



2007-2008 Annual Report

Innovation & Experience

TODAY AND EVERY DAY

New York State Higher Education Services Corporation



Mission

We help people pay for college.

Values

Our Employees

We are committed to teamwork, excellence, initiative, personal growth and responsibility.

Our Customers

*We never take our customers for granted.
We ask, we listen and we respond.*

Our Products and Services

We are committed to high quality, dependability and continuous improvement to meet the changing needs of our customers.

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As of March 31, 2008

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Few state agencies can boast they enrich the lives of so many New York residents as the New York State Higher Education Services Corp. (HESC).

As the state agency that helps people pay for college, HESC helped nearly 650,000 students achieve their dream of attending college by providing \$4.5 billion in grants, scholarships and loan guarantees in 2007-08. HESC continued to be a stable and dedicated leader in the financial aid arena by helping students through programs ranging from pre-college awareness to post-graduation loan repayment.

There were unprecedented challenges in the ever-changing student loan industry the past year.

While New York State students continued to apply for loans and other financial aid without major problems, the machinery of the student loan industry that was invisible to them was clearly in tumult.

Buffeted by state and federal probes, stretched taut by Wall Street worries and a consumer credit crunch, the student loan community experienced confusion and turmoil. Schools, students and families reacted to these confusing times by seeking information and guidance from trusted resources.

HESC responded by quickly reaching out to schools, lenders and families.

Recognizing the challenges of advising students in a changing student loan environment, HESC provided a gateway to comprehensive and timely information about student loan borrowing.


Led by President James C. Ross' direct communication with college presidents, HESC

opened the channels of communication wider than ever with ongoing dialogue among college administrators and lenders. President Ross addressed the Federal Family Education Loan (FFEL) program's stability, access to student loan funds, and steps to help borrowers cope with the changes in student loan availability.

At meetings, college fairs and conferences across the state, HESC reassured New Yorkers of the stability of and the unrivaled access to college financing in New York.

Even as the student loan environment remained unsettled the last year, HESC continued to develop exciting new products and services to help improve access to financial aid. From making it easier to apply for state-sponsored scholarships on the Web, to developing new tools to help students find the resources to finance a college education, to HESC's efforts to lower a school's loan default rate, the agency bolstered its reputation as a leader in cutting-edge financial aid products.





Flexible yet resilient, forward-thinking and proactive, HESC capped 2007-08 with an impressive list of accomplishments that support its rightful position at the vanguard of helping people pay for college.

Grants, Scholarships and Loan Forgiveness Programs

New York remained peerless when it came to giving money for college.

HESC awarded nearly \$838 million in grants, scholarships, and loan forgiveness awards to more than 400,000 students.

According to the latest survey by the National Association of State Student Grant and Aid Programs (NASSGAP), New York again provided the most need-based grant dollars per undergraduate student.

Of the 52 survey participants (all 50 states plus Puerto Rico and the District of Columbia), New York ranked first in:

- Total student aid dollars awarded;
- Total student grant dollars awarded;
- Total number of need-based, full-time equivalent student grants awarded; and
- Average state need-based undergraduate grant aid awarded per full-time equivalent student, nearly three times the national average.

While California has one of the largest populations in the country, New York gave 10.5 percent more in need-based grants to its students.

The Tuition Assistance Program (TAP)

The centerpiece of New York's financial aid for students continues to be the Tuition

HESC's stability is rooted in leadership, performance and its spirit of innovation, today and every day.

Assistance Program (TAP) which HESC administers. The crown jewel of state grant programs, the 34-year-old TAP again reigned over similar state-based

programs as the largest and most generous need-based college grant in the country.

During the 2007-08 academic year, TAP awarded \$795 million to 370,000 students, most of whom embraced HESC's Web-based TAP application process.

Of the more than 616,000 TAP applications filed for the 2007-08 academic year, more than 83 percent were filed electronically using either HESC's automatic renewal process or the easy-to-use "TAP on the Web" application – a 4 percent increase over 2006-07.

This streamlined electronic TAP application is easier, faster and more accurate for students and saves HESC time and money processing the information.

An Array of Scholarships and Loan Forgiveness Programs

To complement the TAP, HESC administers a comprehensive array of 18 federal and state scholarships, loan forgiveness and special award programs, many of them with applications on the HESC Web site. Last year, HESC provided more than 43,000 such awards worth nearly \$43 million.

Among those scholarships, New York continued to honor those who tragically lost their lives in the Sept. 11 terrorist attacks and during

Today and every day.

Multi-faceted scholarship and loan forgiveness programs benefit New York's students.

military service by providing assured educational opportunities to their dependents with \$4.6 million through the World Trade

Center Memorial Scholarship and \$171,000 through the Military Service Recognition Scholarship.

Recognizing the demand for people to work in critical, high-need professions, New York also provided incentives for students to enter and remain in these careers, with loan forgiveness programs for certain teachers, child care providers, physicians, nursing faculty, licensed social workers and district attorneys. A total of \$3.4 million was provided through 680 loan forgiveness awards.

Fire and emergency medical services companies provide valuable, life-saving services to their communities, but many of these volunteer services have difficulty attracting new members.

In response to this critical need, the state again offered the Volunteer Service Recruitment Scholarship for volunteer companies to use as a recruitment tool, encouraging young people to join and work in service of their community. Last year, 593 volunteers received \$1.8 million in scholarships.

This year, the governor and the Legislature approved expansion of college benefits for veterans who served in defined periods starting from 1961. Eligible veterans will receive an award of up to the full cost of undergraduate tuition for New York state residents at the State University of New York. Before the change, the maximum award was \$1,000 per semester.

Agencies Uniting to Aid Scholars

In early 2008, HESC and the state Division of the Lottery joined forces to administer the Leaders of Tomorrow scholarship. These awards, funded by the New York Lottery's initiatives, provide up to \$1,250 each year for four years to students at New York State post-secondary schools.

The awards are made by the lottery to student leaders who demonstrate strong academic ability, participate in extracurricular activities and display a commitment to community service.




Each year, one eligible graduating senior from each participating public and non-public high school in New York State is awarded a scholarship.

HESC provides applications to the scholars for annual payment of the award and disburses the scholarship money to the colleges.

HESC's Role in the Federal Family Education Loan Program (FFELP)

The bulwark of HESC's financial success in 2007-08 again came from its administration of federal student and parent loans.

As a federally-designated New York State guarantor for the Federal Family Education Loan Program, HESC guaranteed nearly 595,000 new student loans worth more than \$3.2 billion. Additionally, the agency guaranteed more than 15,000 consolidation loans worth nearly \$468 million.



Loan volume in the independent college sector increased by \$174.7 million (+8 percent), while the loan volume increased \$35.8 million (+5.6 percent) at public universities and colleges. Loan volume at proprietary and vocational schools increased by \$683,000 (+0.8 percent) from the previous year. Out-of-state loan guaranty volume increased by \$31.5 million (+41 percent).

Electronic Processing and Improved Technology

HESC worked diligently to make the student loan application and loan disbursement processes as simple as possible.

The agency made major infrastructure improvements to offer better, faster and more convenient services to its customers in 2007-08. From its public face on the Web to its back-end systems for financial aid administrators, HESC remained a leader in student financial aid processing with innovations to support electronic products that comply with new laws.

HESC's electronic promissory note continued to be extremely popular among borrowers. More than 95 percent of all student loan guarantees are processed with the electronic master promissory note completed by the borrower, who later receives confirmation of the guarantee via e-mail from HESC.

A key indicator of the agency's success in the marketplace was the continued growth of HESC's flagship electronic processing platform. HESC's ground-breaking electronic fund transfer (EFT) Express program has revolutionized the student loan industry by incorporating the best features of the Federal Direct Loan Program and the Federal Family Education Loan Program (FFELP) disbursement systems.

By the end of fiscal year 2007-08, 28 schools were using the EFT Express program, transferring \$370.5 million in student loans. This is an astounding 300 percent increase from last year.

HESC also disburses funds electronically for the popular New York 529 College Savings Program, handling nearly \$38 million in state fiscal year 2007-08.



Today and every day.

AltLoan Connection

HESC launched a new value-added platform, AltLoan Connection, to help colleges process alternative loan certifications. AltLoan Connection allows colleges to track and certify alternative loan activity along with their federal loan activity. To date, 15 colleges have joined the innovative platform and many more have expressed interest in joining by the end of the calendar year.

Today and every day, HESC continues to make technological improvements to provide better, faster and more convenient services to its customers.

Default Prevention

Helping students stay current with their loans and assisting schools with their default prevention efforts remained HESC priorities the last year.

HESC averted more than \$3.3 billion in potential student loan defaults through its

various default prevention programs. The most recent example of HESC's commitment to reducing defaults is D-MAP, the agency's customized default management action plan. As a service to their customer schools, HESC's default management experts evaluate the school's current default management plan, suggest techniques and services the school may want to consider, and provide the training that will help the school implement new practices.

To complement its default prevention programs, HESC awarded almost \$1 million in competitive grants to colleges to develop innovative, comprehensive default prevention programs for their students.

HESC also trained college administrators in the use of its unique Default Manager tool, which helps colleges identify and assist student borrowers included in the cohort used by the federal government to define cohort default rates.

Agency staff also developed popular online financial literacy training modules within HESC's Financial Awareness and Consumer Training for Students (FACTS) program. This comprehensive program helps students better understand the many facets of student loan management and credit card debt.



To complement that initiative, HESC customer service staff also conducted financial literacy training at more than 50 high schools and colleges, educating about 1,600 students and providing training tools and guidance to school personnel.

HESC will sharpen its focus on default prevention to assist colleges as they transition to the three-year cohort default rates mandated in the federal Higher Education Opportunity Act of 2008.

