

POSTSECONDARY EDUCATION

REPORT 2020



BND 
Bank of North Dakota

President's Letter

As students and parents faced challenges in 2020, Bank of North Dakota (BND) responded with a financial literacy contest, an expanded online offering of college fairs and career preparation information, new student loan software, and the introduction of a loan option for state-based certificate programs.

On March 24, 2020, BND implemented six-month deferments on student loan payments upon request; 34% of borrowers in repayment chose this option. Variable rate borrowers were benefiting from extremely low interest rates, so we addressed the issue for fixed rate borrowers with a 1% interest rate reduction. This impacted 31,000 borrowers and reduced the interest paid for those borrowers currently in repayment by an average of \$6,400 over the life of the loan.

We took advantage of students spending more time online for their classroom activities by offering the College SAVE EVERFI Financial Bee, an opportunity for students in grades 7-12 to complete financial literacy activities for a chance to win scholarships. We were thrilled with the results; more than 4,000 students participated.

It was apparent by June that normal fall outreach activities to high schools would need to look differently, and our team rose to the challenge. We partnered with the Dakota Association of College Admission Counseling – North Dakota to create an online college fair experience. We were able to expand the use of the site to include online webinars,



College Application Month participation, and videos to assist residents with plans for life after high school. Again, we were pleased with the results. More than 4,100 students and parents participated in some aspect of the site, **careercompass.nd.gov**.

At BND, we realize that postsecondary education is not the road taken by at least half of North Dakota's high school seniors. To address that reality, we modified our educational materials to mirror the North Dakota Department of Public Instruction's efforts encouraging students to be career-ready, military-ready or college-ready.

The new student loan software went live the first week of September. It allows borrowers more control with setting payment options, a 24/7 payment-by-phone option and cosigner protections. We continue to address issues as



they arise and appreciate the understanding and loyalty demonstrated by our customers while we resolve them.

Finally, stakeholders made us aware of the challenges students in certificate programs face when financing their education. As a pilot, we introduced the Career Education & Alternative Learning (CEAL) Program which provides loan funds to North Dakota residents and prospective North Dakota residents pursuing career education through training programs and certifications. At this point, only one school, the Emerging Digital Academy out of Fargo, North Dakota, has met the requirements to participate in this program.

College SAVE accounts continue to grow and hit a record at the end of 2020 with nearly 37,000 accounts having over \$250 million in assets. The new tagline, "My Pride and Joy" was introduced, and a photo contest for College SAVE account owners sharing pictures of the children returning to school brought in nearly 1,000 entries.

Much of the success of our programs and efforts is due to the strong partnerships we've created with our state colleges and high schools, and their staff members. Thanks to their input we continue to expand and focus our student loan and outreach programs.

Eric Hardmeyer

Eric Hardmeyer
President and Chief Executive Officer



**“It’s not what you achieve, it’s what
you overcome.
That’s what defines your career.”**

- Carlton Fisk

BND Educational Partners and Outreach Activities

- Blue Cross Blue Shield
- CHI St. Alexius
- Choice Financial Junior Bank Board
- Community Action
- DECA
- Dollars for Scholars Chapters
- Economic Development Association of North Dakota
- FBLA
- Financial Advisers
- High School Teachers and Counselors
- Jump\$tart
- Junior Achievement
- KX News Station
- Marketplace for Kids
- Missouri River Area Career and Technical Center
- North Dakota Home School Association
- Community Libraries
- North Dakota Private Colleges and Programs
- North Dakota State Government Agencies
 - Department of Agriculture
 - Department of Career & Technical Education
 - Department of Commerce
 - Department of Health
 - Department of Public Instruction
 - Indian Affairs Commission
 - Information Technology Department
 - Job Service ND
 - Office of Attorney General
 - Office of State Tax Commissioner
 - Public Employees Retirement System
 - Securities Department
 - State Library
 - UND School of Medicine
 - University System and Individual State Colleges
- North Dakota Associations
 - Dakota Association for College Admission Counseling
 - ND Association of Student Financial Aid Administrators
 - ND Counseling Association
 - ND Dollars for Scholars
 - ND Library Association
 - ND Medical Association
 - ND United

College SAVE

The state's 529 plan, College SAVE, is administered by Bank of North Dakota. Account owners can use funds not only to pay for college-related expenses, but also for private and parochial school tuition in grades K-12 and approved apprenticeship programs. Funds can even be used to repay student loan debt.

