

President's Report
State Board of Community Colleges
Dr. R. Scott Ralls, President
Friday, August 19, 2011

To achieve our SuccessNC goal of increasing the number of students who complete meaningful credentials, not just the percentage of those who enroll, access remains a very important part of our community college mission.

For low-income students facing the economic challenges of the Great Recession, community colleges are increasingly the “open door” access point to the rewards of higher education. Today, students from families in the lowest income quartile represent 28 percent of community college student bodies, compared to only five percent of the students at the most selective college institutions.

For students in almost all income brackets, access to higher education is becoming increasingly a challenge when the costs of rising tuitions are compounded by smaller paychecks and diminishing job opportunities. Consequently, many students today across the higher education spectrum are turning to loans as a way to finance their education.

Debt is not necessarily a bad thing when it supports investments that will lead to greater returns. And recent research indicates that associate degrees are a particularly good form of personal educational investment, with approximately 20 percent annual returns. That assumes a degree is completed, which is why focusing on student success and program completion is a core of our strategic focus today, not just access.

During recent months, our colleges have made news because we have been one of the most conservative states in participating in the Federal student loan program. As we start this new academic year, 40 of our 58 colleges will provide their students the option of Federal Stafford loans, with many doing so to provide the insurance of access if loans are necessary, as well as the benefits of lower interest rates and security offerings of the Federal loan program. For many of those colleges not participating, they are doing so because of their concern about being held accountable for student defaults when they cannot perform credit checks, thus potentially risking student access to other forms of financial aid.

While our community college family has not been in lock step over the merits of the Federal student loan program, we do find common agreement around the concern about the risks of students taking on too much debt, which is also very much a national concern. Just this week, it was reported by the Federal Reserve Bank of New York that outstanding student debt has climbed 25 percent since the start of the recession in 2008, while almost every other major

category of consumer debt – mortgage debt, credit card debt, auto loans, and home equity loans – is lower today than it was in the fall of 2008. Since the year 2000, student lending has grown almost 10 percent annually, and this year is expected to grow to \$1 trillion and outpace credit card debt for the second year in a row.

As educational institutions rooted in the philosophy of access and serving a greater proportion of financially vulnerable students, I think we can all agree that, for students who require debt to finance their education, we hope that it is not their first option and that they will be responsible, well-informed borrowers when they need to take out loans to finance and access their education. And for our colleges offering the benefits of the Federal Loan Program, we aspire for them to be responsible lenders, even when they are not allowed to do credit checks.

That's quite a challenge, and facing the weight of that challenge, I turned to two of our colleagues and great partnering organizations a couple of months ago for help – the State Treasurer and the State Educational Assistance Authority. With their resources for financial literacy and their commitment and passion for helping students, I asked them if they could develop a financial literacy planning tool specifically for us that could include a debt planning instrument. I asked if it could be on-line and relatively seamless for our burdened counseling staffs, and get this, I even had the audacity to wonder if it could be ready in time for this fall semester.

So today, in the very week when the troubling news was released that student debt had increased by 25 percent since the start of the recession, I am thrilled and still slightly amazed to announce that this new financial literacy tool went live across North Carolina for use by our community colleges on Monday, August 15 when our fall semester got underway. Now, I would like to turn this presentation over to the two leaders who made it possible, Janet Cowell, our State Treasurer and a member of our State Board of Community Colleges, and Dr. Steven Brooks, Executive Director of the State Educational Assistance Authority, for a preview and summary of this exciting new resource for our students and our colleges.

NC Community Colleges Financial Literacy Project: Advanced Money Management

NC Community Colleges
NC Department of State Treasurer
NC State Education Assistance Authority
College Foundation of North Carolina



New Community College Financial Literacy Materials



Schools
define
rules

Students
use online
counseling
tools

Counselors
get reports

Counselors
provide
assistance



Community Colleges define the rules

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My CFNC

Plan

Apply

Financial Aid Administrator

Our representatives are eager to help you online, on the phone, or in person. Check the services available to you upon request.



- [See how your students and parents save money with us](#)
- [Access the Grant Application & Loan Processing System](#)
- [Access the College Payment Plan System](#)
- [Access the College Preparation Opportunities System](#)
- [Manage Community College Financial Literacy Courses](#)
- [Review Financial Literacy Course Activity](#)
- [Check current Interest Rates](#)
- [Review services we offer for you and your students](#)
- [Get the latest Common Manual updates](#)
- [Comparison of Savings on PLUS and Stafford Loans](#)

Each college defines their rules through a Master Control Panel



Community Colleges define the rules

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My CFNC | **Plan** | **Apply** | **Pay** | **Save (NC 529)**

Master Control Panel

Welcome Billie Jo.