Collections

HESC's concerted efforts to collect defaulted student loans this past year placed the agency among the top 14 guaranty agencies nationwide, up from 34th place in 2006-07.

The agency generated nearly \$102 million in revenue through its student loan collections and default management functions in state fiscal year 2007-08. Of the \$102 million in revenues, \$65 million was the result of loan rehabilitations – a 59 percent increase over the prior year.

One of HESC's major initiatives for 2007-08 was the purchase of a new collection system which replaces technology more than 25 years old.

The system will use state-of-the-art technology to allow HESC to retain more collection accounts in-house.

Customer Relations and Outreach

HESC customer service representatives had another successful year visiting colleges and attending business development meetings to promote the myriad of HESC products and services.

Two colleges returned to the HESC fold – Albany Medical Center College and the Culinary Institute of America – along with a college recently approved to participate in federal student aid programs, Excelsior College, which chose HESC as its primary student loan guarantor.

These three schools are expected to generate at least \$38 million in new guaranty business.

Customer relations and marketing efforts continue to be productive outside New York State as well. Guaranty business in Puerto Rico has reached \$98 million, a major increase from last year. To better serve our Puerto Rican students and Spanish-speaking borrowers, HESC is updating correspondence and Web-based services to include Spanish versions.

Listening and Helping

Listening to customers and lender partners continued to be a hallmark of HESC's enviable customer service program.

The agency provided hands-on, relevant financial aid training to more than 480 college financial aid office staff at seven workshops across New York State.

HESC's School Advisory Council, composed of well-established financial aid administrators, met several times during 2007-08 and gave agency leaders valuable feedback regarding HESC systems as well as input about new HESC products and services.

HESC's third annual loan symposium was attended by more than 200 financial aid

professionals from across the state. This increasingly popular event provided a forum for serious discussion on industry-related topics as well as presentations by student loan experts.

During the past state fiscal year, HESC's president and executive staff met with each of HESC's top 12 lenders that collectively handle more than 95 percent of the agency's annual loan volume. Also during the year, lender relations staff met with 64 other lender partners on a wide variety of HESC and lender-related topics.



HESC is Proactive

Our specially-trained Priority Services Team dramatically improved the level of service HESC provides to school clients through the Priority Services School Hotline. This team handled 3,749 calls and conducted multiple on-site training sessions the last year.

HESC's Customer Communication Center delivered exceptional customer service to students, parents and college aid administrators, handling almost 270,000 phone calls and 4,000 e-mails in 2007-08.

Today and every day.

Pre-College Services: Reaching Farther to Help Students Reach Higher

HESC's high school outreach programs continue to reach younger students, parents and guidance counselors throughout the state. Staff assisted in 13 guidance counselor workshops that trained more than 1,000 counselors and provided information at 36 outreach events attended by more than 33,000 students and their parents.

To help more students understand and navigate the financial aid process, HESC and the New York State Financial Aid Administrators Association organized 15 College Goal Sunday sites across the state.

Through this program, more than 300 volunteers helped more than 1,200 disadvantaged New York students in high-need communities complete their online federal and New York State financial aid applications – the first step in achieving their dream of attending college.



The federal government also helped HESC with its mission to help people pay for college.

In 2007, as part of the College Cost Reduction and Access Act, Congress initiated a new program, the College Access Challenge Grant, with money awarded to each eligible state during the next two years.

The governor designated HESC the lead agency for this grant in New York State, and the agency will begin administering the \$8 million allocation in the 2008-09 state fiscal year.




The grant will support programs and activities to help secondary school students and families, who are at or below the federal poverty level, plan for and attend college.

NYGEAR UP Works

New York's Gaining Early Awareness and Readiness for Undergraduate Programs, known as NYGEAR UP, is part of a nationwide initiative to create innovative programs to help at-risk students think about and prepare for college.

As the state's designated GEAR UP lead agency, HESC is administering its second, six-year GEAR UP grant, worth \$21 million.

HESC coordinates support services for 8,200 at-risk students being provided by 11 colleges, universities and school districts, along with HESC's state partners: the State University of New York, the City University of New York, the Commission on Independent Colleges and Universities, the Association of Proprietary Colleges, the College Board, the New York State Financial Aid Administrators Association and the state Education Department.



To illustrate the success of NYGEAR UP, almost 16 percent of ninth grade NYGEAR UP students took advanced math, 14 percent took advanced English classes and 15 percent took advanced science classes in 2007-08.

While it is too early to tell the college-going rate for the ninth graders in the second six-year grant, HESC's first GEAR UP grant concluded service to 4,183 high school seniors, resulting in 50 percent of them applying to and attending college in fall 2005.

There is no doubt about it – NYGEAR UP is life-changing for thousands of New York students.

New York's 529 College Savings Program

Although national surveys show parents are not saving enough money to finance their children's college education, investments grew in the New York 529 College Savings program in 2007-08.

The program, administered by HESC and the Office of the State Comptroller, is designed to help New Yorkers save for college with its popular savings program, coupled with the national UPromise rewards program.

Last year, New York's 529 College Savings Plan oversaw nearly 600,000 accounts, with more than \$8 billion in assets. More than \$1.1 billion has been disbursed to help pay college costs.



Today and every day.

Today and every day.

The cornerstone
of HESC's stability
is its unwavering
determination to
accomplish
its mission —
to help people pay
for college —
today and every day.

Today and every day, HESC works with colleges, schools, students and families to make access and paying for college an easier, streamlined process.

Today and every day, HESC loan processing becomes more efficient, making the jobs of our constituent schools and lenders easier, faster, and more accurate.

Today and every day, HESC works to deliver new, innovative ways to help students and families find and evaluate financing.

Today and every day, HESC delivers services to students, families, schools, and lenders that will keep New York number one in the nation in the many facets of student financial aid.

HESC stands by its values: to ask, listen and respond to the needs of its customers ***today and every day.***

Financial Aid Programs for New York State Students

Grants and Scholarships

| Name of Program | Description of Program | 2007-08 Accomplishments |
|---|---|---|
| Tuition Assistance Program (TAP) | Need-based grant program for full-time students. Provides up to \$5,000/year to students who qualify. | Provided nearly \$795 million in grants to nearly 370,000 students. |
| NYS Aid for Part-Time Study (APTS) | Provides up to \$2,000/year for part-time students who meet income eligibility limits. | Provided more than \$12 million in aid to nearly 21,000 students. |
| NYS Scholarships for Academic Excellence | Up to 2,000 scholarships of \$1,500 are awarded each year to the top graduating scholar at each registered high school in New York State, and up to 6,000 scholarships of \$500 are also awarded to other outstanding students. | Awarded nearly \$12 million in scholarships to 16,811 students. |
| Robert C. Byrd Honors Scholarships | Up to \$1,500 in federal scholarship money for academically talented high school students | Awarded more than \$2 million in scholarships to 1,559 students. |
| NYS Memorial Scholarships for Families of Deceased Firefighters, Volunteer Firefighters, Police Officers, Peace Officers and Emergency Medical Service Workers | Provides up to the cost of SUNY educational expenses for children, spouses and financial dependents of deceased firefighters, volunteer firefighters, police officers, peace officers and emergency medical service workers who have died as the result of an injury sustained in the line of duty. | Awarded \$877,000 in scholarships to 72 students. |

Financial Aid Programs for New York State Students

Grants and Scholarships (Cont'd.)

| Name of Program | Description of Program | 2007-08 Accomplishments |
|--|--|--|
| NYS Regents Awards for Children of Deceased and Disabled Veterans | Provides \$450/year to children of veterans who are deceased, at least 40 percent disabled, missing in action, or were a prisoner of war. | Awarded \$154,000 to 398 students. |
| Veterans Tuition Awards | Provides up to \$1,000/semester (\$500/semester for part-time study) to Vietnam, Persian Gulf, or Afghanistan veterans in college or in an approved vocational training program in New York State. | Awarded nearly \$1.9 million to 1,244 students. |
| NYS World Trade Center Memorial Scholarship | Provides up to the cost of SUNY educational expenses for children, spouses and financial dependents of those killed or seriously disabled in the September 11, 2001 terrorist attacks. | Awarded more than \$4.5 million to 359 students. |
| NYS Regents Health Care Opportunity Scholarships | Provides \$10,000/year to economically disadvantaged or historically under-represented minority students in New York State medical or dental schools. | Awarded \$330,000 in scholarships to 33 students. |
| NYS Regents Professional Opportunity Scholarships | Provides \$1,000-\$5,000/year to economically disadvantaged or historically under-represented minority students studying for degrees in 24 professions at New York State schools. | Awarded more than \$1.5 million in scholarships to 451 students. |
| NYS New York State Volunteer Recruitment Service Scholarship | Provides up to the cost of SUNY tuition to volunteer firefighters and ambulance personnel who are enrolled in an approved undergraduate degree program in New York State. | Awarded nearly \$1.8 million in scholarships to 593 students. |

Financial Aid Programs for New York State Students

Grants and Scholarships (Cont'd.)

