

Projected Impact of Elimination of the Federal Family Education Loan Program

ISSUE

The federal Health Care and Education Reconciliation Act of 2010 ended the Federal Family Education Loan Program (FFELP), and no new FFELP loans will be issued after June 30, 2010. The Iowa College Student Aid Commission received approximately \$14.0 million of its \$14.7 million FY 2010 administrative budget from the various fees associated with the FFELP program and services. With the cessation of FFELP loans, the Commission projects revenues will decline as the currently existing FFELP loans are paid off, beginning with a \$2.7 million decline in FY 2011.

AFFECTED AGENCIES

Iowa College Student Aid Commission

CODE AUTHORITY

Sections 261.35 through 261.44

BACKGROUND

The federal Health Care and Education Reconciliation Act of 2010 took effect on July 1, 2010, and made a number of changes affecting higher education. The Act eliminated the FFELP which directly affects the Iowa College Student Aid Commission. Students will now be directed to the Direct Loan Program to borrow directly from the U.S. Department of Education (USDE) instead of borrowing through banks and private lenders. The Congressional Budget Office projects this change will save the federal government \$68.0 billion over the next 11 years.

The role of the guaranty agency was a central element of the FFELP, and the Iowa College Student Aid Commission was the designated student loan guaranty agency in Iowa. A guaranty agency is a State agency or nonprofit private entity that contracts with the U.S. Department of Education to administer the FFELP for a state. The FFELP is a public-private partnership, established by the Higher Education Act of 1965, to encourage banks and other private lenders to provide the capital necessary for student loans. The federal Program, through the state's guaranty agency, minimizes the risk for the lender by guaranteeing each loan. If the borrower defaults or the loan becomes dischargeable for other reasons, such as the death or permanent disability of the borrower, the guaranty agency reimburses the lender for the student loan. Guaranty agencies also provide program support services, educational resources, counseling, training, and compliance oversight. The Commission collects defaulted FFELP loans for the USDE and offers default aversion and loan rehabilitation services. The Commission is paid fees for these administrative and service activities and uses these revenues to administer the FFELP and subsidize the administration of State Programs.

Federal law requires guaranty agencies to establish two funds: a Student Loan Reserve Fund and an Agency Operating Fund. The Student Loan Reserve Fund contains the reinsurance payments received from the USDE, insurance premiums, and the complement of the reinsurance on recoveries. The Fund is federal property, and the assets may only be used to pay insurance claims and default aversion fees. Recoveries on defaulted loans are deposited in the Agency Operating Fund. The Agency Operating Fund is the guaranty agency's property, and its use is not restricted. General guidelines allow for uses associated with student financial aid (DBRS, 2007:7), and it is this Fund that subsidizes administration of the State student financial aid programs.

The College Student Aid Commission oversees 14 State-funded scholarship, grant, and loan-forgiveness programs funded by General Fund appropriations. (See **Attachment A**) State General Fund appropriations for scholarships, grants, and awards totaled \$57.1 million in FY 2010, and the appropriation for Commission administrative functions totaled \$314,000. The Commission also administers or provides direction for a number of federal programs, such as Pell Grants, the Robert C. Byrd Honors Scholarship, the Educational Training Voucher, and others. The Commission receives administrative support for the Education Training Voucher Program through an agreement with the Iowa Department of Human Services. The Commission also is the recipient of the federal statewide GEAR UP Grant and the federal College Access Challenge Grant. Administrative support of approximately 6.0% is provided for each of these grants. Administration of the State programs involves developing administrative rules for the programs, establishing and communicating policies to stakeholders, establishing student eligibility parameters, 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.

The Commission historically has received State appropriations in the mid-\$300,000 range for administration and covers the remaining costs from revenues to the Agency Operating Fund supported by FFELP. **Chart 1** shows the Commission’s historical estimate for administrative costs for the State-appropriated programs. These estimates are for the 14 State programs and do not include the State-associated programs for college access, financial literacy, and regulation. Since FY 2000, federal revenues have subsidized administrative activities with an annual average of \$504,000 (60.0%) of the administrative costs for these programs.

Chart 1
State Appropriations and Subsidization from Federal Revenues for Administration of State Grant, Scholarship, and Loan Forgiveness Programs