Usage Data and Reporting

- View Students
- Export Students to Excel
- Data Reports

Course Tools and Customization

- Manage Access Codes ✓
- Set Course Defaults ✓
- Add Local Resources
- Update Administrator Information

Help and Program Support

- Billing Contact and Renewals ✓
- Financial Literacy 101 Administrative Guide
- Quick "How To" Tips
- Instructor Guide
- Student Presentation
- Give Us Feedback

Blue Ridge Community College

298 new students since 5/1/2011.

Completed Course (orange) | Did Not Complete (green)

228 | 70

29% of new students completed the course.

Quick Tips

How to...

- Delete a Student
- Create a Report
- Require Student IDs

[More >>](#)

Feedback and Ideas

Students and administrators inspire us to develop better financial literacy education solutions!

Contact us to share your ideas for improvement.

Items with ✓ denote features for master administrators only.

- Password protected
- Control admin access
- Select topics to require
- Set review level criteria

Overview: Access to Advanced Money Management

Student selects Advanced Money Management. Data stored in student's CFNC profile sends student to appropriate version.

The screenshot displays the CFNC.org website. At the top left is the logo "CFNC.org" with the tagline "Helping you plan, apply, and pay for college". Below the logo, it says "Welcome Clifton | Sign Out". On the right, there are links for "About CFNC | Contact Us | Resources/Videos | Need Help? | Advanced S". A navigation bar contains four main sections: "My CFNC", "Plan", "Apply", and "Pay". Below this, a secondary navigation bar lists "Grants and Scholarships", "Part Time Work", "Loans", "Savings Plan", and "Installation Payment Plans". The main content area is split into two columns. The left column has a "Welcome" section with "EDIT YOUR PROFILE" and "SIGN OUT" links, followed by a "Grants and Scholarships" section with sub-links for "Scholarships", "Financial Grants", "FAFSA", and "Tools". The right column has a "Financial Literacy" section with introductory text and a list of courses: "Financial Literacy 101", "MoneyEdu", and "Community College Financial Literacy Program". A green arrow points from the "Part Time Work" section in the left column to the "Community College Financial Literacy Program" in the right column.

Overview: Summary page

CFNC.org Helping you plan, apply, and pay for college

Welcome Austin

About CFNC | Contact Us | Resources/Videos | Need Help? | Advanced Search Search CFNC

866-866-CFNC

My CFNC Plan Apply Pay Save (NC 529)

Austin's Money

- My Portfolio
- Saved Content
- Notebook

Course

- Financial Literacy 101
- Course Outline
- Completion Certificate

Resources

- Financial Services
- Managing Credit
- Identity Theft
- Financial Planning
- Insurance
- Buying a Car
- Buying a Home
- Renting an Apartment
- Taxes

Exercises

- How Will I Pay for College?
- Monthly Budget
- Personalized Feedback
- Get Your Credit Report
- ID Theft Risk Assessment
- Credit Card Repayment
- Education Loan Repayment
- Real World Calculator

Fact Sheets

View All

New Assignment
Advanced Money Management
0% Complete
Due Date: ASAP
Track your progress in open assignments box. Once you have started, this note will disappear.



Course Progress
Learn what you need to know. Customized to your year in school.

□□□□□□□□□□□□□□
You have completed 0% of the course.

Financial Goals Journal
There's no better way to meet your goals than to decide what they are! Start here.



Resources
Detailed textual information, calculators and fact sheets from the course.



Aid Information
Need to learn more about financial aid? Visit our aid section.



Web Links
Our picks for additional resources on the web.

- Annual Credit Report

Saved Content
Save pages and add your own notes. Access the feature from the course.

First time visitors get "New Assignment" link

Returning visitors see progress and resume following last topic completed

Course Overview: Course content

Available topics:

- Financial Health
- Budgets
- Checking/Savings
- Credit/Debit Cards
- Building Credit
- Choosing a bank
- Responsible borrowing

College may add to mandatory or optional topics to core

Basic Account Management

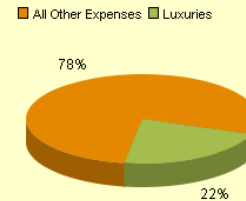
- * Helps to reduce overdrafts
- * Helps to spot ID theft quickly
- * Review your transactions *at least* once per month:
 - Verify charges
 - Make sure checks have cleared
 - Make sure deposits were credited
- * Look closely at each transaction to make sure you are in complete control of your account



Playback control

in' Large

graph below shows that your non-essential expenses make up **22 percent** of monthly spending. These luxuries include eating out, entertainment, and hotel/tobacco. If you are looking for places to save right now, these items will be near the top of your list.