| Name of Program | Description of Program | 2007-08 Accomplishments |
|--|--|---|
| Military Service Recognition Scholarship | Provides up to the cost of SUNY educational expenses for children, spouses and financial dependents of members of the armed forces of the United States or state organized militia who, at any time on or after Aug. 2, 1990, while New York State residents, died or became severely and permanently disabled while engaged in hostilities or training for hostilities. | Awarded \$171,000 in scholarships to 13 students. |
| Senator Patricia K. McGee Nursing Faculty Scholarship | This competitive award is made to licensed nurses who study to become nursing faculty and agree to serve as a teacher in a facility in New York State. Payments are available for up to three years of study. Recipients must complete their master's program within three years of receiving this scholarship. | Awarded nearly \$660,000 in scholarships to 49 students. |
| Flight 587 Memorial Scholarship | Provides up to the cost of SUNY educational expenses for families and financial dependents of victims of the crash of American Airlines Flight 587 on Nov.12, 2001 | Awarded \$214,000 in scholarships to 17 students. |
| NYS Math & Science Teaching Incentive Scholarship | The NYS Math & Science Teaching Incentive scholarship provides grants to eligible full-time undergraduate or graduate students in approved programs that lead to math or science teaching careers in secondary education. | Awarded more than \$1 million in scholarships to 245 students |

Financial Aid Programs for New York State Students

Loan Forgiveness Programs

| Name of Program | Description of Program | 2007-08 Accomplishments |
|--|---|--|
| Regents Physician Loan Forgiveness Program | Provides payment of loans for physicians who practice medicine in shortage areas of New York State. | Forgave \$800,000 in loans for 80 physicians. |
| Nursing Faculty Loan Forgiveness Incentive Program | The maximum lifetime award under this program is the lesser of \$40,000, paid in the amount of \$8,000 for each annual period of qualified service completed, or the applicant's actual eligible student loan amount at the time their eligibility is established. | Paid \$275,000 to 40 licensed registered nurses. |
| NYS Licensed Social Worker Loan Forgiveness Program | The maximum award under this program will be \$26,000 or the applicant's eligible student loan indebtedness at the time they apply, whichever is less. Awards will be paid in annual disbursements for each period of qualified service. Annual disbursements will be equal to \$6,500 or their remaining loan indebtedness. | Paid \$858,000 to 138 licensed social workers. |
| District Attorney Loan Forgiveness Program | District Attorney Loan Forgiveness awards are offered to retain experienced attorneys employed in district attorney offices throughout New York State. Awards will be paid in disbursements up to \$3,400 per year. The maximum lifetime total award an eligible attorney may receive under this program is \$20,400 or the cumulative total of their eligible student loan expenses at the time they first apply, whichever is less. | Paid more than \$1.4 million to 422 eligible district attorneys. |

Financial Aid Programs for New York State Students

Federal Family Education Loan Programs

| Name of Program | Description of Program | 2007-08 Accomplishments |
|--|--|---|
| Federal Stafford Loans (Subsidized) | Available to all students demonstrating financial need who are enrolled at least half time in a program leading to a degree, certificate, or diploma. Federal government pays interest while student is in school. The interest rate is fixed at 6 percent. | Guaranteed nearly \$1.4 billion for more 324,000 loans. |
| Unsubsidized Federal Stafford Loans | Available to all students, regardless of financial need, who are enrolled at least half-time in a program leading to a degree, certificate, or diploma. The interest rate is fixed at 6.8 percent. | Guaranteed more than \$1.1 billion for more than 219,000 loans. |
| Federal PLUS Loans | Available to all parents or stepparents, and legal guardians (regardless of income as long as they do not have an adverse credit history) of dependent students and available to graduate students. Up to the student's cost of attendance, minus any other financial aid, may be borrowed. The interest rate is fixed at 8.5 percent. | Guaranteed more than \$708 million for more than 51,000 loans. |
| Federal Consolidation Loan Program | Allows borrowers with more than one loan to combine them into one new loan for repayment. | Guaranteed nearly \$468 million for more than 15,000 loans. |

Financial Aid Programs for New York State Students

Loan-Related Programs

| Name of Program | Description of Program | 2007-08 Accomplishments |
|---|---|--|
| Default Aversion Assistance Request (DAAR) | Lenders ask HESC to help resolve problems which borrowers have making their payments. | Received and resolved more than 417,000 DAARs for more than \$3.3 billion. |
| Rehabilitation Loan Program | Allows borrowers who have made 9 consecutive payments to have their loans removed from default. | Rehabilitated more than \$181 million in loans for more than 11,000 borrowers. |
| Renewed Eligibility for Title IV Aid | Allows borrowers who have made six consecutive, voluntary payments to become eligible for additional aid. Payments must be made every month, even if borrower returns to school full-time, to maintain eligibility. | Renewed aid eligibility for more than 1,700 borrowers. |
| Smart Pay Program | Allows borrowers with defaulted loans to have their payments deducted from their bank accounts. | Received nearly 18,600 payments from borrowers who took advantage of this repayment method and paid more than \$3.1 million. |

Financial Aid Programs for New York State Students

Pre-College Services

| Name of Program | Description of Program | 2007-08 Accomplishments |
|---|---|---|
| New York's 529 College Savings Program | Tax-advantaged savings program to help parents save for college expenses. | More than 591,000 accounts with a total value of more than \$8 billion have been established through the program's 10th year. More than \$1.1 billion has been disbursed. |
| NYGEAR UP | Need-based support program for at-risk high school students. Local school district, college and community-based organization partnerships provide comprehensive college preparation services. | Administered \$3.5 million in federal continuation grants which support more than 8,200 state program students and more than 10,400 federal partnership students. |

Table 1A
Student Loans Guaranteed

| Federal Stafford Loans (Subsidized and Unsubsidized) and Federal PLUS Loans | | | |
|--|---------|------------------------------|---------|
| State Fiscal Year | Number | Amount (\$ thousands) (1) | Average |
| 2003-04 | 531,509 | \$2,427,799 | \$4,568 |
| 2004-05 | 536,596 | \$2,553,481 | \$4,759 |
| 2005-06 | 551,833 | \$2,707,774 | \$4,907 |
| 2006-07 | 580,602 | \$2,968,368 | \$5,113 |
| 2007-08 | 594,579 | \$3,211,070 | \$5,401 |

HESC
guaranteed
more than
\$3.2 billion in
new FFEL loans
during 2007-08,
up \$243 million
(+8 percent) from
the prior year.
The average loan
rose to **\$5,401**
(+6 percent).

(1) Stafford and Plus loan guaranteed amounts exclude adjustments and cancellations.

Table 1B
Student Loans Guaranteed

| Federal Consolidation Loans | | | | |
|-----------------------------|---------|------------------------------|----------|--|
| State Fiscal Year | Number | Amount (\$ thousands) (2) | Average | |
| 2003-04 | 90,328 | \$2,531,563 | \$28,026 | |
| 2004-05 | 136,869 | \$3,545,106 | \$25,901 | |
| 2005-06 | 189,671 | \$4,734,088 | \$24,959 | |
| 2006-07 | 74,514 | \$1,626,774 | \$21,832 | |
| 2007-08 | 15,196 | \$467,727 | \$30,780 | |

HESC
guaranteed
nearly **\$468 million**
in consolidation
loans with the
average Federal
consolidation
loan value rising
by almost 41
percent. The
decline in overall
HESC-guaranteed
consolidations
reflects an
industry-wide
two-year
contraction due
to interest rate
conditions.

(2) Consolidation guaranteed amount includes loan adjustments and is net of cancellations.

Table 2
Number of Student Loans Guaranteed by Program

| Program | State Fiscal Year | | | | |
|-------------------------------------|-------------------|---------|---------|---------|---------|
| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| Federal Consolidation Loans | 90,328 | 136,869 | 189,671 | 74,514 | 15,196 |
| Percent Change From Prior Year | -22.5% | 51.5% | 38.6% | -60.7% | -79.6% |
| Federal PLUS Loans | 36,809 | 40,580 | 47,035 | 51,901 | 51,179 |
| Percent Change From Prior Year | 14.9% | 10.2% | 15.9% | 10.3% | -1.4% |
| Federal Stafford Loans | 290,928 | 290,085 | 290,553 | 309,977 | 324,333 |
| Percent Change From Prior Year | 6.6% | -0.3% | 0.2% | 6.7% | 4.6% |
| Unsubsidized Federal Stafford Loans | 203,772 | 205,931 | 214,245 | 218,724 | 219,067 |
| Percent Change From Prior Year | 8.4% | 1.1% | 4.0% | 2.1% | 0.2% |
| TOTAL | 621,837 | 673,465 | 741,504 | 655,116 | 609,775 |
| Percent Change From Prior Year | 2.0% | 8.3% | 10.1% | -11.7% | -6.9% |

HESC guaranteed nearly 610,000 federal student and parent loans, with a combined growth of nearly 14,700 Stafford subsidized and unsubsidized student loans, and declines in PLUS and consolidation loans.

In comparing 2003-04 with 2007-08, the overall number of HESC-guaranteed new federal loans (excluding consolidations) increased more than 63,000 loans.

