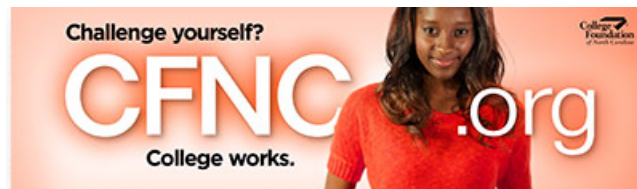
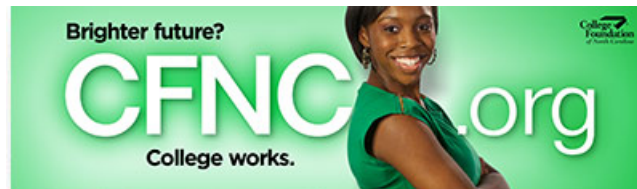


North Carolina State Education Assistance Authority

Annual Report, 2012-2013



College works.

NCSEAA 
North Carolina State Education
Assistance Authority

This annual report is designed as a Web document and can be accessed at www.NCSEAA.edu.

October 1, 2013

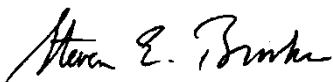
To the Citizens of North Carolina:

The Board of Directors and staff of the State Education Assistance Authority are privileged to have participated in the accomplishments of this, our 47th 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 68 receipts-supported employees.

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 education at public four-year, public two-year, and independent colleges and universities, and at independent schools in North Carolina
- Provides significant online (www.cfnc.org and 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, 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 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 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 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.

2012-2013 Highlights

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

- Administered 151,139 student grant, scholarship and loan awards, totaling over \$30.2 million, as detailed in tables on pages 9 - 10 of this report.
- Granted loan forgiveness to 436 teachers under the federal Teacher Loan Forgiveness Program, totaling \$3 million. With this amount, the Authority has in total granted over \$11.5 million to over 1,650 teachers through this program since its inception in 2002.
- Granted an annual NCFFELP payment holiday to 1,424 North Carolina teachers, totaling \$237,387.
- Recorded default rates for the most recent federal fiscal years at 3.0% (FFY 11 Cohort Rate) and 1.88% (FFY 12 Trigger Rate) for the NCFFELP, ranking among the lowest default rates of all guaranty agencies in the nation for the tenth consecutive year.
- Processed 6,302 NCFFELP borrower default and other guaranty claims, totaling \$82,413,599.
- Recovered \$38.2 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 2012 was 26.18%.
- Cancelled \$14.7 million of principal in State forgivable loan program indebtedness for borrowers repaying their debts through vocational service under program terms, and collected \$5.9 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 do repay their debts in service to the State.
- Originated 329 loans totaling \$766,065 for teachers pursuing National Board Certification.
- Conducted 22 training sessions, attended by 1,012 school counselors and financial aid administrators, on availability and administration of State financial aid programs for students.
- Organized "FAFSA Day" activities on 71 campuses and in 247 State Employees' Credit Union locations across North Carolina with the assistance of the Credit Union, Communities in Schools, and the Cooperative Extension Service, to help high school students and their families complete applications for federal and State financial aid. 4,541 students and their families participated in the event in February 2013, thanks to the efforts of 1,720 volunteers who provided assistance across the state.
- Began a partnership with the State Employees' Credit Union to expand the Authority's Loan Rehabilitation Program, providing borrowers a chance to earn a fresh start by restoring their defaulted loans to good standing.

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 North Carolina Department of Public Instruction in providing a comprehensive website and a call center staffed with college planning and financing specialists. Fiscal year 2013 marked the twelfth 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 2012-13 (6/30/2013 Data)

- CFNC.org had nearly 5 million user accounts and had over 4 million visits for the year; 516,064 new user accounts were created during the year.
- The CFNC Call Center responded to over 80,000 phone calls on paying for college and responded to 5,381 emails on financial aid.
- CFNC Regional Representatives located across the state made a total of 2,786 college access presentations to some 65,000 people in schools and community groups.
- North Carolina students submitted 485,125 college admissions applications using CFNC.org.
- CFNC transmitted 353,774 electronic North Carolina high school transcripts to North Carolina colleges and universities during the year.

North Carolina's National College Savings Program (NC 529 Plan)

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. Current information on investment options and details on the program can be found at www.CFNC.org/savings.