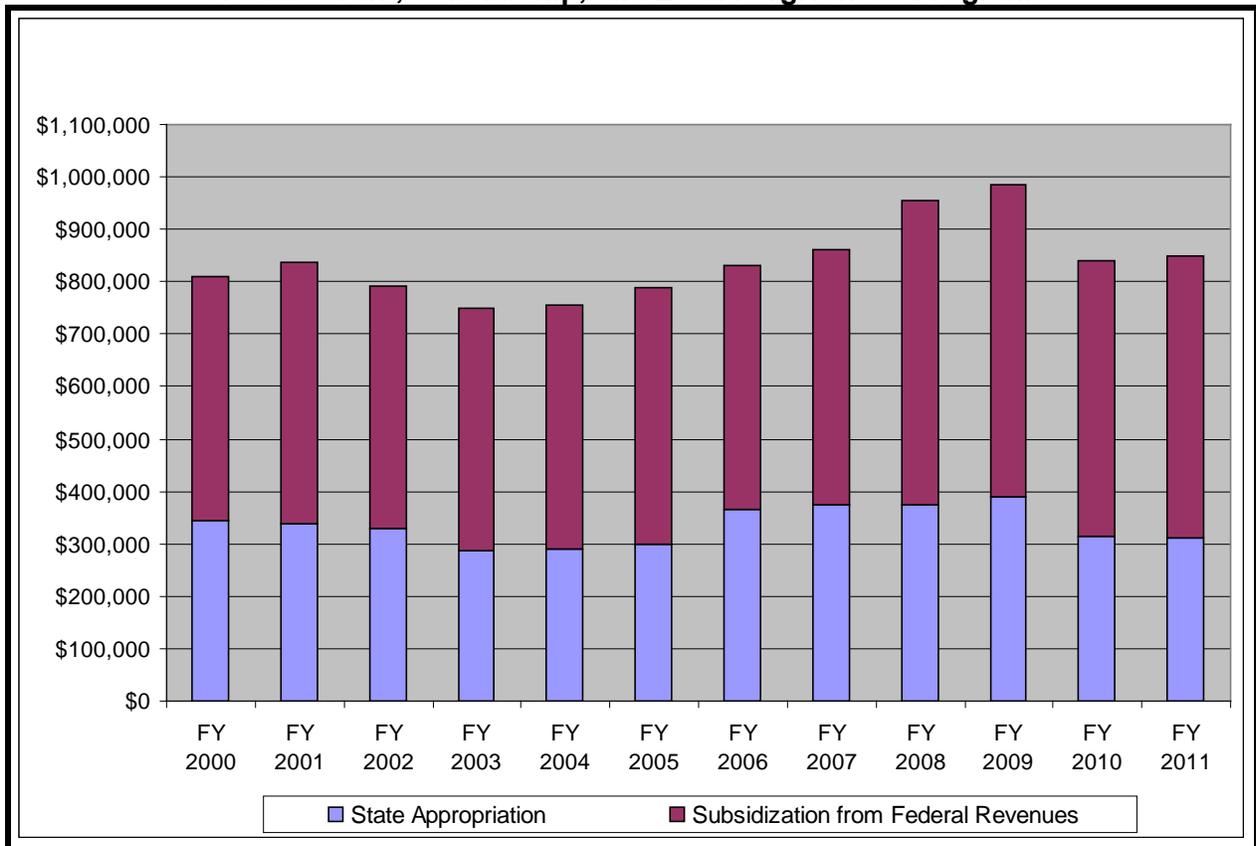


Table 1 shows the FY 2011 budget for administration of the 14 State grant and scholarship programs and for the State-associated programs. The costs are based on estimates of staff time allocated among the programs plus related expenses.

Table 1
Iowa College Student Aid Commission
Estimated FY 2011 Administrative Funding Costs

Program	Estimated Admin. FTEs	Estimated Admin. Costs	Federal Funding for Admin.	Admin. Costs Net of Fed. Funding	FY 2011 State Appropriation
State Appropriated Scholarship and Grant Programs					
Iowa Tuition Grant -- Not-for-Profit	1.30	\$ 129,642	\$ 0	\$ 129,642	\$ 44,013,448
Iowa Tuition Grant -- For-Profit	1.31	130,639	0	130,639	4,650,487
Iowa Vocational-Technical Tuition Grant	1.21	120,667	0	120,667	2,413,959
Iowa Grant	0.51	50,859	0	50,859	848,761
Iowa National Guard Educational Assistance	0.52	51,857	0	51,857	3,186,233
All Iowa Opportunity Scholarship	1.02	101,719	0	101,719	2,403,949
All Iowa Opportunity Foster Care Grant	0.61	60,832	0	60,832	594,383
Iowa Work-Study	0.00	0	0	0	0
Nurse and Nurse Educator Loan	0.50	49,862	0	49,862	86,736
Teacher Shortage Forgivable Loan	0.50	49,862	0	49,862	421,016
Barber and Cosmetology Tuition Grant	0.32	31,912	0	31,912	39,626
Des Moines University Osteopathic Loans	0.40	39,890	0	39,890	79,251
Des Moines University Physician Recruitment	0.20	19,945	0	19,945	270,448
Chiropractic Loan Forgiveness	0.11	10,970	0	10,970	0
Subtotal	<u>8.51</u>	<u>\$ 848,655</u>	<u>\$ 0</u>	<u>\$ 848,655</u>	<u>\$ 59,008,297</u>
State Associated Programs					
I Have a Plan Iowa	8.45	\$ 911,459	\$ 0	\$ 911,459	\$ 0
College Access Challenge Grant	4.45	1,510,128	1,500,000	10,128	0
Financial Literacy	2.20	259,231	0	259,231	0
Postsecondary Registration	0.71	77,672	0	77,672	0
Subtotal	<u>15.81</u>	<u>\$ 2,758,490</u>	<u>\$ 1,500,000</u>	<u>\$ 1,258,490</u>	<u>\$ 0</u>
Total	<u>24.32</u>	<u>\$ 3,607,146</u>	<u>\$ 1,500,000</u>	<u>\$ 2,107,146</u>	<u>\$ 59,008,297</u>
Notes:					
The State appropriation for administration currently funds 3.95 FTEs.					
The Chiropractic Loan Forgiveness Program is funded with revenues from loan repayments.					