In 2020, the program introduced its tagline "My Pride and Joy" which was well-received. Television commercials, social media, online video and billboards helped spread the word. As young people headed back to school, College SAVE held a contest, asked account owners to submit photos of their 'pride and joy' and received nearly 1,000 submissions. Mercedes Espeseth received the \$529 contribution to her College SAVE account and another 100 people received \$100 contributions.

The family of every newborn in the state receives information about College SAVE, encouraging them to take advantage of the \$200 New Baby Match before the infant's first birthday. Our thanks to the North Dakota Department of Health for this partnership so we can increase awareness of this important option.

College SAVE had two price reductions for direct-sold customers that resulted in a 9% decrease in fees. This decrease, joined by an initial decrease several years ago, resulted in a total reduction of 58% in fees for those choosing to open their accounts directly through the plan. We also reduced the fees for customers working with financial advisors by 0.01 basis points and continue to see many people seek out expertise offered through this avenue.

There were thousands of new accounts opened for North Dakota residents this year and contributions of nearly \$30 million to the plan. The match program numbers were strong again in 2020 with a combined 1,591 BND and New Baby Matches distributed for \$434,252. These incentives have proven effective. For every match dollar given, account owners have saved over \$28 through New Baby Match and \$11 through the BND Match.

Total Assets by Beneficiary Age (North Dakota Residents)

Age	Funded Accounts	Total Assets
0-4 years old	11,195	\$26,120,933
5-8 years old	9,222	\$51,746,093
9-14 years old	8,338	\$85,831,294
15-18 years old	3,548	\$50,073,639
19 and older	1,881	\$24,829,163
TOTAL	34,184	\$238,601,122



College SAVE EVERFI Financial Bee

There was no better way to teach our North Dakota students in grades 7-12 some financial literacy skills in 2020 than an online financial bee which was held during April.

Sponsored by College SAVE, students could submit an essay for a chance to receive one of two \$529 contributions to a College SAVE account upon completion of modules that discussed topics like budgeting, credit cards and setting financial goals. There were 4,114 unique visits to the landing page with users spending an average of 49 minutes to complete the modules; 425 North Dakota students submitted essays. Our congratulations to Katelyn Tveito of West Fargo and Mackenzie Schoonover of Steele for submitting the winning essays.

These are a few comments from the essay submissions of North Dakota students:

“The National Financial Bee was packed with useful information to help many people with different interests achieve their financial goals. One of the most important pieces of information that can benefit me personally in the module was the 50-20-30 rule. It is a good rule to live by.”

“It helped me understand how to manage money better. Like not wasting too much money now on things that I don’t need as much. As a teenager, there are not a lot of things I need that are not already provided to me. This course helped me realize that I could take a lot of the money that I am earning now, and put it into a savings account, and let it build interest. Then when I need that money for things that are more important, I will have it there.”

“I learned more about credit cards. I at first wanted a credit card, but then I realized that there are many things that might affect me later on in life such as credit score and interest. I would also need to think before I purchase, so I don’t end up owing more money than I can pay back. Credit cards may be useful, but there aren’t many reasons kids should have one before they know what happens when you buy something with a credit card.”

Student Loans

The Bank was concerned in the early stages of the pandemic for our student loan borrowers. On March 24, 2020, we announced two programs to assist borrowers in repayment. Student loan deferrals on six months or more of payments were granted for 8,899 borrowers, about 34% of the student loan portfolio in repayment. In addition, borrowers with a fixed interest rate were given a 1% reduction in their rate. This benefited 34,000 borrowers in our portfolio, and will help them save on average, \$6,400 in interest expense over the course of their loan.

The student loan portal was upgraded September 1, 2020. The new portal allows customers to set up payments monthly, weekly or biweekly to fit what works best for them and allows more options for payment allocation. Cosigners can set up automatic payments that only pull if the borrower misses a payment. A 24/7 payment-by-phone option is also available.

Our stakeholders identified a gap in the student loan arena: students participating in certificate programs that are not based in a college setting did not have access to student loans. In response, BND developed the Career Education & Alternative Learning (CEAL) Program that provides loan funds to cover the cost of attendance, fees, supplies, room and board, transportation and other educational expenses authorized by the institution.

Before being accepted as a certificate program, the school will undergo a thorough review by BND's Investment Committee. The program must be an approved licensed institution operating in North Dakota. The maximum loan amount is

\$25,000. North Dakota residents and students who will move to North Dakota are eligible for the loan if they meet credit criteria.