<u>Investment Option</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Change</u>
Federally Insured Deposit Account	\$53,806,597	\$40,705,147	32.2%
Dependable Income Fund	\$62,921,741	\$66,536,244	-5.4%
Protected Stock Fund	\$0	\$1,189,059	-100.0%
Vanguard Individual Funds	\$465,226,017	\$360,404,306	29.1%
Vanguard Age-Based Funds	\$644,052,966	\$503,309,547	28.0%
Total Fund Value	\$1,226,007,321	\$972,144,303	26.1%
Accounts	136,688	105,290	29.8%

<u>Savings Program - Account Contributions</u>	<u>FY13</u>	<u>FY12</u>	<u>Change</u>
Federally Insured Deposit Account	\$15,225,331	\$14,213,732	7.1%
Dependable Income Fund	\$7,985,250	\$9,140,893	-12.6%
Vanguard Individual Funds	\$83,981,931	\$66,011,201	27.2%
Vanguard Age-based Funds	130,424,101	107,250,700	21.6%
Total	\$237,616,613	\$196,616,526	20.9%

<u>Savings Program - Account Distributions</u>	<u>FY13</u>	<u>FY12</u>	<u>Change</u>
Federally Insured Deposit Account	\$8,719,056	\$6,223,680	40.1%
Dependable Income Fund	\$10,669,110	\$11,569,513	-7.8%
Protected Stock Fund	\$23	\$350	-93.4%
Vanguard Individual Funds	\$25,093,717	\$21,588,657	16.2%
Vanguard Age-based Funds	\$25,475,074	\$18,101,966	40.7%
Total	\$69,956,980	\$57,484,166	21.7%

NCSEAA Board of Directors

2012-2013

Richard B. Roberts, *Chair*
F.V. Allison, Jr., *Vice-Chair*
Arlene M. Ferren, *Treasurer*
Martha J. Beasley
Jennifer H. Haygood, *Ex Officio*
Robert S. Misenheimer
Charles E. Perusse, *Ex Officio*
James O. Roberts
Deirdra C. Williams

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

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

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

Email: information@ncseaa.edu
Financial Aid Information: www.CFNC.org

Financial Aid Awards Administered by NCSEAA

Grants and Scholarships

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

	2012-2013		2011-2012	
	<u>Number of Awards</u>	<u>Amount Awarded</u>	<u>Number of Awards</u>	<u>Amount Awarded</u>
Dr. Wade H. Atkinson Scholarship	11	\$26,250	9	\$22,500
Aubrey Lee Brooks Scholarship	63	873,226	61	794,735
Thomas Holmes Carrow Scholarship	22	104,812	22	107,500
Certain Private Education Institutions	***	*****	163	280,548
Criminal Justice Scholarship	10	18,000	9	18,000
A.P. and Frances Dickson Scholarship	11	19,000	11	22,000
Education Lottery Scholarship	27,432	27,542,167	31,768	32,852,215
Golden LEAF Scholarship Program (UNC)	194	569,506	564	1,648,246
Golden LEAF Scholars	391	1,139,992	***	*****
Mayor Anthony Foxx Scholarship	17	17,000	18	18,000
Jagannathan Scholarship	12	405,000	13	43,750
Ruth Jewell Scholarship	1	1,700	***	*****
James Lee Love Scholarship	12	60,500	14	77,000
John B. McLendon Scholarship	12	3,600	12	6,000
North Carolina Need-Based Scholarship (Independent Colleges)	25,668	81,680,109	***	*****
North Carolina Community College Grant	25,717	14,361,592	26,622	15,187,030
North Carolina Legislative Tuition Grant	***	*****	36,312	50,709,390
North Carolina National Guard Tuition Asst Program	614	1,808,032	618	1,808,756
NC Reach (Child Welfare Postsecondary Support)	346	1,640,242	333	1,754,525
North Carolina School of Science & Mathematics Tuition Grant	418	2,193,122	623	2,930,749
Penn Family Scholarship	88	106,000	168	200,285
State Contractual Scholarship Fund	***	*****	17,081	40,257,144
C.M. and M.D. Suther Scholarship	11	38,500	13	43,750
Teacher Assistant Scholarship Fund	***	*****	116	276,600
Turrentine Foundation Scholarship	245	474,000	271	535,000
UNC Campus Scholarships	2,502	5,386,462	3,058	5,524,695
UNC Need-Based Grant	64,421	144,346,155	57,095	125,632,901
Total Grants and Scholarships	148,218	\$282,814,967	174,974	\$280,751,319

NOTE: The "Certain Private Institutions"; "North Carolina Legislative Tuition Grant," and State Contractual Scholarship Fund" were ended at the close of the 2011-12 year. The North Carolina Need-Based Scholarship began in 2012-2013 and was awarded to students enrolling in colleges previously participating in the three ended programs.

Forgivable Loans for Vocational Service in North Carolina

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.

