

## Mandatory Evaluation Components

### Report 2019-08: Improvements Needed to Gauge Effectiveness and Expend State Funds Available for Postsecondary Financial Aid

N.C. Gen. § 120-36.14 requires the Program Evaluation Division to include certain components in each of its evaluation reports, unless exempted by the Joint Legislative Program Evaluation Oversight Committee. The table below fulfills this requirement and, when applicable, provides a reference to the page number(s) where the component is discussed in the report.

N.C. Gen. § 120-36.14 Specific Provision	Component	Program Evaluation Division Determination	Report Page
(b)(1)	Findings concerning the merits of the program or activity based on whether the program or activity		
(b)(1)(a)	Is efficient	The Program Evaluation Division found that <b>SEAA is efficient</b> in its administration of state-supported educational financial aid. <b>The cost per award provided from Fiscal Years 2016–2018 ranged from \$10.40 per award to \$11.67 per award.</b>	p. 24
(b)(1)(b)	Is effective	<p>SEAA <b>effectively administers</b> state-supported educational financial aid programs <b>because aid programs promote access and reduce cost</b>; additionally, SEAA <b>meets internal performance goals to align disbursement of aid with legislative intent and complement federal aid awards</b>. However, the <b>effectiveness of aid programs designed to fulfill critical employment shortages cannot be determined because of data system limitations that hinder effective internal recordkeeping practices</b>.</p> <p>The Program Evaluation Division found that <b>effectiveness in committing aid</b> to eligible students <b>varies by aid program</b>. On average from Fiscal Years 2014–2018, SEAA <b>expended state appropriations for educational financial aid programs</b> by the following proportions:</p> <ul style="list-style-type: none"> <li>• <b>UNC Need-Based Grant – 99%</b></li> <li>• <b>Education Lottery Scholarship – 97%</b></li> <li>• <b>Need-Based Scholarship for Private Institutions – 97%</b></li> <li>• <b>Forgivable Education Loans for Service – 93%</b></li> <li>• <b>Community College Grant – 93%</b></li> </ul>	pp. 9-15
(b)(1)(c)	Aligns with entity mission	The mission of SEAA is to promote 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. This mission <b>aligns with the University of North Carolina System’s mission</b> to extend educational benefits beyond campus borders and to encourage economic and effective use of the State’s resources.	p. 8
(b)(1)(d)	Operates in accordance with law	The Program Evaluation Division found that SEAA <b>operates in accordance with state law</b> —N.C.G.S. § 116 Article 23. Additionally, annual audit reports found no material misstatements. No other exceptions have been noted.	p. 4
(b)(1)(e)	Does not duplicate another program or activity	The Program Evaluation Division found that <b>no duplication exists</b> between SEAA and other state agencies or programs that administer and disburse funds for scholarships, grants, or educational loans.	p. 8

(b)(1a)	Quantitative indicators used to determine whether the program or activity		
(b)(1a)(a)	Is efficient	The Program Evaluation Division determined <b>the efficiency of SEAA based on the cost per award.</b>	p. 24
(b)(1a)(b)	Is effective	The Program Evaluation Division determined <b>the effectiveness of SEAA based on the following statutorily-created performance goals for state-supported educational financial aid:</b> <ul style="list-style-type: none"> <li>• promote access,</li> <li>• reduce costs, and</li> <li>• promote employment.</li> </ul> The Program Evaluation Division <b>also determined the effectiveness of SEAA based on certain internal agency performance goals:</b> <ul style="list-style-type: none"> <li>• align spending of state funds with goals determined by legislative directive;</li> <li>• design state need-based aid to complement, not replace, federal aid; and</li> <li>• fully commit allocated funds to the intended student population.</li> </ul>	pp. 9-15 and 21-24
(b)(1b)	Cost of the program or activity broken out by activities performed	In Fiscal Year 2017–18, the <b>total cost for SEAA staff to administer state-supported educational financial aid was \$1.3 million.</b> Staff activity costs break down as follows: <ul style="list-style-type: none"> <li>• <b>Administrative = \$287,617</b></li> <li>• <b>Award calculations = \$65,584</b></li> <li>• <b>Budgeting and accounting = \$69,245</b></li> <li>• <b>Funds processing = \$132,818</b></li> <li>• <b>Information technology = \$222,214</b></li> <li>• <b>Legal services = \$12,829</b></li> <li>• <b>Loan services = \$254,727</b></li> <li>• <b>Oversight and review = \$249,512</b></li> </ul> The Program Evaluation also found that the <b>cost per award for Fiscal Year 2017–18 was \$10.40.</b>	p. 24-25
(b)(2)	Recommendations for making the program or activity more efficient or effective	To improve the administration of state-supported educational financial aid, Recommendations 1 through 5 state that the General Assembly should do the following: <ul style="list-style-type: none"> <li>• modify state law to remove restrictions that hinder SEAA’s ability to fully expend state-supported educational financial aid for the Education Lottery Scholarship, and improve the transparency of SEAA financial statements;</li> <li>• direct stakeholders to pursue methods to include private institutions in the Common Follow-Up System; and</li> <li>• direct SEAA to <ul style="list-style-type: none"> <li>○ improve data system recordkeeping practices for educational financial aid loan programs to allow for better evaluation of the effectiveness of such programs to meet critical employment shortages;</li> <li>○ create a strategic plan; and</li> <li>○ increase reporting metrics.</li> </ul> </li> </ul>	pp. 29-31
(b)(2a)	Recommendations for eliminating any duplication	The Program Evaluation Division <b>did not find evidence of duplication</b> between SEAA and other state agencies or programs that administer and disburse funds for state-supported scholarships, grants, or educational loans.	p. 8
(b)(4)	Estimated costs or savings from implementing recommendations	Recommendation 5 states that the General Assembly should consider <b>appropriating \$700,000 annually</b> for program administration funding to SEAA in order to support the costs of administering the UNC Need-Based Grant.	pp. 24-28 and 30