Keep in mind that these are not the *only* places where you can find easy savings. You may be able to cut transportation expenses, cell phone costs, insurance, clothing, personal care expenses, and even debt payments by shopping around for better ideas.

Featured Resources

Check out more content, exercises, downloads and calculators in the [Explore](#) section.



Credit Card Act of 2009



Understanding Renter's Insurance



ID Theft Risk Assessment



22 Money Saving Tips

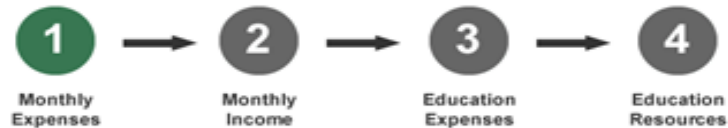
Overview: Content - Budgets

Budget tool reviews student income, expenses and resources. Results show whether aid needed and gives links to additional information. Counselors can review budgets online to counsel students on money management and paying for college.

How Will You Pay for College?

Working out your personal budget will help you figure out where you stand on meeting your usual financial obligations, plus paying your tuition and fees and purchasing books and supplies.

Be sure to complete all four steps of the budget calculator to see whether your income meets, exceeds or falls short of what you need for college. If you find you need additional financial resources to help with your college costs, you'll be given options to consider.



Monthly Expenses

Housing	\$ <input type="text" value="800.00"/>	Rent/mortgage payments, insurance, maintenance and repairs. If you pay housing once per semester (for example, dorm fees when paying tuition) you may want to exclude that from this monthly cash flow budget or average the expense over the appropriate number of months.
Transportation	\$ <input type="text" value="200.00"/>	Include loan/lease payments, fuel, insurance, service/repairs, parking, and/or public transportation expenses.
Communication	\$ <input type="text" value="120.00"/>	Include home telephone, cell phone and internet access. If you bundle services, you can just enter the one charge here.
Debt Payments	\$ <input type="text" value="300.00"/>	Credit cards, bank credit lines, student loans - any loan payments not including home and car.
Groceries	\$ <input type="text" value="300.00"/>	Anything purchased at a grocery store, except personal care items and alcohol/tobacco (see below). Tip - "Ready to eat" prepared foods are not only expensive, but they are not as healthy as bulk ingredients that you make into a finished meal.
Restaurant Food	\$ <input type="text" value="400.00"/>	Include sit-down meals, nights on the town, and even snacks at a convenience store - any food not prepared at home from groceries.
Entertainment	\$ <input type="text" value="250.00"/>	Movies, hobbies, recreation, and related expenses dedicated to fun.
Utilities	\$ <input type="text" value="90.00"/>	Include electric, gas, heating oil and any municipal services such as water.
Clothes	\$ <input type="text" value="200.00"/>	Rather than buying new clothes at the beginning of each season, a monthly budget helps you control spending (and take advantage of off-season pricing).
Books and Supplies	\$ <input type="text" value="150.00"/>	Include any school-related expense not included in your tuition and fees.
Insurance	\$ <input type="text" value="90.00"/>	Include policies not covered under the home, auto, and health sections.


Overview: Content - Smart Borrower

Students considering federal loans can link to the Smart Borrower Calculator for salary information and the impact of borrowing.

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[GO](#)

My CFNC

Plan

Apply

Pay

Save (NC 529)

Grants and Scholarships

Part Time Work

Loans

Savings Plan


Installment Payment Plans

Repayment

Financial Literacy

Smart Borrower Calculator

Total Amount Borrowed

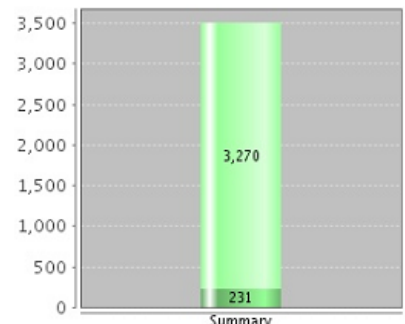


6.6%

Green Light ! Based on the income and loan balance you've provided, your loan payment will be **6.6%** of your income, or **\$231** per month, which appears to be an amount you can manage.

Review the parameters used to calculate [reasonable student loan debt](#). The chart below illustrates how your loan debt fits into your anticipated monthly salary.