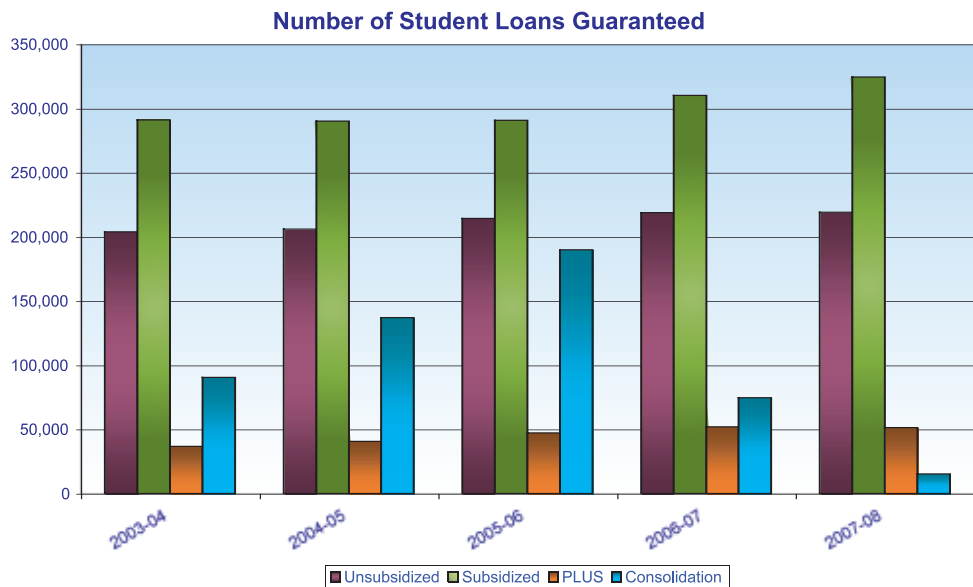


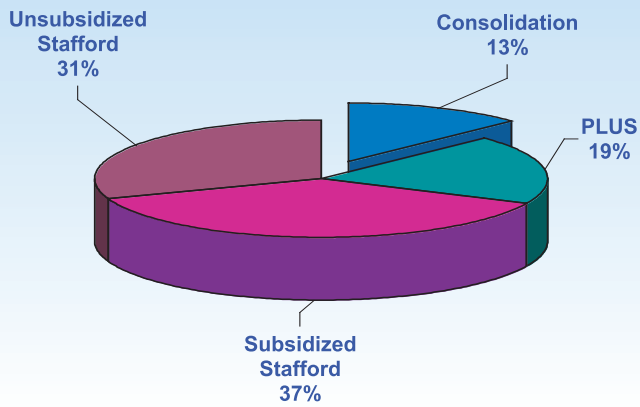
Table 3
Amount of Student Loans Guaranteed by Program

| | State Fiscal Year (\$ thousands) | | | | |
|---|----------------------------------|--------------------|--------------------|--------------------|-----------------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> |
| Program | | | | | |
| Federal Consolidation Loans (1) | \$2,531,563 | \$3,545,106 | \$4,734,088 | \$1,626,774 | \$467,727 |
| Percent Change From Prior Year | -22.0% | 40.0% | 33.5% | -65.6% | -71.2% |
| Federal PLUS Loans (2) | 408,478 | 465,490 | 569,451 | 685,798 | 708,323 |
| Percent Change From Prior Year | 25.6% | 14.0% | 22.3% | 20.4% | 3.3% |
| Federal Stafford Loans (2) | 1,101,414 | 1,128,593 | 1,134,971 | 1,226,648 | 1,373,761 |
| Percent Change From Prior Year | 8.1% | 2.5% | 0.6% | 8.1% | 12.0% |
| Federal Stafford Unsubsidized Loans (2) | 917,907 | 959,398 | 1,003,352 | 1,055,922 | 1,128,986 |
| Percent Change From Prior Year | 7.7% | 4.5% | 4.6% | 5.2% | 6.9% |
| TOTAL | \$4,959,362 | \$6,098,587 | \$7,441,862 | \$4,595,142 | \$3,678,797 |
| Percent Change From Prior Year | -8.9% | 23.0% | 22.0% | -38.3% | -19.9% |

(1) Consolidation guaranteed amount includes loan adjustments and is net of cancellations.
(2) Stafford and Plus loan guaranteed amounts exclude adjustments and cancellations.

**HESC guaranteed nearly
\$3.7 billion in new and consolidation
loans, with annual increases
ranging from 3.3 percent to
12 percent in all categories
except consolidations.**

2007-08 Loan Dollars Guaranteed by Program



■ Consolidation ■ PLUS ■ Sub Stafford ■ Unsub Stafford

Federal Stafford loans
(subsidized
and unsubsidized
combined)
comprised 68 percent
of the federal loan
dollars HESC
guaranteed.

Table 3A
EFT Escrow Service (\$ thousands)

| | State Fiscal Year | | | | | | | | | |
|-------------------------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|
| | 2003-04 | | 2004-05 | | 2005-06 | | 2006-07 | | 2007-08 | |
| | Number of Transactions | Dollar Amount | Number of Transactions | Dollar Amount | Number of Transactions | Dollar Amount | Number of Transactions | Dollar Amount | Number of Transactions | Dollar Amount |
| Federal Stafford Loans | 419,636 | \$792,198 | 433,013 | \$826,340 | 440,181 | \$840,302 | 387,732 | \$795,757 | 442,930 | \$879,220 |
| Percent Change From Prior Year | 13% | 10% | 3% | 4% | 2% | 2% | -12% | -5% | 14% | 10% |
| Unsubsidized Federal Stafford Loans | 286,890 | \$635,929 | 303,771 | \$679,611 | 327,050 | \$735,122 | 284,123 | \$698,408 | 313,559 | \$733,179 |
| Percent Change From Prior Year | 15% | 12% | 6% | 7% | 8% | 8% | -13% | -5% | 10% | 5% |
| Federal Plus Loans | 49,654 | \$275,900 | 56,987 | \$324,092 | 64,536 | \$384,485 | 67,351 | \$472,230 | 73,691 | \$488,355 |
| Percent Change From Prior Year | 18% | 27% | 15% | 17% | 13% | 19% | 4% | 23% | 9% | 3% |
| NYS 529 College Savings Program | 3,640 | \$20,567 | 5,092 | \$29,695 | \$7,540 | \$44,335 | 10,628 | \$64,013 | 6,800 | \$37,790 |
| Percent Change From Prior Year | 48% | 50% | 40% | 44% | 48% | 49% | 41% | 44% | -36% | -41% |
| Alternative Loans | 28,304 | \$149,655 | 37,251 | \$201,590 | 50,539 | \$284,004 | 58,242 | \$325,854 | 56,061 | \$299,681 |
| Percent Change From Prior Year | 86% | 73% | 32% | 35% | 36% | 41% | 15% | 15% | -4% | -8% |
| Non-HESC Guaranteed Loans | 1,877 | \$3,115 | 2,588 | \$4,602 | 3,354 | \$7,274 | 2,994 | \$7,678 | 2,719 | \$6,858 |
| Percent Change From Prior Year | 119% | 90% | 38% | 48% | 30% | 58% | -11% | 6% | -9% | -11% |
| Total | 790,001 | \$1,877,364 | 838,702 | \$2,065,930 | 893,200 | \$2,295,522 | 811,070 | \$2,363,940 | 895,760 | \$2,445,083 |

On behalf of its lenders, HESC electronically disbursed more than \$2.4 billion through 896,000 transactions, a one-year growth of more than \$81 million (+3 percent).

HESC continues to show growth in the amount of dollars disbursed through its EFT escrow service, with federal student and parent loan one-year growth rates ranging from 3-10 percent.

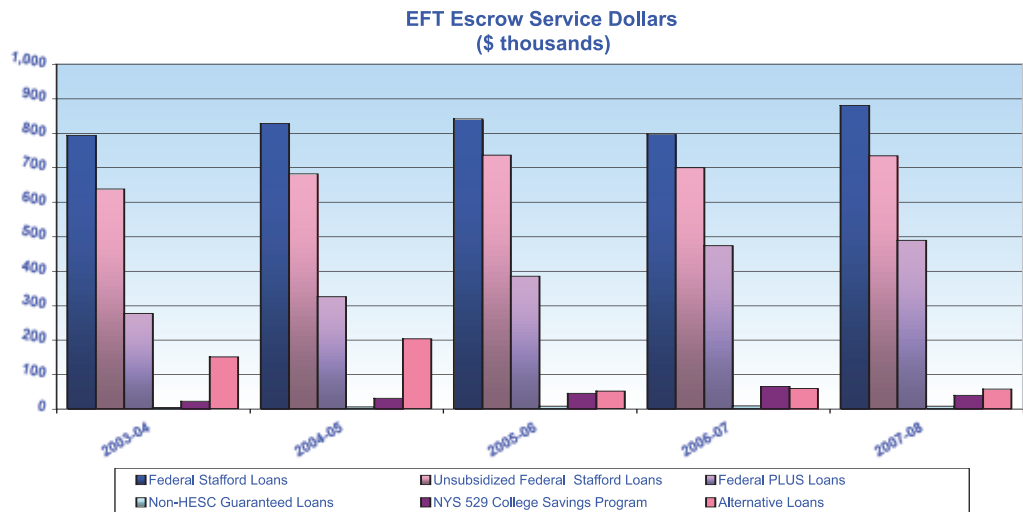


Table 4
Student Loans Outstanding

| State Fiscal Year | Amount Outstanding (\$ thousands) | Change from Prior Year | |
|-------------------|--------------------------------------|--------------------------|---------|
| | | Amount (\$ thousands) | Percent |
| 2003-04 | \$17,559,215 | \$1,497,859 | 9.3% |
| 2004-05 | \$19,941,402 | \$2,382,187 | 13.6% |
| 2005-06 | \$22,148,604 | \$2,207,202 | 11.1% |
| 2006-07 | \$21,210,220 | (\$938,384) | -4.2% |
| 2007-08 | \$22,306,451 | \$1,096,231 | 5.2% |

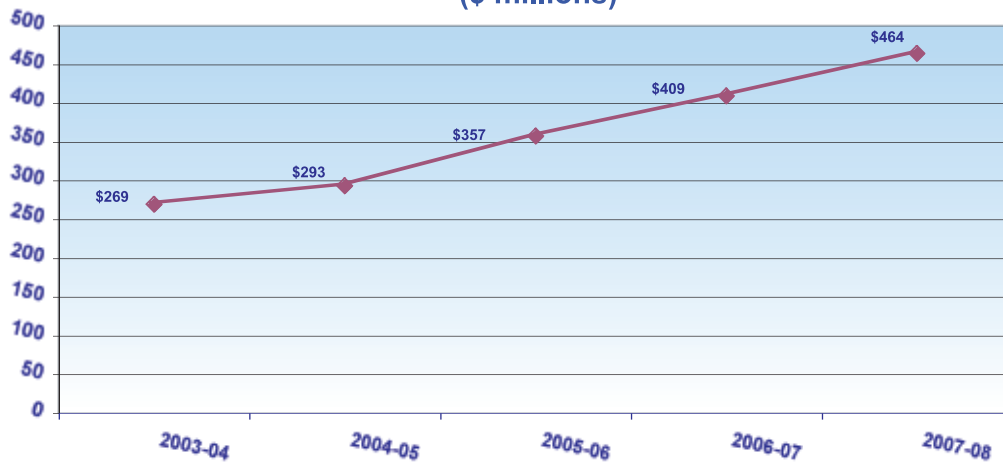
HESC actively manages more than \$22 billion in federal loans under its guaranty, a 5 percent growth from the prior year, and nearly \$5 billion more than four years earlier.

