



# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

October 2019

Report No. 2019-08

### Improvements Needed to Gauge Effectiveness and Expend State Funds Available for Postsecondary Financial Aid

#### Summary

The 2018–19 Work Plan of the Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to examine the extent to which state-supported scholarships, grants, and educational loan programs have met their goals and examine the educational and vocational outcomes of students who receive support.

**The State Education Assistance Authority (SEAA) does not fully expend state-supported educational financial aid.** SEAA uses internal forecasting methods to inform overcommitment levels yet North Carolina students continue to have unmet need and some state funds for educational financial aid remain unspent. Statutory and other limitations governing eligibility and funding amounts limit SEAA's ability to fully expend state appropriations.

**Although SEAA promotes access and reduces costs to students, issues with recordkeeping, publicly available data on aid programs, and financial reporting make effectiveness unclear.** Data system limitations prevent recordkeeping that could determine if critical employment shortages are being filled by the Forgivable Education Loans for Service program. In addition, SEAA lacks an organizational strategic plan that outlines performance goals and annual reports lack data on aid programs. Further, the SEAA's financial statements do not provide a transparent picture of its financial health.

**Students receiving aid achieve positive outcomes, but private institutions need improved reporting requirements.** Students who receive state-supported educational financial aid demonstrate favorable outcomes relative to their peers. However, because private institutions are not required to report student outcomes and do not voluntarily do so, outcomes for students receiving the Need-Based Scholarship for Private Institutions are unclear.

**Based on these findings the General Assembly should**

- modify state law to remove restrictions that hinder expending state-supported educational financial aid;
- alter statutory language to ensure all SEAA activities related to the Need-Based Scholarship for Private Institutions are included in its financial statements;
- direct SEAA to improve recordkeeping, create a strategic plan, increase data reporting;
- consider appropriating program administration funding for the UNC Need-Based Grant; and
- direct increased reporting by private institutions.