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**PRESS RELEASE**

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## **Loan programs for key jobs not keeping up with tuition increases, State Auditor Ralph Campbell says**

RALEIGH \_ Most loan programs intended to help North Carolina attract more students into nursing, teaching and other critical jobs have not increased their awards since 1989, a period when tuition has increased by 141 percent at public universities and 251 percent at community colleges, State Auditor Ralph Campbell said in a performance audit released Thursday.

The loan programs encourage teachers and nurses to repay their loans by working for a specified number of years in North Carolina. But the loans are paying a steadily decreasing share of a student's education bills, Campbell said.

"One loan program for nursing students pays only 9.1 percent of the cost of a community college Associates Degree, and 7.9 percent of a Bachelors Degree," Campbell said. "With the loan programs paying such a small percentage of a student's education costs, the incentive for students to pay them off through work is greatly reduced."

The audit of the North Carolina State Education Assistance Authority, showed that 93.9% of loans are repaid, but with only 72 percent repaid through work. The Authority handles collections for the Teaching Fellows Program, the only loan program that has increased its grants to reflect increases in tuition. With the Teaching Fellows Program included, the amount of loans repaid through work increases to 73.2 percent.

Auditors also found that the Authority's staff increased by 6.5 percent from 1997 to 2002, while loan awards increased by 86.8 percent. Because of deadlines associated with the loans, the Authority is heavily reliant on temporary employees, who accounted for nearly a third of the Authority's workforce in 2001-2002. The agency could save money by converting its long-term temporary positions to permanent positions.



Auditors also found that:

- Merging loan programs from two separate agencies left the Authority with two incompatible computer databases, and most employees can work only in the database with which they are most familiar.
- Both databases contain errors and incomplete monitoring information that cannot easily be corrected.
- Combining separate loan programs led to pay grade and salary inequities that should be resolved.
- The Authority does not have specific written policies for administering the loan programs, which can lead to inconsistencies.

“The thought behind these programs is excellent: that students who need help to go to college can help the State upon graduation by working in critical fields,” Campbell said. “The benefit for taxpayers can be tremendous, but to be effective, the programs’ maximum loan amounts need to be updated on a regular basis.”

The report is available on-line at <http://www.ncauditor.net/EPSWEB/EDSreportdetail.asp?RepNum=PER-0203>.

Copies of the report may be obtained at the office’s web site at [www.ncauditor.net](http://www.ncauditor.net). Printed copies of the report can be obtained by filing a request under the Audits section of the web site or by calling the Office of the State Auditor at 919-807-7500.