The FY 2011 appropriation to the Iowa College Student Aid Commission for administrative operations was \$311,000. Without the revenues from FFELP, the Commission would need an additional \$538,000 to administer the 14 State programs and \$1.3 million for the State associated access, financial literacy, and regulation activities. None of the General Fund appropriations to the 14 State programs was allocated to the Commission for administration.

CURRENT SITUATION

Historically, the revenues from FFELP were adequate to pay for the activities associated with that program plus other functions of the Commission. By the beginning of FFY 2009, the Agency Operating Fund has grown to \$24.3 million. With no more FFELP loans being issued after June 30, 2010, revenues are projected to be less than the costs for providing the required loan services. **Table 2** projects the revenues and expenses for the currently existing FFELP loans. These projections do not include funds used to subsidize other administrative activities by the Commission.

Table 2
Iowa College Student Aid Commission Financial Projections for the
Agency Operating Fund Resulting from Elimination of the FFELP

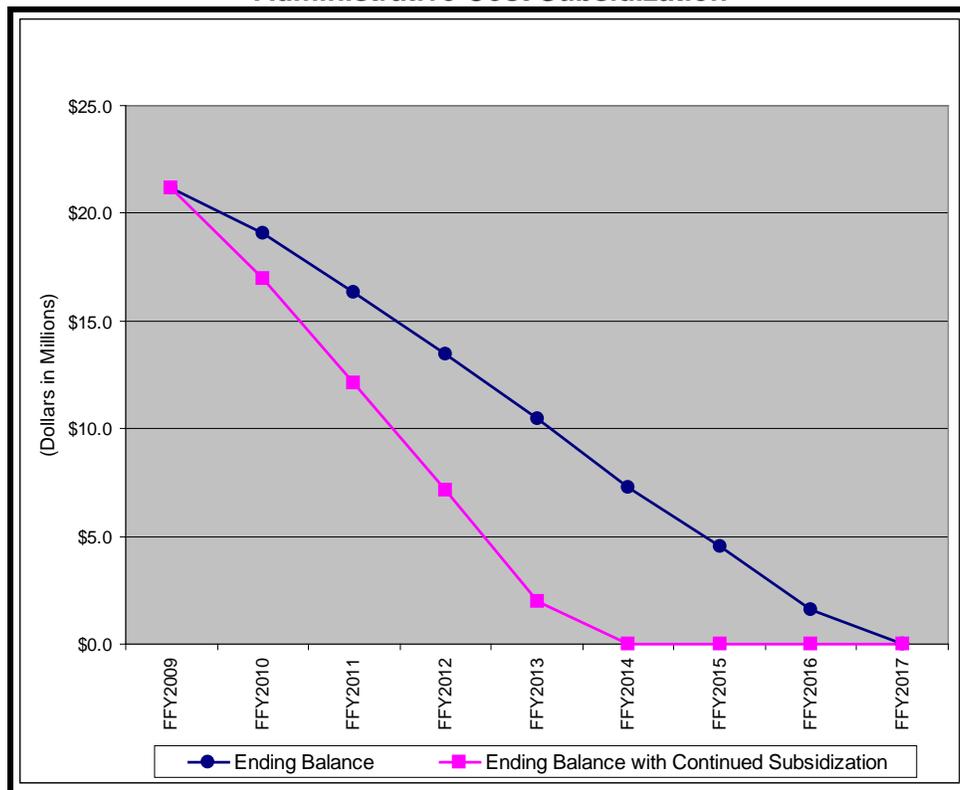
	Actual FFY2009	Projected FFY2010	Projected FFY2011	Projected FFY2012	Projected FFY2013
Revenues					
Loan Processing & Issuance Fee	\$ 2,864,276	\$ 1,380,000	\$ 0	\$ 0	\$ 0
Account Maintenance Fee	2,326,791	2,100,000	1,741,625	1,567,791	1,403,624
Default Collections	11,442,863	11,733,845	12,879,499	13,160,279	13,233,604
Receipts from Loan Rehabilitations	12,864,525	25,000,000	16,235,890	16,589,840	16,682,274
Receipts from FFELP Default Consolidations	0	0	0	0	0
Direct Loan Default Consolidation Retention	2,812,976	2,154,958	2,365,361	2,416,927	2,430,394
Default Aversion Fee	1,507,681	1,460,922	1,211,609	1,090,676	976,469
Investment Earnings	695,685	105,927	95,217	81,757	67,430
Other/Gear Up drawdown	1,980,192	0	0	0	0
Total Revenues	\$ 36,494,990	\$ 43,935,652	\$ 34,529,201	\$ 34,907,270	\$ 34,793,794
Operating Expenses					
Operating Expenses	\$ 13,305,046	\$ 10,632,041	\$ 10,745,520	\$ 10,777,201	\$ 10,747,573
USDE Share of Collections	9,680,852	9,084,334	9,971,299	10,188,678	10,245,446
USDE Share of Loan Rehabilitations	8,338,668	20,375,000	13,232,250	13,520,720	13,596,053
USDE Share of FFELP Default Consolidations	0	0	0	0	0
Complement from Collections	848,491	772,096	847,481	865,956	870,781
Default Aversion Rebate	659,074	784,169	744,672	740,099	702,549
Default Fee Buydown	6,771,253	2,750,000	0	0	0
Gear Up - Trust Match	0	1,680,000	1,680,000	1,680,000	1,680,000
Total Expenses	\$ 39,603,384	\$ 46,077,640	\$ 37,221,221	\$ 37,772,654	\$ 37,842,401
Fund Balance					
Beginning Fund Balance	\$ 24,293,805	\$ 21,185,412	\$ 19,043,424	\$ 16,351,405	\$ 13,486,021
Increase / Decrease	-3,108,393	-2,141,987	-2,692,020	-2,865,384	-3,048,607
Ending Fund Balance	\$ 21,185,412	\$ 19,043,424	\$ 16,351,405	\$ 13,486,021	\$ 10,437,414