Table 5
Defaulted Loans Purchased

| | State Fiscal Year (\$ thousands) | | | | |
|---|----------------------------------|----------------|----------------|----------------|-----------------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> |
| Loans Purchased | \$268,731 | \$293,463 | \$357,448 | \$409,417 | \$464,115 |
| Outstanding Balance of Guaranteed Loans in Repayment | \$10,966,761 | \$12,788,865 | \$14,520,658 | \$13,844,654 | \$13,755,556 |
| Loans Purchased as a Percent of Guaranteed Loans in Repayment | 2.5% | 2.3% | 2.5% | 3.0% | 3.4% |

Nearly \$13.8 billion in HESC-guaranteed loans were in repayment as of the end of the 2007-08 state fiscal year, yielding a 3.4 percent ratio of default purchases-to-loans-in-repayment, slightly higher than last year's 3 percent.

Default Loan Dollars Purchased
(\$ millions)



HESC purchased more than \$464 million in defaulted federal loans, an increase of 13.4 percent from the prior year.

Table 5A
Default Cohort and Trigger Rates

| | Federal Fiscal Year Ended September 30 | | | | |
|---------------------------------|--|-------------|-------------|-------------|--------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
| HESC's Cohort Default Rate (1) | 4.40% | 4.70% | 3.90% | 5.60% | (1) |
| National Default Cohort Rate | 4.50% | 5.10% | 4.60% | 5.20% | (1) |
| HESC's Default Trigger Rate (2) | 1.71% | 1.48% | 1.67% | 1.47% | 1.42% |

1) The Cohort Default Rate is the percentage of student borrowers who enter into repayment in a given federal fiscal year (denominator) and default within the same federal year or the next federal fiscal year (numerator). Because of the nature of this calculation, the rates for this year have not been calculated.

2) Default claims are measured as a percentage of prior years loans in repayment as calculated by the Department of Education (ED). A guarantee agency's percentage in excess of 5 percent, as established by ED, would "trigger" a reduction in the reinsurance rate paid to guarantee agencies for the reimbursement of claims. If default claims exceed 9 percent, an additional reduction in reinsurance is triggered.

The cohort default rate of HESC-guaranteed federal loans rose to 5.6 percent, slightly higher than the national rate. This trend will likely improve once the best practices revealed in HESC's Default Prevention Grant program are disseminated.

Table 6
Collection Activities on Defaulted Loans

| | State Fiscal Year (\$ thousands) | | | | |
|--|----------------------------------|------------------|------------------|------------------|-----------------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> |
| Outstanding Balance of Defaulted Loans | \$1,551,728 | \$1,468,997 | \$1,516,693 | \$2,137,086 (1) | \$2,247,425 (1) |
| Regular Collections | \$134,508 | \$138,064 | \$137,015 | \$137,276 | \$149,252 |
| Amount Consolidated | \$142,897 | \$238,087 | \$190,555 | \$144,543 | \$85,373 |
| Amount Rehabilitated | \$9,686 | \$9,295 | \$28,078 | \$136,400 | \$181,401 |
| Total Collected | \$287,091 | \$385,446 | \$355,648 | \$418,219 | \$416,026 |

NOTE: The Collection, Consolidated and Rehabilitated amounts include principal, interest and collection fees.

(1) As of 2006-07, this balance includes both principal and interest versus just principal in prior years (\$574,901,844 in 2006-2007 and \$584,586,521 in 2007-2008). This amount is more representative of the portfolio balance we are attempting to collect.

| Corresponding Revenue to NYSHESC | | | | | |
|----------------------------------|----------|----------|----------|----------|-----------|
| Revenue Collections | \$31,786 | \$31,979 | \$31,958 | \$32,043 | \$29,546 |
| Revenue Consolidated | \$22,444 | \$37,384 | \$29,703 | \$19,017 | \$7,172 |
| Revenue Rehabilitated | \$1,742 | \$2,356 | \$8,470 | \$40,998 | \$65,045 |
| Total Collection Related Revenue | \$55,972 | \$71,719 | \$70,131 | \$92,058 | \$101,763 |

Note: Accounts that are consolidated or rehabilitated are no longer in default and have been returned to repayment.

**HESC collected more than \$416 million
in recoveries on defaulted loans.
The resulting nearly \$101.8 million in revenue
represented an 11 percent one-year increase.**

Table 7
Tuition Assistance Program Recipients and Expenditures

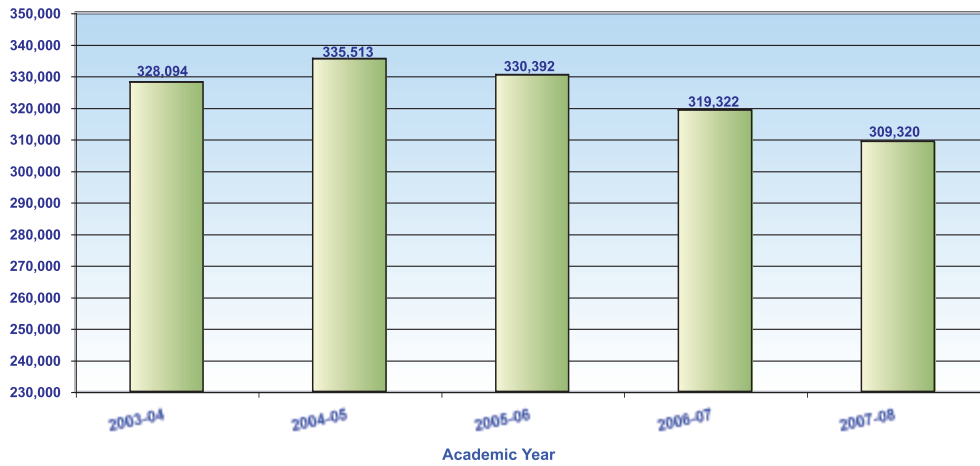
by Level of Study (1)

| <u>Level of Study</u> | <u>Academic Year</u> | | | | <u>Estimated</u> |
|--------------------------------|---|----------------|----------------|----------------|------------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> |
| | Annual Average Recipients (FTE) | | | | |
| Undergraduate | 320,440 | 327,436 | 322,339 | 311,376 | 301,860 |
| Graduate | 7,654 | 8,077 | 8,053 | 7,946 | 7,460 |
| TOTAL | 328,094 | 335,513 | 330,392 | 319,322 | 309,320 |
| Percent Change from Prior Year | 5.0% | 2.3% | -1.5% | -3.4% | -3.1% |
| | Annual Expenditures (\$ thousands) | | | | |
| Undergraduate | 842,554 | 871,337 | 859,668 | 824,354 | 791,890 |
| Graduate | 2,912 | 3,093 | 3,176 | 3,135 | 2,910 |
| TOTAL | 845,466 | 874,430 | 862,844 | 827,489 | 794,800 |
| Percent Change from Prior Year | 16.4% | 3.4% | -1.3% | -4.1% | -4.0% |
| | Annual Expenditures Per Annual Average Recipient | | | | |
| Undergraduate | \$2,629 | \$2,661 | \$2,667 | \$2,647 | \$2,623 |
| Graduate | 380 | 383 | 394 | 395 | 390 |
| All | \$2,577 | \$2,606 | \$2,612 | \$2,591 | \$2,570 |
| Percent Change from Prior Year | 10.9% | 1.1% | 0.2% | -0.8% | -0.8% |

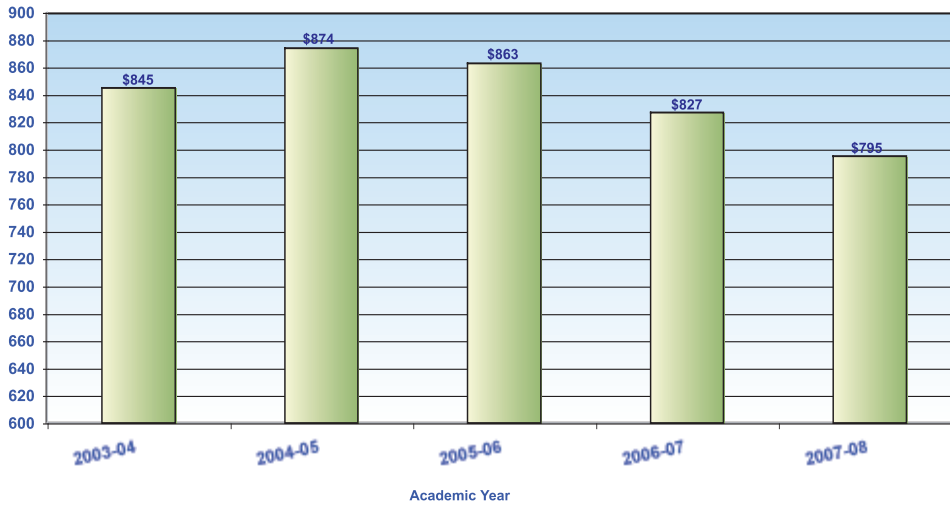
(1) Data are as of Aug. 1, 2008.