Although this year presented challenges for schools and students, BND funded more than \$127 million in loans for students and those requesting to refinance. Our in-school student loan program was stable from last year totaling about \$77 million. We saw almost \$50 million dollars in student loans refinanced this year compared to about \$42 million in 2019. The low interest rates in 2020 likely contributed to the growth in the refinance program.



Career Compass

The pandemic forced a quick pivot amongst education leaders in the state and **careercompass.nd.gov** was the result! The Dakota Association of College Admission Counseling – North Dakota partnered with BND to offer college fairs via the site. The results were excellent with participating students contacting an average of seven colleges each.

The site was expanded to include live and recorded webinars on scholarships, different career tracks, FAFSA and financial literacy. College Application Month was also hosted on the site, along with the College Handbook and BND's video library which has more than 50 videos it has created addressing career and college planning.



BND Outreach Programs



College Application Month

With many high school counselors assigned additional duties related to the pandemic, College Application Month participation decreased this year. There were 151 high schools with 1,791 seniors who submitted applications to a North Dakota college or university. The Bank partnered with college admissions staff to support students virtually in completing their applications.

Financial Literacy Education

In addition to the College SAVE EVERFI Financial Bee, there were financial literacy presentations made to 878 individuals in 34 different organizations. The Bank incorporates financial literacy posts into its social media efforts and website and provides one-on-one education when visiting with student loan customers.

Education Webinars

Webinars for high school counselors were initiated in January and proved to be a timely option to update them during the pandemic. Between March 18 and May 6, nine different presentations related to the impact of COVID on applying for college, mental health and for under-represented and at-risk students were held with up to 150 people registered.

Education Materials

Our printed educational cards were revamped this year to reflect the North Dakota Department of Public Instruction's efforts to ensure preparedness in one of three categories for students in our state: career-ready, military-ready and college-ready. A parent card was also added to the offering as a checklist so parents can initiate discussion and activities with their children at the appropriate times.

GED

BND pays for the first and final exams when residents take their General Educational Development (GED) test. In 2020, the Bank covered the expenses for 507 exams. Numbers were lower this year due to testing sites being closed because of COVID-19.



Scholarships

North Dakota Dollars for Scholars is administered by Bank of North Dakota. In addition to supporting local community chapters with education and funding, the chapter awarded 82 scholarships totaling \$86,250 statewide. There was a record number of applications this year with 1,684 students applying. Scholarship categories include community service, military families and returning college students to name a few. BND also awarded 51 local Dollars for Scholars chapters with \$1,000 each to be used for local scholarships.

Online Resources

We released **careercompass.nd.gov** as a one-stop location for teachers, counselors, students and parents to find information on career and college planning. Why Apply, a site for Native American youth to explore the option of attending college, is also maintained by BND. Weekly webinars were started in the fall and covered many career avenues, financial literacy and the FAFSA.

BND Invests in Education

BND invests in programs that help North Dakotans achieve their postsecondary education goals. Collaboration with local volunteers, high school counselors and college personnel aids in the success of these programs.

Program	Description	2019
College SAVE New Baby Match	Since inception, 8,283 children have received this match. There were 980 newborns who enrolled in 2020.	\$212,665*
College SAVE BND Match	There are 6,943 BND Match accounts; 611 were approved in 2020.	\$221,587*
College SAVE Scholarships	Several statewide initiatives to increase awareness of College SAVE award a contribution to a new or existing account. These include the Summer Reading Challenge, Pride of Dakota, 529 Day and the Picture My Pride and Joy.	\$12,464
College Application Month	There were 151 high schools with 1,791 participants who submitted a college application during the event at their school.	\$55,000
Dual Credit Assistance	A total of 584 high school students on the free and reduced lunch program took 792 courses paid by BND this year.	\$322,542
GED exams	BND pays for the first and final exams when residents take their GED test. In 2020, the Bank covered the expenses of 507 exams.	\$14,050
North Dakota Dollars for Scholars	Eighty-two students received scholarships for the 2020-21 academic year and 51 local chapters received \$1,000 each for local scholarships.	\$137,250
TOTAL		\$975,558

* Actual receipt of a New Baby Match and BND Match funds requires a match from another depositor, typically a family member.



Bank of North Dakota
1200 Memorial Hwy.
P.O. Box 5509
Bismarck, ND 58506-5509

Telephone: 701.328.5600
Toll-free: 800.472.2166
TTY: 800.366.6888

bnd.nd.gov

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