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IOWA COLLEGE STUDENT AID COMMISSION



IowaCollegeAid.gov
Because College Changes Everything

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Introduction - Timeline

Over the past 10 years, the Iowa College Student Aid Commission (Commission) has worked hard to shape the debate over increasing postsecondary educational opportunity for Iowans in the face of economic and regulatory challenges.

- The Commission received \$349,494 in state appropriated funding to administer 10 financial aid programs in FY 2005.
- By FY 2010, an additional seven new state programs to serve students were added to the Commission's administrative duties.
- State-appropriated funding to administer financial aid programs was reduced to \$314,443 in FY 2010.
- The elimination of the Federal Family Education Loan Program (FFELP) in 2010 effectively ended the need for state-designated guaranty agencies, a role in which the Commission served for the state of Iowa since 1978. No new FFELP loans originated after July 1, 2010.
- State-appropriated funding to administer financial aid programs was reduced to \$249,897 in FY 2011 (minus a mid-year reduction of \$60,946 on January 4, 2011).
- On October 1, 2012, the United States Department of Education approved the transfer of the Commission's outstanding FFELP portfolio to the Great Lakes Higher Education Corporation. The transfer enabled the Commission to retain its operating fund and earn a collection retention fee from the defaulted student loans in the portfolio for ten years.
- Between FY 2013 and FY 2015, five new state programs to serve students were added to the Commission's administrative duties which included the Iowa Skilled Workforce Shortage Tuition Grant (Kibbie Grant), Health Care Professional Recruitment Program, Rural Iowa Primary Care Loan Repayment Program, Rural Iowa Advanced Nurse and Physician Assistant Loan Repayment Program and the Teach Iowa Scholar Program.
- The Commission's operating fund balance begins a steady decline in FY 2015 due to changes in revenue as a result of the full impact of the elimination of FFELP (See Table 1 and Chart 1).
- By FY 2015, the Commission can no longer fund the state-designated career planning and decision making system – I Have A Plan Iowa, nor the Iowa Financial Literacy Program.

Table 1 -
Sept. 2014 Operating Results - Portfolio Transfer to GLHEC

	Revenues											
	FY2013A	FY2014A	FY2015P	FY2016P	FY2017P	FY2018P	FY2019P	FY2020P	FY2021P	FY2022P		
DAF Rebate	0	0	(566,598)	(620,486)	(586,155)	(551,903)	(528,616)	(502,230)	(459,890)	(428,543)		
Transfer Earn Out	3,790,690	7,043,588	2,584,798	2,655,051	2,363,794	2,024,697	1,818,060	1,554,581	1,012,284	943,284		
Investment Earnings	0	0	58,447	49,589	42,920	34,998	25,670	15,205	3,434	0		
Total Revenues	3,790,690	7,043,588	2,076,647	2,084,155	1,820,560	1,507,792	1,315,114	1,067,556	555,828	514,741		
Expenses												
Operating Expenses	3,451,263	4,354,690	5,598,496	4,751,889	4,989,484	5,238,958	5,500,906	5,775,951	6,064,749	6,367,986		
Total Expenses	3,451,263	4,354,690	5,598,496	4,751,889	4,989,484	5,238,958	5,500,906	5,775,951	6,064,749	6,367,986		
Starting Balance	20,184,922	20,524,349	23,213,247	19,691,398	17,023,663	13,854,739	10,123,573	5,937,781	1,229,386	(4,279,535)		
Change	339,427	2,688,898	(3,521,849)	(2,667,735)	(3,168,924)	(3,731,167)	(4,185,792)	(4,708,395)	(5,508,921)	(5,853,245)		
Ending Balance	20,524,349	23,213,247	19,691,398	17,023,663	13,854,739	10,123,573	5,937,781	1,229,386	(4,279,535)	(10,132,780)		

*The projections above assume reduced rehab economics.

Chart 1 -
Sept. 2014 Operating Results - Portfolio Transfer to GLHEC

The figure below shows the current projected operating results from page 4 graphically. In 2014 the operating fund reaches its high as revenues spike. This was the last year that the previous rehabilitation retention economics were in place. In 2015 revenues dramatically decline with the new, reduced, retention economics, and operating fund balances begin to decline. By FY 2017, the agency's total annual expenses will exceed its operating budget. The operating budget will be depleted by the beginning of FY 2021.