The Tuition Assistance Program (TAP) retained its status as the largest state-sponsored student grant program in the nation, awarding nearly \$795 million through more than 309,000 annual full-time equivalent (FTE) awards (\$2,570 average award).

Total TAP Recipients (FTE's)



Total TAP Dollars (\$ millions)



The TAP program has provided more than \$4.2 billion through 1.6 million FTE awards the past five years.

Table 8 Tuition Assistance Program Recipients

by Level of Study and Type of Institution (1)

| <u>Level of Study/Type of Institution</u> | Academic Year | | | | |
|---|---------------------------------|----------------|----------------|----------------|----------------|
| | Annual Average Recipients (FTE) | | | | |
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> |
| Undergraduate: | | | | | |
| City University | | | | | |
| Senior Colleges | 41,463 | 43,413 | 44,511 | 43,990 | 44,260 |
| Community Colleges | 20,562 | 21,131 | 20,619 | 19,066 | 19,270 |
| CUNY TOTAL | 62,025 | 64,544 | 65,130 | 63,056 | 63,530 |
| State University | | | | | |
| State Operated | | | | | |
| State Operated | 72,308 | 72,987 | 73,061 | 72,305 | 69,490 |
| Community Colleges | 52,367 | 55,147 | 53,801 | 53,325 | 53,570 |
| SUNY TOTAL | 124,675 | 128,134 | 126,862 | 125,630 | 123,060 |
| Independent Colleges | 96,263 | 94,330 | 91,835 | 88,910 | 84,540 |
| Proprietary Degree-Granting Institutions | 33,561 | 37,060 | 35,401 | 30,972 | 28,670 |
| Nondegree Business Schools | 3,161 | 2,636 | 2,402 | 2,070 | 1,920 |
| All Other Institutions | 755 | 732 | 709 | 738 | 140 |
| UNDERGRADUATE TOTAL | 320,440 | 327,436 | 322,339 | 311,376 | 301,860 |
| Graduate: | | | | | |
| City University | | | | | |
| City University | 569 | 616 | 611 | 530 | 500 |
| State University | | | | | |
| State University | 2,897 | 2,882 | 2,893 | 2,826 | 2,790 |
| Independent Colleges | | | | | |
| Independent Colleges | 4,188 | 4,579 | 4,550 | 4,590 | 4,170 |
| GRADUATE TOTAL | 7,654 | 8,077 | 8,054 | 7,946 | 7,460 |
| GRAND TOTAL | 328,094 | 335,513 | 330,393 | 319,322 | 309,320 |

(1) Data are as of Aug 1, 2008.

TAP provided nearly 302,000 undergraduate and 7,460 graduate full-time equivalent awards in 2007-08, with the number of undergraduate awards continuing a three-year downturn, primarily because of income inflation. Undergraduate awards represented 98 percent of all TAP FTE awards.

The number of TAP full-time equivalent undergraduate awards continued a slight decline for nearly all sectors, while CUNY awards rose slightly (+1 percent).

Tuition Assistance Program (TAP) Recipients by Sector

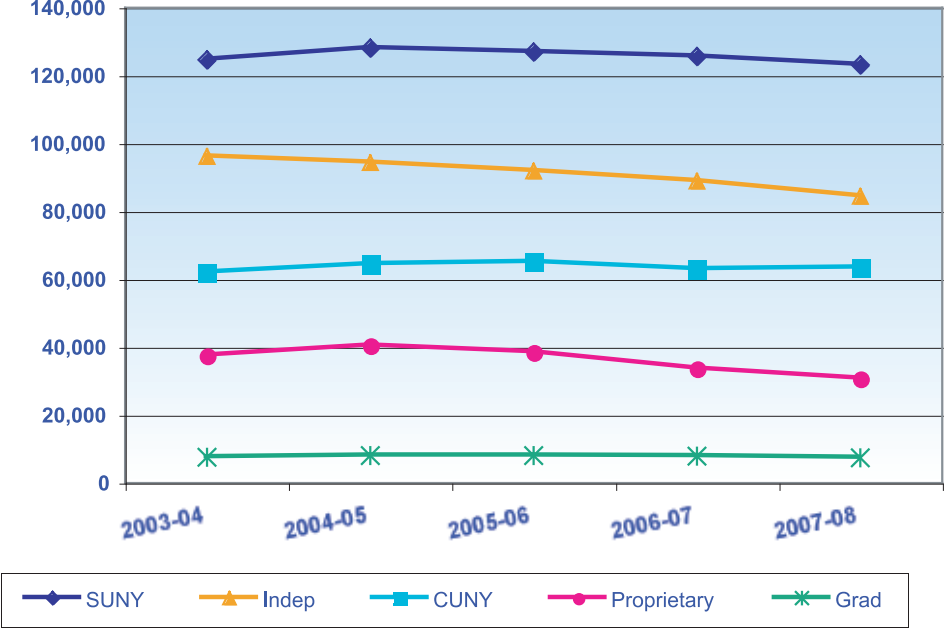


Table 9
Tuition Assistance Program Expenditures

by Level of Study and Type of Institution (1)

| <u>Level of Study/Type of Institution</u> | <u>Academic Year (\$ thousands)</u> | | | | <u>Estimated</u> |
|---|-------------------------------------|----------------|----------------|----------------|------------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> |
| Undergraduate: | | | | | |
| City University | | | | | |
| Senior Colleges | \$124,137 | \$130,545 | \$132,118 | \$129,837 | \$129,330 |
| Community Colleges | \$47,670 | \$48,863 | \$47,477 | \$43,340 | \$42,580 |
| CUNY TOTAL | \$171,807 | \$179,408 | \$179,595 | \$173,177 | \$171,910 |
| State University | | | | | |
| State Operated | \$162,815 | \$166,339 | \$166,416 | \$165,167 | \$159,350 |
| Community Colleges | \$84,521 | \$93,739 | \$96,512 | \$98,065 | \$100,660 |
| SUNY TOTAL | \$247,336 | \$260,078 | \$262,928 | \$263,232 | \$260,010 |
| Independent Colleges | \$274,251 | \$270,887 | \$262,768 | \$253,820 | \$238,650 |
| Proprietary Degree-Granting Institutions | \$132,947 | \$147,406 | \$141,799 | \$123,019 | \$112,620 |
| Nondegree Business Schools | \$14,304 | \$11,696 | \$10,750 | \$9,201 | \$8,360 |
| All Other Institutions | \$1,909 | \$1,862 | \$1,828 | \$1,905 | \$340 |
| UNDERGRADUATE TOTAL | \$842,554 | \$871,337 | \$859,668 | \$824,354 | \$791,890 |
| Graduate: | | | | | |
| City University | \$212 | \$247 | \$243 | \$212 | \$180 |
| State University | \$1,126 | \$1,110 | \$1,138 | \$1,140 | \$1,120 |
| Independent Colleges | \$1,574 | \$1,736 | \$1,795 | \$1,783 | \$1,610 |
| GRADUATE TOTAL | \$2,912 | \$3,093 | \$3,176 | \$3,135 | \$2,910 |
| GRAND TOTAL | \$845,466 | \$874,430 | \$862,844 | \$827,489 | \$794,800 |

(1) Data are as of Aug. 1, 2008.

Almost \$795 million awarded through TAP was divided nearly equally between public and nonpublic sectors of higher education, with the public sector receiving 55 percent of the dollars.

Table 10
Tuition Assistance Program Recipients

by Dependency Status and Sector (1)

| <u>Sector</u> | Academic Year | | | | Estimated | |
|------------------------------------|----------------------|----------------|----------------|----------------|------------------|------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> | |
| | | | | | Number | % of Total |
| <u>Independent Students</u> | | | | | | |
| CUNY | 21,854 | 23,789 | 22,576 | 19,441 | 18,319 | 5.0% |
| SUNY | 33,266 | 33,132 | 32,699 | 31,246 | 30,085 | 8.1% |
| Independent | 25,181 | 24,865 | 23,769 | 22,120 | 21,317 | 5.8% |
| Other (2) | 24,194 | 25,718 | 24,247 | 21,289 | 19,349 | 5.2% |
| SUBTOTAL | 104,495 | 107,504 | 103,291 | 94,096 | 89,070 | 24.1% |
| (as % of total) | 27.1% | 27.2% | 26.5% | 24.9% | 24.1% | |
| <u>Dependent Students</u> | | | | | | |
| CUNY | 57,309 | 59,244 | 61,412 | 62,226 | 64,250 | 17.4% |
| SUNY | 115,208 | 119,405 | 118,965 | 119,230 | 118,135 | 31.9% |
| Independent | 86,600 | 85,746 | 83,535 | 81,584 | 79,169 | 21.4% |
| Other (2) | 22,261 | 23,417 | 22,572 | 20,462 | 19,263 | 5.5% |
| SUBTOTAL | 281,378 | 287,812 | 286,484 | 283,502 | 280,817 | 75.9% |
| (as % of total) | 72.9% | 72.8% | 73.5% | 75.1% | 75.9% | |
| <u>All Students</u> | | | | | | |
| CUNY | 79,163 | 83,033 | 83,988 | 81,667 | 82,569 | 22.3% |
| SUNY | 148,474 | 152,537 | 151,664 | 150,476 | 148,220 | 38.5% |
| Independent | 111,781 | 110,611 | 107,304 | 103,704 | 100,486 | 27.2% |
| Other (2) | 46,455 | 49,135 | 46,819 | 41,751 | 38,612 | 11.1% |
| TOTAL | 385,873 | 395,316 | 389,775 | 377,598 | 369,887 | 100.0% |

(1) Recipients are those who received at least one term award. Data are as of Aug. 1, 2008.

