funding for tuition and fees to income-qualifying families. SEAA awarded 25,568 Opportunity Scholarships for a total of \$134,639,138. This is an increase in scholarships of more than 25% over the 2021-22 school year.

Beginning in 2022-23, the two previous programs for children with disabilities (the Personal Education Savings Account and the Special Education Scholarships for Children with Disabilities) were consolidated into the **Personal Education Student Accounts for Children with Disabilities (ESA+)**. This program provides assistance with tuition and fees as well as funding to cover certain expenses related to educating a child with a disability. For the 2022-23 school year, there were 3,377 ESA+ awards for a total of \$38,829,579.

Many families qualify for both of the K12 programs. In 2022-23, 796 students received both Opportunity Scholarship and ESA+ funds.

Nonpublic K12 Scholarships, FY 2022-23		
Program	Number of Awards	Amount Awarded
Opportunity Scholarship Program (OSP)	25,568	\$134,639,138
Education Student Accounts (ESA+) for Children with Disabilities	3,377	\$38,829,579
<b>Total</b>	<b>28,945</b>	<b>\$173,468,717</b>

## HIGHER EDUCATION LOANS

### State Forgivable Loans for Service

SEAA awarded 2,628 state funded, forgivable loans for service totaling \$25.3 million in FY 2022-23. Loans are made for postsecondary study in areas of high demand and critical shortages. Repayment may be satisfied through service or in cash for those not fulfilling the service obligation.

# PROGRAM INFORMATION

Forgivable Loans for Service, FY 2022-23		
Program	Number of Awards	Amount Awarded
Forgivable Education Loans for Service	2,194	\$21,886,859
Teaching Fellows Program	246	\$1,876,009
Principal Fellows Program	186	\$1,503,048
<b>Total</b>	<b>2,626</b>	<b>\$25,265,916</b>

In 2022-23, \$20.4 million of principal was forgiven for borrowers repaying their debts through service under program terms and \$7.5 million in principal and interest payments was collected from borrowers who did not fulfill their vocational service obligations. Historically, 87% of forgivable loans for service are repaid through service.

### NC Assist Loan Program

In 2018, SEAA launched the NC Assist loan program, administered by CFI. NC Assist loans are higher education loans that help bridge the gap between the cost of attendance and other financial aid. These loans have no application, origination, or prepayment fees.

- The **NC Student Assist** loan is available to credit-worthy undergraduate and graduate students either from North Carolina or studying at an eligible North Carolina institution.
- The **NC Parent Assist** loan is available to credit-worthy parents of undergraduate students either from North Carolina or studying at an eligible North Carolina institution.

NC Assist Loan Program, FY 2022-23 vs. FY 2021-22			
	6/30/2023	6/30/2022	Change
<b>NC Student Assist</b>			
Number of Loans Approved	1,506	1,336	13%
Loan Amount Approved	\$19,088,488	\$17,493,268	9%
Average Loan Amount	\$12,675	\$13,094	-3%
<b>NC Parent Assist</b>			
Number of Loans Approved	266	285	-7%
Loan Amount Approved	\$4,483,220	\$4,560,877	-2%
Average Loan Amount	\$16,854	\$16,003	5%
<b>Totals:</b>			
Number of Loans Approved	<b>1,772</b>	<b>1,621</b>	<b>9%</b>
Loan Amount Approved	<b>\$23,571,708</b>	<b>\$22,054,145</b>	<b>7%</b>
Average Loan Amount	<b>\$13,302</b>	<b>\$13,605</b>	<b>-2%</b>

### FFELP and Guaranty Agency

Since 1966, SEAA has successfully served as the State's designated guaranty agency under the Federal Family Education Loan Program (FFELP) and issued bonds since that time to fund new loans. As of June 30, 2022, SEAA held approximately \$733 million in FFELP loans that were funded by bond issuances and serviced by CFI.

# PROGRAM INFORMATION

New FFELP loan originations ended in 2010 and the response to the COVID pandemic spurred many additional regulatory changes in the past several years. As a result, the SEAA Board of Directors approved the sale of the FFELP loan portfolio. The portfolio was sold to the National Education Loan Network, Inc. (Nelnet) for \$693,356,880 on November 1, 2022, and the majority of proceeds from the sale were used to extinguish the related bond issuances. Loan servicing was transferred from CFI to Nelnet in March 2023.

SEAA's work as a guaranty agency continued throughout the 2022-23 year, including processing borrower default and other guaranty claims on 9,551 federal student loans for 2,596 borrowers, totaling \$58,292,747. In April 2023, SEAA notified the US Department of Education of its intention to exit the guaranty agency program in the 2023-24 year.

## 529 COLLEGE SAVINGS PLANS

The General Assembly has adopted a policy that "encouraging parents and other interested parties to save for the education expenses of eligible students is fully consistent with and furthers the long-established policy of the State to encourage, promote, and assist education" (G.S. 116-209.25) and directed SEAA to administer the State's Parental Savings Trust Fund (or 529 plan). Under this authority, SEAA administers two different 529 plans – the long-standing National College Savings Program (NC 529 Plan) and, beginning in 2020, the Morgan Stanley National Advisory Plan.