	Projected FFY2014	Projected FFY2015	Projected FFY2016	Projected FFY2017	
Revenues					
Loan Processing & Issuance Fee	\$ 0	\$ 0	\$ 0	\$ 0	
Account Maintenance Fee	1,249,789	0	0	0	
Default Collections	13,450,955	13,333,520	12,804,059	11,887,078	
Receipts from Loan Rehabilitations	16,956,266	16,808,227	16,140,790	14,984,844	
Receipts from FFELP Default Consolidations	0	0	0	0	
Direct Loan Default Consolidation Retention	2,470,311	2,448,744	2,351,506	2,183,100	
Default Aversion Fee	869,450	768,014	670,594	575,648	
Investment Earnings	52,187	36,393	22,562	8,035	
Other/Gear Up drawdown	0	0	0	0	
Total Revenues	\$ 35,048,957	\$ 33,394,897	\$ 31,989,512	\$ 29,638,705	
Operating Expenses					
Operating Expenses	\$ 10,765,948	\$ 10,682,965	\$ 10,473,931	\$ 10,145,743	
USDE Share of Collections	10,413,719	10,322,801	9,912,893	9,202,967	
USDE Share of Loan Rehabilitations	13,819,357	13,698,705	13,154,744	12,212,648	
USDE Share of FFELP Default Consolidations	0	0	0	0	
Complement from Collections	885,083	877,356	842,517	782,179	
Default Aversion Rebate	643,678	579,275	510,904	441,780	
Default Fee Buydown	0	0	0	0	
Gear Up - Trust Match	1,680,000	0	0	0	
Total Expenses	\$ 38,207,784	\$ 36,161,102	\$ 34,894,989	\$ 32,785,317	
Fund Balance					
Beginning Fund Balance	\$ 10,437,414	\$ 7,278,587	\$ 4,512,382	\$ 1,606,905	
Increase / Decrease	-3,158,827	-2,766,205	-2,905,477	-3,146,612	
Ending Fund Balance	\$ 7,278,587	\$ 4,512,382	\$ 1,606,905	\$ -1,539,707	
Notes:					
The College Student Aid Commission provided these projections based on the Federal Fiscal Year (FFY).					
The revenues and expenses detail the remaining responsibilities of the Commission as the state-designated guaranty agency for the U.S. Department of Education (USDE) under the Federal Family Education Loan Program.					
Although all responsibilities for the Commission's \$3.2 billion portfolio will not be completed by FFY 2017, funding for the operation will be depleted.					
The Iowa College Student Aid Commission's projection model only estimates FFELP revenues and expenditures. Subsidized administration costs for the State financial aid programs are not included.					

By FFY 2017 (i.e. State FY 2018) the balance in the Agency Operating Fund will be depleted without continued subsidization of other administrative activities. Loans will still be outstanding, and the Commission does not know how the USDE will handle the situation.

ALTERNATIVES

To continue administering the 14 State grant, scholarship, and loan forgiveness programs, and the four associated State programs in the same manner as in the past will require approximately \$2.1 million annually. If the Commission continues to utilize funds from the Agency Operating Fund to subsidize other administrative activities at the current rate, the Fund will be exhausted in FFY 2014 (State FY 2015) rather than FFY 2017 (State FY 2018). (See **Chart 2**) It is not clear how the Commission would continue to manage the loan portfolio with expenses exceeding revenues.