(2) Includes degree and non-degree nursing and proprietary schools, other non-degree schools, and the Regents College.

Nearly 370,000 individual students received TAP grants, with almost 76 percent of them being financially dependent on their parents, continuing a five-year trend of increases in the dependent-student category.

Table 11
Aid for Part-Time Study (APTS) Program Recipients

| | By Type of Institution | | | | |
|----------------------|------------------------|----------------|----------------|----------------|-----------------------|
| | Academic Year | | | | |
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> |
| CUNY 4-Year | 6,543 | 6,558 | 6,405 | 7,869 | 7,099 |
| CUNY 2-Year | 4,875 | 5,412 | 4,807 | 5,771 | 5,098 |
| CUNY TOTAL | 11,418 | 11,970 | 11,212 | 13,640 | 12,197 |
| SUNY 4-Year | 1,155 | 1,096 | 1,080 | 910 | 971 |
| SUNY 2-Year | 6,723 | 6,467 | 6,316 | 5,761 | 5,482 |
| SUNY TOTAL | 7,878 | 7,563 | 7,396 | 6,671 | 6,453 |
| Independent Colleges | 2,163 | 2,243 | 2,091 | 2,051 | 1,841 |
| Degree Proprietary | 316 | 295 | 349 | 386 | 402 |
| GRAND TOTAL | 21,775 | 22,071 | 21,048 | 22,748 | 20,893 |

Nearly 21,000 students received awards through the Aid for Part-Time Program, a decline of 8 percent, with increases registered by the degree-granting proprietary college and SUNY four-year college sectors.

Table 12
Aid for Part-Time Study (APTS)
Actual Expenditures for Reimbursement of Awards

| | Academic Year (\$ thousands) | | | | |
|----------------------|-------------------------------------|----------------|----------------|----------------|----------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | 2007-08 |
| CUNY 4-Year | \$2,346.6 | \$2,326.8 | \$2,230.8 | \$2,483.2 | \$2,377.9 |
| CUNY 2-Year | \$1,811.4 | \$1,956.3 | \$1,786.9 | \$1,849.3 | \$1,779.3 |
| CUNY TOTAL | \$4,158.0 | \$4,283.1 | \$4,017.7 | \$4,332.5 | \$4,157.2 |
| SUNY 4-Year | \$1,124.0 | \$1,143.4 | \$1,050.2 | \$990.8 | \$1,085.4 |
| SUNY 2-Year | \$5,028.7 | \$5,034.9 | \$5,018.4 | \$4,818.4 | \$4,805.8 |
| SUNY TOTAL | \$6,152.7 | \$6,178.3 | \$6,068.6 | \$5,809.2 | \$5,891.2 |
| Independent Colleges | \$2,094.1 | \$2,144.4 | \$1,913.3 | \$1,886.3 | \$1,669.6 |
| Degree Proprietary | \$225.2 | \$197.0 | \$248.3 | \$304.5 | \$313.6 |
| GRAND TOTAL | \$12,630.0 | \$12,802.8 | \$12,247.9 | \$12,332.5 | \$12,031.6 |

HESC awarded more than \$12 million in APTS grants, with one-year gains by SUNY four-year colleges (+9.5 percent) and degree-granting proprietary colleges (+3 percent).

Table 13
Number of Scholarships and Awards

| | Academic Year | | | | Estimated |
|--|---------------|---------|---------|---------|-----------|
| | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 |
| Scholarships | | | | | |
| Memorial Scholarships for Families of Deceased Firefighters, Police Officers, Peace Officers and Emergency Medical Service Workers | 85 | 81 | 80 | 81 | 72 |
| Regents Health Care Opportunity Scholarship | 94 | 66 | 42 | 39 | 33 |
| Regents Professional Opportunity Scholarship | 574 | 496 | 391 | 459 | 451 |
| Robert C. Byrd Honors Scholarships (1) | 1,679 | 1,667 | 1,592 | 1,533 | 1,559 |
| World Trade Center Memorial Scholarship | 169 | 200 | 206 | 316 | 359 |
| Volunteer Recruitment Service Scholarship | 608 | 607 | 590 | 598 | 593 |
| Scholarships for Academic Excellence | 17,677 | 17,204 | 16,992 | 16,459 | 16,811 |
| Military Service Recognition Scholarship | 0 | 4 | 9 | 11 | 13 |
| Senator Patricia K. McGee Nursing Faculty Scholarship | 0 | 0 | 31 | 28 | 49 |
| Flight 587 Memorial Scholarship | 0 | 0 | 15 | 15 | 17 |
| NYS Math & Science Teaching Incentive Scholarship | 0 | 0 | 0 | 163 | 245 |
| SUBTOTAL | 20,886 | 20,325 | 19,948 | 19,702 | 20,202 |
| Awards | | | | | |
| Aid for Part-Time Study | 21,775 | 22,071 | 21,048 | 22,748 | 20,893 |
| Regents Awards for Children of Deceased and Disabled Veterans | 538 | 525 | 411 | 427 | 398 |
| Regents Physician Loan Forgiveness Program | 113 | 80 | 80 | 80 | 80 |
| State Loan Repayment (2) | 50 | 0 | 0 | 0 | 0 |
| Vietnam/Persian Gulf Veterans Tuition Awards | 448 | 618 | 836 | 1,121 | 1,244 |
| Loan Forgiveness for Nursing Faculty | 0 | 0 | 19 | 30 | 40 |
| NYS Licensed Social Worker Loan Forgiveness Program | 0 | 0 | 141 | 157 | 138 |
| District Attorney Loan Forgiveness Program | 0 | 0 | 0 | 456 | 422 |
| SUBTOTAL | 22,924 | 23,294 | 22,535 | 25,019 | 23,215 |
| TOTAL | 43,810 | 43,619 | 42,483 | 44,721 | 43,417 |

(1) 100 percent federally-funded program.

(2) 50 percent federally-funded and 50 percent state-funded program.

**HESC awarded more than
 43,400 special awards and scholarships
 through 18 programs.**

Table 14
Amount of Scholarships and Awards

| | Academic Year (\$ thousands) | | | | |
|--|-------------------------------------|-----------------|-----------------|-----------------|------------------------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>Estimated 2007-08</u> |
| Scholarships | | | | | |
| Memorial Scholarships for Families of Deceased Firefighters, Police Officers, Peace Officers and Emergency Medical Service Workers | \$925 | \$955 | \$982 | \$963 | \$877 |
| Regents Health Care Opportunity Scholarship | 925 | 650 | 415 | 380 | 330 |
| Regents Professional Opportunity Scholarship | 2,039 | 1,805 | 1,498 | 1,612 | 1,551 |
| Robert C. Byrd Honors Scholarships (1) | 2,469 | 2,479 | 2,361 | 2,257 | 2,294 |
| World Trade Center Memorial Scholarship | 1,663 | 2,167 | 2,514 | 3,753 | 4,573 |
| Volunteer Recruitment Service Scholarship | 1,610 | 1,667 | 1,781 | 1,737 | 1,771 |
| Scholarships for Academic Excellence | 12,596 | 12,568 | 12,415 | 12,093 | 11,924 |
| Military Service Recognition Scholarship | 0 | 38 | 77 | 126 | 171 |
| Senator Patricia K. McGee Nursing Faculty Scholarship | 0 | 0 | 372 | 366 | 657 |
| Flight 587 Memorial Scholarship | 0 | 0 | 147 | 137 | 214 |
| NYS Math & Science Teaching Incentive Scholarship | 0 | 0 | 0 | 702 | 1,058 |
| SUBTOTAL | \$22,227 | \$22,329 | \$22,562 | \$24,126 | \$25,420 |
| Awards | | | | | |
| Aid for Part-Time Study | \$12,630 | \$12,803 | \$12,248 | \$12,332 | \$12,032 |
| Regents Awards for Children of Deceased and Disabled Veterans | 211 | 209 | 180 | 170 | 154 |
| Regents Physician Loan Forgiveness Program | 1,130 | 800 | 800 | 800 | 800 |
| State Loan Repayment (2) | 800 | 0 | 0 | 0 | 0 |
| Vietnam/Persian Gulf Veterans Tuition Awards | 598 | 863 | 1,484 | 1,748 | 1,895 |
| Loan Forgiveness for Nursing Faculty | 0 | 0 | 158 | 187 | 275 |
| NYS Licensed Social Worker Loan Forgiveness Program | 0 | 0 | 803 | 992 | 858 |
| District Attorney Loan Forgiveness Program | 0 | 0 | 0 | 1,541 | 1,425 |
| SUBTOTAL | \$15,369 | \$14,675 | \$15,673 | \$17,770 | \$17,439 |
| TOTAL | \$37,596 | \$37,004 | \$38,235 | \$41,896 | \$42,859 |

(1) 100 percent federally-funded program.

(2) 50 percent federally-funded and 50 percent state-funded program.

HESC awarded more than \$17 million in special awards and more than \$25 million in scholarships. Overall, nearly \$43 million was awarded, almost \$1 million more than the prior year.

