

Budget Unit Brief

FY 2017



College Student Aid Commission

The Iowa College Student Aid Commission (ICSAC) is responsible for overseeing state programs that provide scholarships and grants to students pursuing higher education, help high school students prepare for higher education, and ensure that postsecondary institutions in the state that have students qualifying for state financial aid meet established standards.

The ICSAC provides information for students, parents, financial lending institutions, schools, teachers, and borrowers. Information is provided for academic preparation, planning for and choosing a college, financing for college, tax incentives, assistance with forms and applications, and lender services. The ICSAC administers the federal Gear Up program to prepare low-income and minority children to enter and succeed in postsecondary education. The ICSAC also works in cooperation with the Department of Education and local school districts to provide programs that assist middle and high school students in educational choices and career selection.

The ICSAC oversees state-funded scholarship, grant, and loan forgiveness programs, receiving General Fund appropriations totaling \$60.9 million in FY 2014. The ICSAC also administers or provides direction for a number of federal programs, such as the Pell Grant and the Supplemental Educational Opportunity Grant. This includes developing administrative rules for the programs, establishing and communicating policies to stakeholders, establishing parameters for and evaluating student eligibility, maintaining records and data systems, collecting forgivable loans made to students that do not fulfill service requirements, grant writing, and report filing.

Federal Student Loan Guaranty Agency

The ICSAC serves as the state's guaranty agency for the Federal Family Education Loan Program (FFELP) that was eliminated effective July 1, 2010. The ICSAC continues in the role of guaranty agency for FFELP loans that were outstanding at the time the program was eliminated. The FFELP was a public-private partnership that encouraged banks and other private lenders to provide student loans, while the federal government, through the ICSAC, guaranteed each loan. Students now borrow directly from the U.S. Department of Education through the Direct Loan Program.

As the guaranty agency, the ICSAC used federal dollars to offer default aversion and loan rehabilitation services. When a borrower defaulted or a FFELP loan became dischargeable for other reasons, such as the death or permanent disability of the borrower, the ICSAC used federal dollars to reimburse the lender and then attempted to collect on the defaulted loan. The ICSAC was paid fees from the federal government for these activities.

Effective October 1, 2012, the Commission transferred the FFELP loan portfolio, estimated at \$2.4 billion, to Great Lakes Higher Education Guaranty Corporation. Under the 10-year agreement with Great Lakes, the Commission will receive a portion of annual net collection revenues from the portfolio – an average of 84.0% annually. However, the total amount of collection revenue will decline each year as loans are discharged and the portfolio balance declines. The Commission uses these funds to subsidize the administration of state-funded programs.

Funding

Between FY 2005 and FY 2009, General Fund appropriations for ICSAC administrative costs ranged between \$349,000 and \$391,000. Beginning in FY 2010, the annual appropriations declined over several years to a level of \$233,000 in FY 2012 and FY 2013. Funding in FY 2014 and FY 2015 was \$250,000 annually. The Agency received an FY 2016 increase to \$432,000 to help cover an increase in office rent for FY 2016 and FY 2017.

In addition to a General Fund appropriation, the Commission may use administrative funds provided through federal or private grants and other contractual arrangements for operational support.

More Information

College Student Aid Commission: <http://www.iowacollegeaid.gov/index.html>

Iowa General Assembly: <https://www.legis.iowa.gov/>

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Related Statutes and Administrative Rules

Iowa Code chapter [261](#)
[283](#) Iowa Administrative Code

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