Chart 2
Agency Operating Fund Balances With and Without
Administrative Cost Subsidization



The Commission and the General Assembly may want to evaluate the viability of some student financial aid programs and ways to more effectively administer them. For example, the Barber and Cosmetology Tuition Grant received an FY 2011 appropriation of \$40,000 and is budgeted to spend an additional \$32,000 to administer; the administration costs equal 80.5% of the cost of awards. Similarly, the Nurse and Nurse Educator Loan Program has administrative costs equal to 57.5% of the amounts to be awarded, and Des Moines University Osteopathic Loans have administrative costs equal to 50.3% of the amounts to be awarded. (See **Table 1**) The Commission may want to examine these programs to determine whether changes need to be made in statutory requirements, administrative procedures, eligibility, or other factors to reduce administrative costs.

The General Assembly may want to consider allocating a proportion of the appropriations for student financial aid programs for administration. For example, the Federal Block Grant Bill typically sets a percentage of federal grants that can be used for administrative purposes. In FY 2011, the budgeted \$2.1 million administrative costs are 3.6% of the \$59.0 million General Fund appropriation for student financial aid.

The General Assembly may want to consider increasing the General Fund appropriation for Commission operations. This could be new funding or it could be funded by reducing one or more student financial aid appropriations by an offsetting amount. Nationwide private for-profit colleges and universities have been coming under scrutiny for high student loan default rates, low graduation rates, and questionably high profits (MSN Money). Currently Iowa allocates 9.5% of its need-based grants to for-profit institutions which is almost twice the national average of 5.0% (NASSGAP, 2008-2009:18). Would issues of this nature make the For-Profit Iowa Tuition Grant a candidate for an offsetting reduction?

Regardless of the alternative or combination of alternatives chosen, the College Student Aid Commission cannot continue to operate as in the past. The revenues from FFELP will no longer be adequate to continue to fund the servicing of the loan portfolio, and excess funds will not be available to subsidize other administrative activities in future years. This provides a strong incentive for the Commission to continue searching for even greater efficiencies to stretch the remaining subsidization as far as possible.

STAFF CONTACT: Dwayne Ferguson (515-281-6561) dwayne.ferguson@legis.state.ia.us

REFERENCES

DBRS, "The Role of FFELP Guaranty Agencies in Student Loan ABS" – June 2007
<http://www.dbrs.com/research/212301/the-role-of-ffelp-guaranty-agencies-in-student-loan-abs.pdf>

MSN Money, "Subprime for Students: A Default Deluge"
<http://articles.moneycentral.msn.com/CollegeAndFamily/CutCollegeCosts/subprime-for-students-a-default-deluge.aspx?page=1>

National Association of State Student Grant and Aid Programs (NASSGAP), "40th Annual Survey on State-Sponsored Financial Aid: 2008-2009 Academic Year"
<http://www.nassgap.org/viewrepository.aspx?categoryID=3>

U. S. Department of Education
<http://www2.ed.gov/news/newsletters/edreview/2010/0709.html>
<http://www.ed.gov/news/press-releases/us-department-education-marks-historic-day-higher-education>

Iowa College Student Aid Commission Program Summaries

Iowa Tuition Grant Program – Not-for-Profit Colleges and Universities. The Iowa Tuition Grant Program was established in 1969 to provide grant assistance to eligible students attending Iowa's eligible private colleges and universities to improve their access to learning at institutions that are most appropriate to their learning needs and location requirements. Priority is given to applicants with the greatest financial need. Students may receive grants for up to four years of full-time, undergraduate study. The Iowa Tuition Grant annually supports approximately 14,500 Iowa students attending independent colleges and universities at 31 campuses. Iowa independent not-for-profit colleges and universities match 91.0% of the appropriation with institutional funds.

Iowa Tuition Grant Program – For-Profit Colleges and Universities. The Iowa Tuition Grant Program provides grant assistance to eligible students attending Iowa's eligible for-profit colleges and universities. Priority is given to applicants with the greatest financial need. Students may receive grants for up to four years of full-time, undergraduate study. The for-profit Iowa Tuition Grant supports nearly 3,300 Iowa students attending for-profit colleges and universities at 7 campuses. Iowa for-profit colleges and universities match 90.0% of the appropriation from institutional funds.

Iowa Vocational-Technical Tuition Grants. The Vocational-Technical Tuition Grant Program provides assistance to approximately 3,000 Iowa community college students pursuing vocational-technical and career option programs that are critical to economic growth in Iowa. The Program increases the number of students receiving federal Pell Grant and Vocational-Technical Tuition Grant assistance by considering both Federal and State financial aid in the calculation of each award. Students may receive grants for up to two years of education.

Iowa Grants. The Iowa Grant Program provides grants to approximately 2,700 students with the greatest financial need that attend Iowa Regent Universities, Iowa private colleges and universities, and Iowa community colleges. Priority is given to students with the greatest financial need. Students may receive grants for up to four years of full-time, undergraduate study (adjusted for less than full-time enrollment). Eligible colleges and universities receive Iowa Grant allocations, and campus financial aid officials award grants to students with the greatest financial need.