### **National College Savings Program (NC 529 Plan)**

North Carolina's National College Savings Program, commonly known as the "NC 529 Plan," is maintained by SEAA and administered by CFI, 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.<sup>1</sup> Investment options include the Federally-Insured Deposit Account offered by the North Carolina State Employees' Credit Union, and Vanguard Investment Options from The Vanguard Group, Inc.

New NC 529 Plan accounts increased 2% in FY 2022-23 over FY 2021-22. In addition, the average account value increased by 7%; however, total contributions decreased 13%.

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<sup>1</sup> SEAA is authorized by statute to accept, hold, invest, and disburse contributions, and interest earned on such contributions, from qualified parents and other interested parties as trustee of the Fund. SEAA maintains all contributions and any earnings in a separate trust. By law, the assets of the Fund must be preserved, invested, and expended solely for the purposes of the Trust Fund and held in trust for the parents and other interested parties and their designated beneficiaries.



# PROGRAM INFORMATION

National College Savings Program (NC 529 Plan), FY 2022-23 vs. FY 2021-22			
	6/30/2023	6/30/2022	Change
<b>Accounts</b>			
Participants (unduplicated)	95,013	92,831	2%
Beneficiaries (unduplicated)	145,208	144,103	1%
Accounts (excluding terminated)	163,857	160,451	2%
<b>Average Account Value</b>	<b>\$19,965</b>	<b>\$18,641</b>	<b>7%</b>
<b>Fund Value</b>			
Federally Insured Deposit Account	\$162,385,264	\$172,663,972	-6%
Vanguard Individual Funds	\$1,340,828,882	\$1,180,063,816	14%
Vanguard Age-Based Funds	\$1,767,836,057	\$1,638,024,945	8%
<b>Total Trust Fund Value</b>	<b>\$3,271,050,203</b>	<b>\$2,990,752,733</b>	<b>9%</b>
<b>Contributions</b>			
Federally Insured Deposit Account	\$9,895,241	\$11,424,241	-13%
Vanguard Individual Funds	\$88,635,700	\$103,909,406	-15%
Vanguard Age-Based Funds	\$156,068,053	\$176,275,134	-11%
<b>Total Contributions</b>	<b>\$254,598,994</b>	<b>\$291,608,781</b>	<b>-13%</b>

## Morgan Stanley National Advisory 529 Plan

In 2020, SEAA contracted with Morgan Stanley to establish the nation's first advisory 529 plan. The Morgan Stanley National Advisory 529 Plan is offered through Morgan Stanley Wealth Management Financial Advisors to their clients in North Carolina and nationally. Costs associated with the operation of the Plan are paid by Morgan Stanley, and administrative proceeds from the accounts are shared between Morgan Stanley and SEAA. As of June 30, 2023, the Plan's net position had grown to \$574 million.

## OUTREACH/FAFSA SUPPORT

In 2022-23, SEAA boosted its outreach efforts by working in conjunction with the CFNC partner agencies, along with myFutureNC and College Advising Corps to increase FAFSA completions among North Carolina high school students, including:

- Launching the NC FAFSA Tracker on CFNC.org to replace the FAFSA tracker developed by myFutureNC. The enhanced tracker prominently displays statewide FAFSA completion totals, allowing easy access for statewide leaders, as well as sharing updated totals for public schools and school districts on a weekly basis. As of June 30, 2023, the FAFSA completion rate for North Carolina public schools was 54%.
- Holding the state's first two-day Financial Aid Summit, providing training on financial aid and FAFSA completion to over 250 school counselors, district leaders and college access professionals.
- Offering virtual FAFSA and financial aid statewide trainings for counselors as part of CFNC's Education Professionals week and for students and families as part of North Carolina's Countdown to College, the annual campaign to support college access.

# PROGRAM INFORMATION

- Creating and delivering the highly successful four-part How to Pay for College webinar series as part of Financial Aid Awareness month in February, reaching over 1,600 families during the live sessions and over 800 additional families via the recorded videos.
- Creating and delivering additional virtual trainings through the spring including supporting students in unusual circumstances, FAFSA Final Push, and providing an overview of the changes coming with the new FAFSA in partnership with the National College Attainment Network.
- Building an asset map of the State's community-based college access organizations to ensure they are included in updates and support for the college-going process.
- Piloting *Finish the FAFSA* access for private high schools, so that they can also assist their seniors in FAFSA completion to access financial aid.

## RESIDENCY DETERMINATION SERVICE

The Residency Determination Service (RDS) implements existing residency law to determine a student's eligibility for in-state tuition. RDS enables a student to use one residency determination for admissions to North Carolina public colleges and universities and to demonstrate residency for State financial aid.

In FY 2022-23, over 302,000 students used RDS. SEAA continues to work with RDS staff to make improvements to the process, including:

- Launching a refreshed and improved website,
- Continued enhancement and improvement to the online process, and
- Ongoing training and outreach to community groups and college access organizations.