Salary/Student Loan Debt Summary



Category	Amount
Monthly payment	231
Monthly Salary	3501
Salary Indicated	42010
Total amount borrowed	20000
Total interest payments	7669
Total amount to be repaid	27669

All projected loan amounts based on reported borrowing:

Monthly payment	231
Monthly Salary	3501
Salary Indicated	42010
Total amount borrowed	20000
Total interest payments	7669
Total amount to be repaid	27669

Results Available through Control Panel

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Blue Ridge Community College

Time Period	Completed Course	Did Not Complete
Two Months Ago	10	0
Last Month	200	0
So Far This Month	120	0

298 new students since 5/1/2011.

Category	Count
Completed Course	70
Did Not Complete	228

23% of new students completed the course.

Quick Tips

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More >>

Feedback and Ideas

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Admin Access to:

- Summary Reports
- Detailed Student Information

- ✓ Completion level
- ✓ Budgets

Results Detail

Student Detail

Name: Timm Bischoff

Email: timmbi@verizon.net

Date Joined: 07/10/2011

Course Name: Advanced Money Management

Percent Complete: 100

Original Grade: 71 (excludes re-take answers)

Final Grade: 100

Missed Questions

Understanding which questions students missed on their first try can help you identify areas for further instruction. A large number of missed questions can also signal a lack of engagement with the course.

1. What's the single most important benefit of making and sticking to a budget?
2. Based on the example cited in the course, it will take how long to pay off a \$2,000 credit card debt by making just the minimum payment required by the card company (\$25/month)?

Student detail helps counselor determine counseling needs.

More features:

- Information about paying for college
- Entrance/Exit Counseling
- Individualized Counseling

Links will be provided to entrance and exit counseling for first-time borrowers or students leaving school.

**START HERE
GO FURTHER
FEDERAL STUDENT AID**

HOME | YOUR ACCOUNT | QUESTION CENTER | FORMS

View Account Information

- [Account Summary](#)
- [Payment History](#)
- [Loan Consolidation Status](#)
- [Payoff Amount](#)
- [2008-E Tax Information](#)
- [Electronic Promissory Note/Agreement to Serve](#)
- [Electronic Mailbox](#)

Manage Your Account

- [Update Your Information](#)
- [Consolidate Your Loans](#)
- [Electronic Mail Services](#)
- [Deferment Request](#)
- [Forbearance Request](#)
- [Change Repayment Plan](#)
- [Change Payment Due Date](#)

Electronic Payment Methods

- [Make Online Payment](#)
- [Electronic Debit Account \(EDA\)](#)

Tools & Planning

- [Entrance Counseling](#)
- [Exit Counseling](#)
- [Repayment Estimator](#)
- [Interest Capitalization Estimator](#)
- [Budget Calculator](#)

Entrance Counseling

[Additional Resources](#) - [Other Links](#) - [Glossary](#)

Instructions

The next few pages contain information on your rights and responsibilities as a borrower under the loan and review the information carefully. You may refer back to the tutorial in the future should you have any questions.

To satisfy your online Entrance Counseling requirements, you must complete the tutorial and pass a quiz.

- Federal Direct Stafford Loans,
- Managing your educational expenses,
- Other financial resources to consider that may help pay for your education and
- Your rights and responsibilities as a borrower.

Helpful hints

- Check each pop-up link within the text of the site.
- Close the pop-up box after you read the definition by clicking on the "X".
- Please review the list of additional counseling resources on the "Additional Resources" page and the Entrance Counseling session pages.

About the quiz

- You will be required to take a quiz, and then log into the Direct Loan Servicing Web site. You will need your Personal Identification Number (PIN) or your name, social security number, and date of birth. You should have received your PIN when you completed your Free Application for Federal Student Aid (FAFSA) application and being found eligible for financial aid. You may register for a new or

Implementation Timeline:

Date	Activity
Friday, July 22	Preview of financial literacy module for CC presidents
Monday, July 25 – Friday, August 5	Developer and IT finalize existing module and data exchange
Monday, August 8 – Friday, August 12	Quality Assurance testing Announcement to community colleges
Monday, August 15	Go – Live date for Advanced Money Management for Community College Students (without individual counseling component).
Fall Semester	Recruitment and training of counseling partners Convene financial aid administrator focus groups to provide <ul style="list-style-type: none">- usability feedback-information on particular groups of students and numbers estimated to need individual counseling-ideas for enhancements-suggestions for additional topics Conversion of any text-only sections to multi-media Development of course tutorials for administrators and students
Spring Semester	Make individualized counseling available Integrate changes, enhancements, or additions recommended