Iowa National Guard Educational Assistance Program. The Iowa National Guard Educational Assistance Program was created in 1996 to provide recruitment and retention incentives for Iowa Guard members and demonstrate the State's commitment to the men and women that serve in national security positions at home and abroad. The Program is jointly administered by the Iowa College Student Aid Commission and the Iowa National Guard. The Iowa Adjutant General determines student eligibility and award amounts, but the maximum individual awards cannot exceed the resident tuition rate at Iowa Regent Universities. Recipients must have satisfactorily completed required Guard training, maintain satisfactory performance of Guard duty, be pursuing a certificate or undergraduate degree at an eligible Iowa college or university, and maintain satisfactory academic progress.

Work-Study. The Iowa Work-Study Program was established in 1987 to supplement the Federal Work-Study Program at Iowa colleges and universities and promote part-time employment for Iowa students. The Program has not received State funding for the last two fiscal years.

Iowa Teacher Shortage Loan Forgiveness Program. The Teacher Shortage Forgivable Loan Program was created to provide an incentive for Iowans to become teachers in high-need positions in Iowa's elementary and secondary schools. During FY 2008, the Teacher Shortage Forgivable Loan Program was converted to the Teacher Shortage Loan Forgiveness Program. Up to 20% of a borrower's total federal Stafford Loan balance may be forgiven each year for up to five consecutive years. To be eligible for the Teacher Shortage Loan Forgiveness Program, a teacher must teach in an instructional position in one of the shortage areas defined by the Iowa Department of Education. The maximum annual award amount may not exceed the average resident tuition rate established by the Iowa Board of Regents for the first year following the recipient's college graduation.

Registered Nurse and Nurse Educator Loan Forgiveness. The Registered Nurse and Nurse Educator Loan Forgiveness Program provides Federal Stafford Loan repayment assistance to eligible registered nurses and nurse educators in Iowa. Up to 20% of a borrower's total Federal Stafford Loan balance may be forgiven each year for up to five consecutive years. The maximum annual award amount may not exceed the average resident tuition rate established by the Iowa Board of Regents for the first year following the recipient's college graduation. For 2009 graduates, the maximum award is \$6,704.

Osteopathic Forgivable Loan. The Osteopathic Forgivable Loan Program allows Des Moines University students to receive loans that are forgiven if they agree to practice medicine in Iowa for at least two years following graduation. Since the Program began in 1994, forgivable loans have been awarded to 644 Des Moines University students and 52 Iowa counties have received services provided by 289 physicians. Des Moines University matches the State-appropriated funds provided for this Program.

Physician Recruitment. The Physician Recruitment Program was established in 1994 as a partnership between the State of Iowa and Des Moines University that provides incentives to students and physicians that agree to serve in communities with severe physician shortages. The Program provides tuition scholarships to students that agree to practice for at least two years in an underserved Iowa community, or loan repayment benefits to practicing physicians that provide at least four years of service in an underserved Iowa community. Since the Program was established, 109 physicians have been placed in 59 Iowa counties and 72 Iowa communities.

Iowa Chiropractic Loan Forgiveness. The Iowa Chiropractic Loan Forgiveness Program provides Federal Stafford Loan repayment assistance to Iowa chiropractors practicing in Iowa. Up to 20% of a borrower's total Federal Stafford Loan balance may be forgiven each year for up to five consecutive years. The maximum annual award amount may not exceed the average resident tuition rate established for students attending universities governed by the Iowa Board of Regents for the first year following the recipient's graduation. To be eligible for the Iowa Chiropractic Loan Forgiveness Program, chiropractors must be Iowa residents licensed to practice in Iowa as certified by the State Board of Chiropractic. Since the Program was established, 101 chiropractors have been placed in 59 Iowa counties and 66 Iowa communities.

Robert C. Byrd Honors Scholarship. The Robert C. Byrd Honors Scholarship is federally-funded and provides renewable funds of up to \$1,500 to Iowa high school seniors that demonstrate outstanding academic achievement. The competitive selection is determined by academic officials. Recipients may attend any accredited postsecondary institution in the United States. To be eligible to receive a Robert C. Byrd Honors Scholarship, a student must be an Iowa resident/high school senior, have a minimum 3.5 grade point average and 28 ACT/1860 SAT test scores, and rank in the top 10% of his/her graduating class. Applicants also must meet specific course requirements including two years of the same foreign language; three years of social studies, science and math (including one year each of biology, chemistry, and physics beyond general science and beyond pre-Algebra); and four years of English. The awards are renewable for up to four years.

Governor Terry E. Branstad Iowa State Fair Scholarship. This Scholarship, in honor of Iowa's former governor Terry E. Branstad, recognizes young Iowans that have strong academic and leadership credentials and have made significant service contributions to the Iowa State Fair. The scholarship funds up to four awards ranging from \$500 to \$1,000 each year. If funding permits, an additional \$2,000 scholarship is awarded to the Iowa State Fair Queen. To be eligible to receive a Terry E. Branstad Iowa State Fair Scholarship, a student must actively participate in the Iowa State Fair (past or present), be a graduating senior from an Iowa high school, and plan to enroll at an Iowa college or university.