# FINANCIAL INFORMATION

As of June 30, 2023 (in thousands) <sup>2</sup>

## Statement of Net Position

### ASSETS

#### Current Assets

Restricted Cash and Investments	\$674,996
Receivables	39,620
Other Current Assets	1,268

#### Noncurrent Assets

Restricted Cash and Investments	3,793,953
Notes Receivable	156,047

#### Capital Assets

2,928

Total Assets	<u>\$4,668,812</u>
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### LIABILITIES & NET POSITION

#### Current Liabilities

Accounts, Notes, Bonds Payable	\$314,004
Other Payables and Accrued Liabilities	(2,105)

#### Noncurrent Liabilities

Accounts, Bonds Payable	3,780,356
Other Liabilities	8,013

Total Liabilities	<u>\$4,100,268</u>
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#### Net Position

Net Investment in Capital Assets	\$2,082
Restricted for Educational Assistance Programs	131,175
Unrestricted for Student Aid Programs	435,287

Total Net Position	<u>\$568,544</u>
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Total Liabilities and Net Position	<u>\$4,668,812</u>
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## Statement of Revenues, Expenses and Changes in Net Position

### REVENUES

Non-operating Aid	\$48,032
Grants	300,065
Investment Earnings	(5,487)
Interest Earnings on Loans	21,553
Miscellaneous	15,222
Grants, Aids, Subsidies	(353,046)

Total Revenues (Expenses)	<u>\$26,339</u>
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### EXPENSES

Student Loan Service Cancellations	\$20,654
Interest Costs	26,820
Other Administrative and General	43,127

Total Expenses	<u>\$90,601</u>
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Change in Net Position	<u>(\$64,262)</u>
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### Net Position

Beginning of Year	<u>632,806</u>
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End of Year	<u>\$568,544</u>
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<sup>2</sup> Note: Audited financial statements are available on our website at [www.ncseaa.edu](http://www.ncseaa.edu).

# APPENDIX A: 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 ways to pay for education, teaching educators about financial aid, and providing 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.

# APPENDIX B: FULL LIST OF PROGRAMS

## State Scholarship and Grant Programs

- NC Need-Based Scholarship for Public Colleges and Universities<sup>3</sup>
- NC Need-Based Scholarship for Private Colleges and Universities
- Tuition Grant for Graduates of NC School of Science and Math
- UNC Campus Scholarships

### *Fiscal Agent Only*

- NC Reach (Child Welfare Postsecondary Support Program)
- Patriot Star Foundation Scholarship
- The Washington Center Scholarship

## State Career-Specific Forgivable Loan for Service (Scholarship Loan) Programs

### *Active Programs*

- Forgivable Education Loans for Service
- Principal Fellows Program (formerly Transforming Principal Preparation Program)
- Teaching Fellows Program

### *Repayment Only*

- |   |   |
|---|---|
| • Board of Governors' Dental Schol. Loan        | • Nurse Educators of Tomorrow Schol. Loan |
| • Board of Governors' Medical Schol. Loan       | • Nurse Scholars Program                  |
| • Future Teachers of North Carolina Schol. Loan | • Physical Education-Coaching Schol. Loan |
| • Health, Science and Mathematics Schol. Loan   | • Prospective Teacher Schol. Loan         |
| • Millennium Teacher Schol. Loan                | • Social Work Education Loan Fund         |
| • North Carolina Optometry Schol. Loan          | • Teacher Assistant Schol. Loan           |
| • Nurse Education Schol. Loan                   |   |

## State Loan Programs for Higher Education

- NC Assist Loans for Students and Parents
- National Board Certification Loan Program (National Board for Professional Teaching Standards)
- North Carolina EXTRA Loan Program (*Repayment Only*)
- Carolina Computing Initiative Loan Program (*Repayment Only*)

## Private Scholarship Programs

- Aubrey Lee Brooks Foundation Scholarship
- Golden LEAF Scholars Program for Four-Year Students
- Various UNC Endowments

## Federal Family Education Loan Program (Guaranty/Repayment)

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

<sup>3</sup> Replaced UNC Need-Based Grant, Community College Grant, and Education Lottery Scholarship beginning in FY 2023-24.

# APPENDIX B: FULL LIST OF PROGRAMS

## Nonpublic K12 Programs

- Opportunity Scholarship Program (OSP)
- Personal Education Student Accounts for Children with Disabilities (ESA+)

## College Savings Plans

- North Carolina's National College Savings Program (NC 529 Plan)
- Morgan Stanley National Advisory 529 Plan

## Other Programs Administered

- North Carolina Residency Determination Service (RDS)
- College Foundation of North Carolina (Information Dissemination)
- Finish the FAFSA (Information Dissemination)
- NC FAFSA Tracker (Information Dissemination)
- State Authorization Reciprocity Agreement North Carolina (SARA NC)
- Federal Work-Study State Contribution

## COVID-19 Grants

- Longleaf Commitment Grants for Community College Students
- Longleaf Complete Grants for Private Colleges and Universities