	2012-2013		2011-2012	
	Number <u>of Awards</u>	Amount <u>Awarded</u>	Number <u>of Awards</u>	Amount <u>Awarded</u>
Board of Governors' Dental Scholarship Loans	***	*****	23	\$904,704
Board of Governors' Medical Scholarship Loans	***	*****	71	1,866,938
Forgivable Education Loans for Service (FELS)	2805	16,671,592	***	*****
Health, Science, and Mathematics Loans	***	*****	274	2,260,804
Millennium Teacher Scholarship Loans	***	*****	41	248,831
Nurse Education Scholarship Loans	***	*****	469	969,121
Nurse Educators of Tomorrow Scholarship Loans	***	*****	127	1,812,250
Nurse Scholars Program -- Masters	***	*****	165	844,106
Nurse Scholars Program -- Undergraduate	***	*****	821	3,555,432
Optometry Scholarship Loan	***	*****	16	228,800
Principal Fellows Program	116	3,304,080	110	3,139,300
Prospective Teacher Scholarship Loan	***	*****	1,085	3,632,000
Total Forgivable Loans	2,921	\$19,975,672	3,202	\$19,462,286
Total NCSEAA Aid		\$302,790,639		\$300,213,587

Note: Of the Forgivable Education Loans for Service (FELS) awards, 1,685 students received renewals of \$545,894 for the Board of Governors' Dental Scholarship Loans, \$1,405,843 for the Board of Governors' Medical Scholarship Loans, \$1,524,322 for the Health, Science, and Mathematics Loans, \$133,250 for the Millennium Teacher Scholarship Loans, \$512,000 for the Nurse Education Scholarship Loans, \$662,500 for the Nurse Educators of Tomorrow Scholarship Loans, \$393,250 for the Masters Nurse Scholars Program, \$2,048,568 for the Undergraduate Nurse Scholars Program, and \$2,245,050 for the Prospective Teacher Scholarship Loan. All new awards are made through the FELS program.

Statement of Net Assets

As of June 30 (in thousands)

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
<u>Current Assets</u>		
State Student Aid Program Cash**	\$ 55,237	\$ 50,987
Restricted Cash and Investments	386,444	387,100
Receivables	348,096	374,053
Other Current Assets	69	44
<u>Noncurrent Assets</u>		
Restricted Cash and Investments	1,185,946	960,195
Notes Receivable	2,371,997	2,764,509
Deferred Charges	0	15,525
<u>Capital Assets</u>	5,322	5,657
Total Assets	<u>\$ 4,353,111</u>	<u>\$ 4,558,070</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts, Notes, Bonds Payable	\$ 343,039	\$ 421,370
Other Payables & Accrued Liabilities	3,165	96,648
<u>Noncurrent Liabilities</u>		
Accounts/Bonds Payable	3,442,526	3,453,677
Other Liabilities	341	312
Total Liabilities	<u>3,789,071</u>	<u>3,972,007</u>
<u>Net Assets</u>		
Invested in Capital Assets, net of Related Debt	5,322	5,657
Restricted for Educational Assistance Programs	491,869	518,930
Unrestricted for Student Aid Programs	66,849	61,476
Total Net Assets	<u>564,040</u>	<u>586,063</u>
Total Liabilities and Net Assets	<u>\$ 4,353,111</u>	<u>\$ 4,558,070</u>

Statement of Revenues, Expenses & Changes in Net Assets

<u>REVENUES:</u>		
Non-operating Aid	\$ 110,615	\$ 126,192
Grants	94,258	59,971
Investment Earnings	1,251	6,491
Interest Earnings on Loans	56,564	69,976
Miscellaneous	8,202	5,793
Grants, Aids, Subsidies	(174,650)	(161,315)
Total Revenues (Expenses)	<u>96,240</u>	<u>107,108</u>
<u>EXPENSES:</u>		
Student Loan Service Cancellations	17,678	17,263
Interest Costs	34,819	38,478
Other Administrative and General	55,930	46,363
Total Expenses	<u>108,427</u>	<u>102,104</u>
Change in Net Assets	(12,187)	5,004
Prior Period Adjustments ***	(9,835)	
NET ASSETS--Beginning of Year	586,062	581,058
NET ASSETS--End of Year	<u>\$ 564,040</u>	<u>\$ 586,062</u>

Note: Audited figures will be available on our website at www.ncseaa.edu after October 1, 2013

**Includes Education Lottery Scholarship and State Scholarship Loan Funding for disbursement in 2013-2014

***Prior Period Adjustment - restatement of prior year accrual for Escheats Fund income following recommendation by NC Office of the State Controller to recognize the income in the same budget year as the expenditure.

NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY
Listing of Programs Administered, September 2013

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 School of Science and Mathematics Tuition Grant for UNC
- North Carolina Need-Based Scholarship Program
- UNC Campus Scholarships
- UNC Need Based Grant

State Career-Specific Forgivable Education Loan for Service Programs *

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

* 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," which is the name of a new program established by the General Assembly beginning in 2012-13 to consolidate many of the programs listed in this category. Programs indicated by "Renewals" were consolidated and renewal awards will be phased out as 2011-2012 recipients complete their educational programs.

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
- John Sharpe Williams Memorial Scholarship

Federal Family Education Loan Program (Guaranty and Repayment)

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

Other Programs Administered

- Opportunity Scholarships
- Special Education Scholarship Grants for Children with Disabilities
- 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 (NC 529 Plan)
- Paul Douglas Scholarship/Loan Program (Collection Only)