Iowa Barber and Cosmetology Arts and Sciences Tuition Grant. The Iowa Barber and Cosmetology Arts and Sciences Tuition Grant is available to assist Iowa residents attending participating barber and cosmetology colleges throughout Iowa. Priority is given to students with the greatest financial need. The maximum grant is \$1,200 per year.

All Iowa Opportunity Scholarship. The All Iowa Opportunity Scholarship provides scholarship assistance to financially needy students at risk of not pursuing postsecondary education because of social and financial barriers. This Scholarship helps pay for tuition and fees up to the average resident tuition rate established by the Iowa Board of Regents for the award year. To be eligible, a student must be an Iowa resident, graduate from an Iowa high school with at least a 2.5 cumulative grade point average (GPA), and enroll in an Iowa college or university within two academic years of graduating from high school. Recipients attending private or Regent universities may receive the scholarship for one year, but recipients attending an Iowa community college can receive the scholarship for a second year if they meet the subsequent year requirements and continue at a community college.

All Iowa Opportunity Foster Care Grant Program. The Iowa College Student Aid Commission partners with the Iowa Department of Human Services to administer two specific programs to support youth that have "aged out" of the foster care system and have no family financial resources to help pay college expenses. The All Iowa Opportunity Foster Care Grant Program provides educational assistance up to the full cost of attendance to Iowa youth that were in foster care or were adopted from foster care after turning 16 years of age. In addition to having been in foster care, or adopted from foster care after turning 16, applicants must be between 16 and 23 years of age, have graduated from high school or attained a general equivalency diploma (GED), and be residents of Iowa. Since the Program was established, 234 students have received awards under the All Iowa Opportunity Foster Care Grant Program.

Education and Training Voucher. The Education and Training Voucher (ETV) Program is funded by the federal Department of Health and Human Services to assist former foster youth with expenses incurred for postsecondary education and job training. The ETV Program is funded through the Iowa Department of Human Services and is administered by the Iowa College Student Aid Commission.

I Have a Plan Iowa -- College and Career Planning. Beginning in August 2009, Iowa established a career information system website.¹ The website provides on-line services and information from several State agencies to support college access and affordability. Research indicates that students that take rigorous high school coursework are more likely to remain on track and complete a college degree than students that have not completed a core curriculum. To accomplish this, career and college planning must be done before students enter high school.

The Iowa College Student Aid Commission and Iowa Department of Education provide the web-based, state-designated career information system to all Iowa middle and high schools free of charge. The system helps students prepare for the future with education and career exploration tools that connect student interests and skills to occupations, as well as the education or training necessary to fulfill their career goals. Website users can build a lifelong electronic portfolio that

¹ Iowa Career Information website: www.IHaveaPlanIowa.gov

holds their course plans, assessment results, work experiences, resumes, college searches, scholarship searches, goals and career plans.

In addition, the career information system helps schools meet Iowa Code Section 279.61 requirements that all Iowa students create a career plan in grade 8, as well as complete specific career planning components in grades 8-12.

Gaining Early Awareness & Readiness for Undergraduate Programs (GEAR UP). The Iowa College Student Aid Commission is the administrator of a \$16.8 million, six-year, federal Gaining Early Awareness & Readiness for Undergraduate Programs (GEAR UP) grant for the State of Iowa. GEAR UP Iowa's mission is to significantly increase the number of low-income students prepared to enter and succeed in postsecondary education.

The Program serves more than 5,700 low-income and minority students and their families at 31 Iowa schools. Iowa schools more than 50% of their student populations on free and/or reduced lunch were selected to participate in GEAR UP Iowa. The Program will follow students that started 7th grade during the 2008-2009 academic year through high school graduation. GEAR UP Iowa allocated more than \$440,000 directly to Iowa middle schools in FY 2009 to provide program services such as college visits, 21st century technology in the classroom, enhanced curriculum, and increased tutoring. GEAR UP Iowa students that fulfill the Program and set education goals will be eligible for GEAR UP Iowa scholarships to be used for postsecondary education costs.

Financial Literacy. Financial responsibility is essential to the well-being of Iowa students and families and to Iowa's economic future. In FY 2009, the Iowa College Student Aid Commission formalized a financial literacy program to provide information and resources to help Iowans:

- Become knowledgeable, educated and informed on the issues of managing money and assets, banking, investments, credit, insurance, and taxes;
- Understand the basic concepts underlying the management of money and assets; and
- Recognize the short and long term consequences of financial decisions.

The Commission's field staff provided approximately 60 financial literacy presentations during FY 2009 and FY 2010 using the "Mission Money Control" program. During FY 2011, the Commission purchased an online, interactive, financial literacy platform that will assist teachers and counselors at all Iowa high schools in fulfilling Iowa Core Curriculum needs and to ensure that students have the tools they need to make sound financial decisions.

Research. The Iowa College Student Aid Commission collects higher education data and coordinates national reporting for 85 Iowa colleges, universities, and postsecondary schools. The data collected is used by the Commission to disseminate a variety of higher education reports about enrollment, location of alumni, and other topics. College and university officials use the data in strategic planning, while state lawmakers and other policy makers use the data on a statewide level.