Table 15
Loans, Grants and Scholarships Administered by HESC (1)

| | State Fiscal Year (\$ thousands) | | | | |
|-------------------------------------|----------------------------------|--------------------|--------------------|--------------------|-----------------------|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>2007-08</u> |
| Loans | | | | | |
| Federal Consolidation Loans | \$2,531,563 | \$3,545,106 | \$4,734,088 | \$1,626,774 | \$467,727 |
| Federal PLUS Loans | 408,478 | 465,490 | 569,451 | 685,798 | 708,323 |
| Federal Stafford Loans | 1,101,414 | 1,128,593 | 1,134,971 | 1,226,648 | 1,373,761 |
| Unsubsidized Federal Stafford Loans | 917,907 | 959,398 | 1,003,352 | 1,055,922 | 1,128,986 |
| TOTAL | \$4,959,362 | \$6,098,587 | \$7,441,862 | \$4,595,142 | \$3,678,797 |
| Percent Change from Prior Year | -8.9% | 23.0% | 22.0% | -38.3% | -19.9% |
| Academic Year (\$ thousands) | | | | | |
| Grants and Scholarships | | | | | |
| Tuition Assistance | \$845,466 | \$874,430 | \$862,844 | \$827,489 | \$794,800 |
| Other Grants and Scholarships | 37,596 | 37,004 | 38,235 | 41,896 | 42,859 |
| TOTAL | \$883,062 | \$911,434 | \$901,079 | \$869,385 | \$837,659 |
| Percent Change from Prior Year | 15.7% | 3.2% | -1.1% | -3.5% | -3.6% |
| GRAND TOTAL | \$5,842,424 | \$7,010,021 | \$8,342,941 | \$5,464,527 | \$4,516,456 |
| Percent Change from Prior Year | -5.8% | 20.0% | 19.0% | -34.5% | -17.4% |

(1) Loan data are as of March 31, 2008; grant and scholarship data are as of Aug. 1, 2008.

In total, HESC awarded or guaranteed more than \$4.5 billion in all forms of student financial aid, with federal loan guarantees comprising 81 percent of the total.

Table 16
Applications Received and Processed

| | For Each Academic Year | | | | |
|--------------------------------------|------------------------|----------------|----------------|----------------|--|
| | <u>2003-04</u> | <u>2004-05</u> | <u>2005-06</u> | <u>2006-07</u> | <u>Estimated</u> <u>2007-08</u> |
| <u>Received and Processed</u> | | | | | |
| Federal Consolidation Loans | 87,000 | 157,000 | 190,000 | 75,000 | 12,000 |
| Federal PLUS Loans | 37,100 | 41,000 | 47,000 | 52,000 | 52,500 |
| Federal Stafford Loans (1) | 488,900 | 506,000 | 505,000 | 530,000 | 551,000 |
| LOAN TOTAL | 613,000 | 704,000 | 742,000 | 657,000 | 615,500 |
| Percent Change from Prior Year | 3.7% | 14.8% | 5.4% | -11.5% | -6.3% |
| GRANT AND SCHOLARSHIP | | | | | |
| TOTAL | 606,620 | 622,000 | 613,000 | 610,000 | 616,000 |
| Percent Change from Prior Year | 6.0% | 2.5% | -1.4% | -0.5% | 1.0% |

(1) Includes subsidized and unsubsidized federal Stafford loans.

HESC processed 1.23 million aid applications,
with nearly identical numbers processed
for loans as for grants and scholarships.

Table 17
New York's 529 College Savings Program

| <u>Calendar Year (1)</u> | <u>Account Volume</u> | <u>Number of Accounts</u> | <u>Average Balance</u> |
|--------------------------|-----------------------|-------------------------------|------------------------|
| 2003 | \$2,263,361,593 | 268,621 | \$8,426 |
| 2004 | \$3,448,669,582 | 345,803 | \$9,973 |
| 2005 | \$4,603,862,000 | 413,731 | \$11,128 |
| 2006 | \$5,344,673,659 | 461,466 | \$11,582 |
| 2007 | \$7,898,434,026 | 571,817 | \$13,813 |
| 2008 | \$8,014,302,141 | 591,298 | \$13,554 |

New York's 529 College Savings Program includes two separate 529 plans with Program Manager, Upromise Investments, Inc: the *Direct Plan*, with investment management and offerings through the Vanguard Group; and, the *Advisor Plan*, with investment management and offerings through Bank of America's Columbia Management Group.

With its federal and state tax advantages and flexibility, New York's 529 College Savings Program, one of the best nationwide, is helping to make higher education possible for future college students.

New York's 529 College Savings Program has teamed with Upromise Rewards, a service that returns a percentage of everyday purchases at America's leading companies into money for college. Since December, 2003, more than \$21 million has been transferred into 529 accounts.

(1) 2003 through 2007 amounts represent year-end figures as of Dec. 31 of each respective year.

2008 amounts are as of Aug. 1, 2008.

The program was launched on Sept. 28, 1998.

**New York's 529 College Savings Program, co-administered by HESC and the state comptroller,
 added more than 19,000 accounts over the prior year (+3.4 percent).**

Deposits in New York State's 529 College Savings Program grew by nearly \$116 million over the prior year to top \$8 billion.

College Savings Program Account Volume (\$ millions)

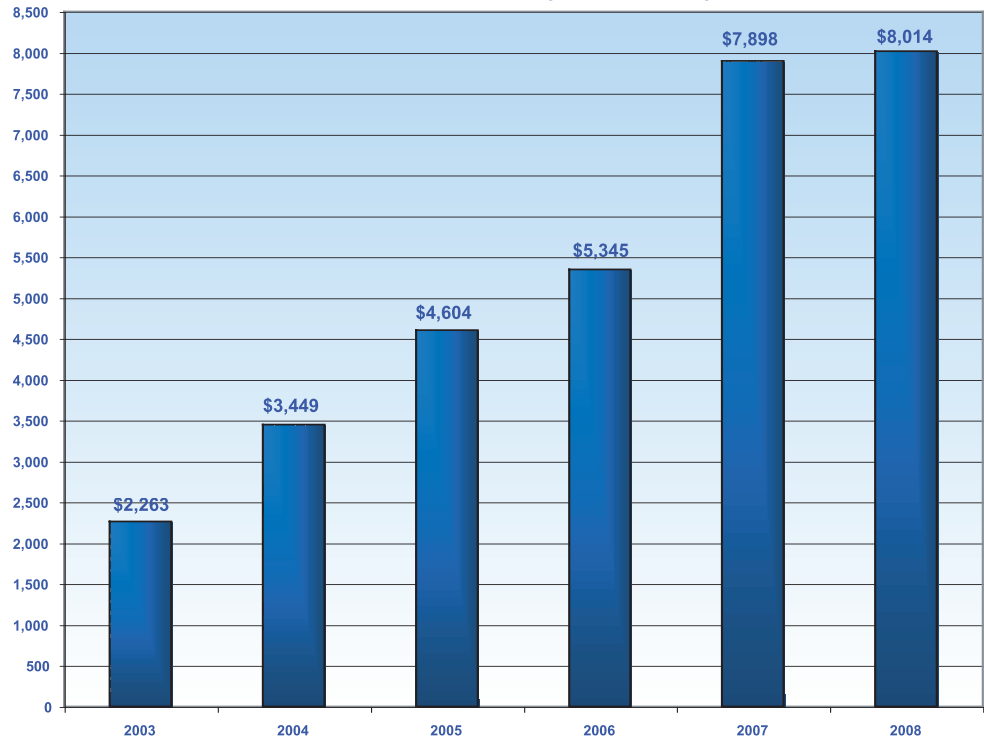


Table 18
New York's 529 College Savings Program Qualified Withdrawals

| <u>Calendar Year (1)</u> | <u>Program Amount</u> |
|--------------------------|-----------------------|
| 2002 | \$40,496,459 |
| 2003 | 58,461,787 |
| 2004 | 108,675,174 |
| 2005 | 167,104,719 |
| 2006 | 235,593,949 |
| 2007 | 316,586,669 |
| 2008 (2) | 184,501,708 |
| Total | \$1,111,420,465 |

(1) 2002 through 2007 are year-end figures.

(2) 2008 amounts as of Aug. 1, 2008

Over the last seven years,
New York's 529 College Savings Program
 has disbursed more than \$1.1 billion,
 with calendar year 2007 reflecting an
 increase in disbursements of more than
 \$80 million (+34 percent) from the prior year.

Table 19
GEAR UP⁽¹⁾ Students in New York — 2007-08

Data is from September 1, 2007 through August 31, 2008

| <u>State Sites- NYGEAR UP - HESC</u> | <u>Students Served</u> |
|---|------------------------|
| Albany City School District | 931 |
| CUNY Brooklyn | 935 |
| Jamestown Community College | 536 |
| Long Island University - Brooklyn Campus | 527 |
| New Rochelle City School District | 400 |
| Rochester Institute of Technology | 586 |
| Rome City School Districts | 443 |
| St. John's University | 365 |
| SUNY Cobleskill | 485 |
| Syracuse University | 2,070 |
| Yonkers City Schools | 934 |
| <i>Total Students served by NYGEAR UP</i> | 8,212 |
| <u>Federal GEAR UP Sites</u> | |
| Research Foundation SUNY at Binghamton | 905 |
| CUNY - Lehman College | 3,410 |
| Dowling College | 123 |
| St. John's University | 327 |
| SUNY Cobleskill | 480 |
| CUNY- MGI GEAR UP | 1,000 |
| Discovery Insitute at CUNY College of Staten Island | 772 |
| Syracuse University | 3,400 |
| <i>Total Students served by Federal GEAR UP</i> | 10,417 |
| GRAND TOTAL - ALL GEAR UP STUDENTS IN NEW YORK | 18,629 |

Data from NYGEAR UP 2007-2008 Annual Performance Report

(1) Gaining Early Awareness and Readiness for Undergraduate Programs

During the third year of its six-year \$21 million federal GEAR UP grant, HESC and its partners served more than 8,200 at-risk students. HESC coordinated services with federal GEAR UP sites in the state serving more than 10,400 additional students.



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