The Commission has published research reports on the following topics: college enrollment; student and faculty ethnic diversity; migration of first-time, first-year students to and from Iowa; Iowa Disaster Relief Grant recipient distribution; and a summary of federal and state work-study programs.

College Access Challenge Grant Program. The College Access Challenge Grant Program was established in September 2007 under the federal College Cost Reduction and Access Act. The Program enables states to make postsecondary education more accessible and affordable for low-income students and increase overall levels of postsecondary enrollment and persistence.

With support from the College Access Challenge Grant, the Commission developed the *I Have a Plan Iowa* web portal. With additional College Access Challenge Grant funds, the Commission will continue to:

- Sponsor ongoing access [i.e., pay statewide licensing fees] to the *I Have a Plan Iowa* web portal;
- Add and enhance services offered via the web portal;
- Develop and provide free public access to an online financial literacy media platform; this platform must provide interactive instruction in financial literacy topics and offer a tool for Iowa school districts to deliver key aspects of the Iowa Core Curriculum;
- Coordinate and fund in-person outreach activities and events for students that may be at risk of not enrolling in or completing college; activities include, for example, evening conferences at Iowa schools focusing on financial aid and college preparation;
- Coordinate and fund in-person professional development opportunities for educators, including school guidance counselors, financial aid administrators, and college admissions counselors.

Iowa's College Access Challenge Grant project seeks to enable access to postsecondary education and promote a college-going culture among low-income and underrepresented students across Iowa by achieving the following objectives:

1. Increase college-going expectations, academic preparation, and planning for college among low-income and under-represented students in Iowa.
2. Increase career awareness and career preparation, particularly among low-income and under-represented students.
3. Improve financial literacy among low-income and under-represented students in Iowa in order to help facilitate college access.
4. Improve the capacity of educators, counselors, and administrators to assist students and parents with planning, preparing, and paying for college.

Postsecondary Registration. Iowa Code Chapter 261B requires colleges and universities to be approved by the Iowa College Student Aid Commission before operating in Iowa. Generally, this law applies to out-of-state institutions and newly created institutions.

Guaranteed Student Loan Program. Although the Iowa College Student Aid Commission no longer has the authority to guarantee student loans, the Commission is responsible for managing its current portfolio of guaranteed student loans. The following activities remain part of the mission of the College Student Aid Commission.

Loan Servicing:

- Default Prevention: The Commission is committed to helping borrowers succeed with the repayment of their student loans and offers services and programs to connect with borrowers early in the loan process.
- Default Aversion Assistance: When borrowers become delinquent on their student loan payments, the Commission assists lenders in their efforts to help prevent the borrowers from defaulting.
- Collections: The Commission recoups funds on behalf of taxpayers through its collection strategies that included recoveries made through third-party collection services, in-house collection efforts, administrative wage garnishment, State and federal offsets, and loan consolidation.
- Loan Rehabilitation: When a borrower qualifies to rehabilitate a defaulted loan, the Commission sells the loan to an eligible lender. Once the rehabilitation sale is complete and collection costs are reduced, the borrower's loan is removed from default status and the defaulted student loan is removed from credit bureau reports. Additionally, the borrower may be eligible for deferment or forbearance privileges, and may regain eligibility for additional federal student financial aid.

Customer Service:

- Information Service Center: The Commission's Information Service Center provides a single point of contact for all customers regarding Commission products and services, regulatory guidance, and information on planning, preparing, and paying for college. In FY 2010, Information Service Center specialists received over 5,000 phone calls.
- Training: The Commission provides training on a variety of topics including use of the lowa-designated career information system, financial aid, financial literacy, default prevention, products and services offered by the Commission, and current federal and lowa regulatory and compliance issues. Training is offered through a variety of mediums including one-on-one sessions, group regional trainings, and webinars. In FY 2010, the Commission provided 554 training sessions to 2,806 middle school, high school, Area Education Agency, college, university, and lender representatives. During FY 2011 the Commission completed a statewide training conference on the portal with 145 teachers, counselors, and administrators in attendance. Teacher licensure renewal and graduate credits were offered at this 21st Century Career Conference.
- Publications: The Commission produces more than 40 different publications relating to college access, college planning, financial aid, financial literacy, and default prevention. All publications are available free of charge and can be ordered from the Commission. In FY 2010, the Commission distributed over 472,000 publications, an increase of over 25% from FY 2008. However, due to the current changes in federal legislation, the Commission audited all publications and reduced the free offerings by over 90 percent during FY 2011. All publications are currently available in PDF version on the Commission's website.
- Website and Social Media: The Commission provides a comprehensive website with information geared toward students, parents, student loan borrowers, lowa middle and high school educators, lowa college and university officials, and lenders. lowa students and families can also receive the latest college planning, career planning, and financial literacy tips by following the Commission and I Have a Plan lowa™ on Facebook® and Twitter™ and viewing video clips on YouTube.

Source: Iowa College Student Aid Commission