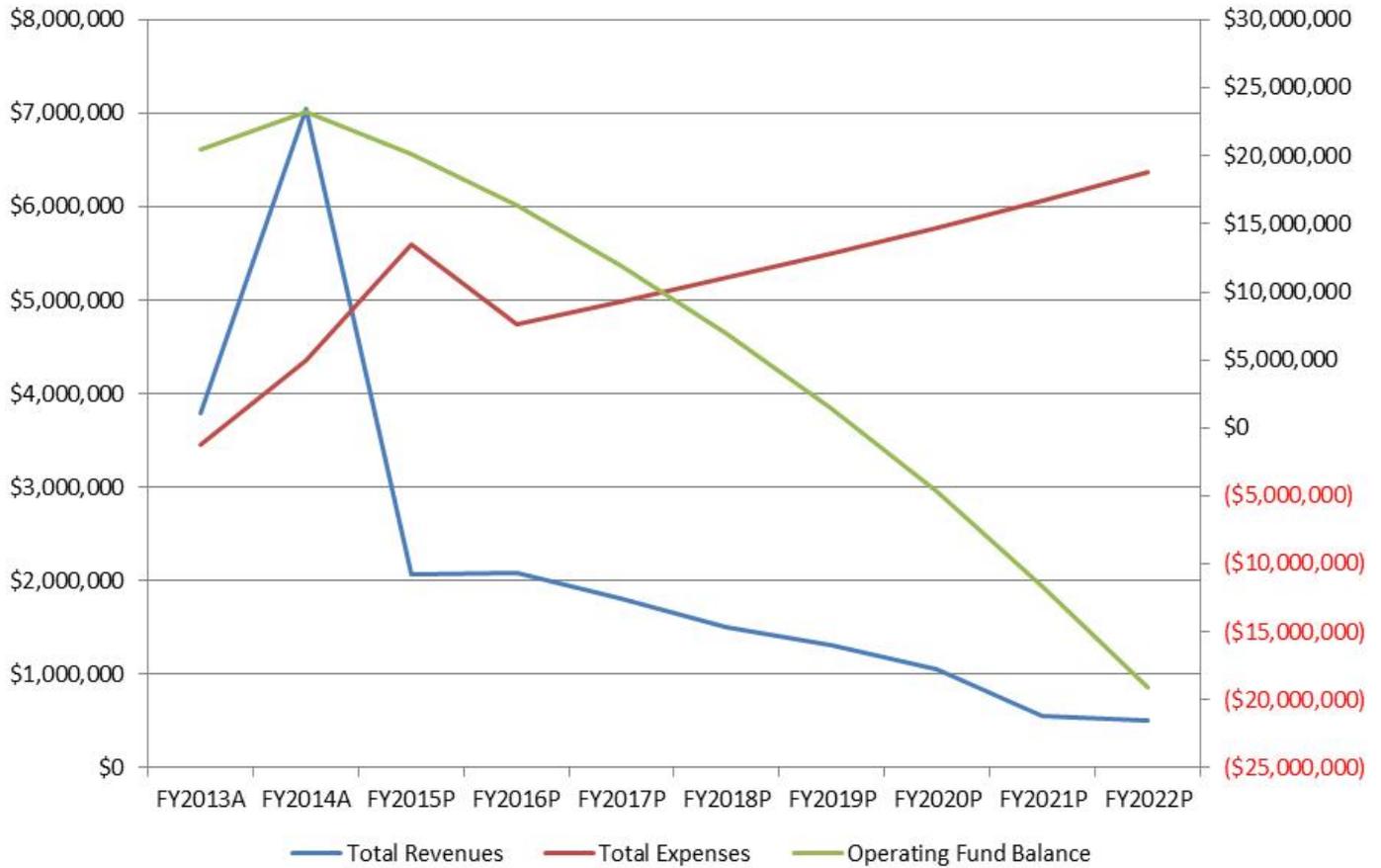


Table 2 - Funding Requests for Fiscal Years 2016

<u>State Appropriated Programs</u>	<u>2015 Appropriation</u>	<u>2016 Commission Request</u>	<u>2016 Governor's Recommendation</u>
All Iowa Opportunity Foster Care Grant Program	\$ 554,057	\$ 581,760	\$ 554,057
All Iowa Opportunity Scholarship Program	2,240,854	2,352,897	2,240,854
Barber & Cosmetology Arts & Sciences Tuition Grant Program	36,938	38,785	36,938
Chiropractic Loan Forgiveness Program	-	-	-
Health Care Professional Recruitment Program (DMU)	400,973	421,022	400,973
Iowa College Work-Study Program	-	1,250,000	0
Iowa Grant Program	791,177	830,736	791,177
Iowa National Guard Educational Assistance Program	5,100,233	5,355,245	5,100,233
Iowa Teacher Shortage Loan Forgiveness Program	392,452	412,075	392,452
Iowa Tuition Grant Program -- For-Profit Institutions	1,975,000	2,073,750	2,175,000
Iowa Tuition Grant Program -- Not-for-Profit Institutions	48,413,448	50,834,120	52,413,448
Iowa Vocational-Technical Tuition Grant Program	2,250,185	2,362,694	2,250,185
Postsecondary Registration / Consumer Protection	-	-	-
Registered Nurse & Nurse Educator Loan Forgiveness Program	80,852	84,895	80,852
Rural Iowa Primary Care Loan Repayment Program*	1,600,000	1,680,000	1,600,000
Rural Nurse / Physician Assistant Loan Repayment Program	400,000	420,000	400,000
Skilled Workforce Shortage Grant (Kibbie Grant)**	5,000,000	5,250,000	5,000,000
Teach Iowa Scholar Program	1,300,000	1,365,000	2,600,000
Administration -- General (a)	250,109	\$ 753,130	\$ 431,896
Total Iowa College Student Aid Commission State Funding	\$ 70,786,278	\$ 76,066,107	\$ 76,468,065

*An additional \$105,823 is appropriated in the Human Services appropriations.

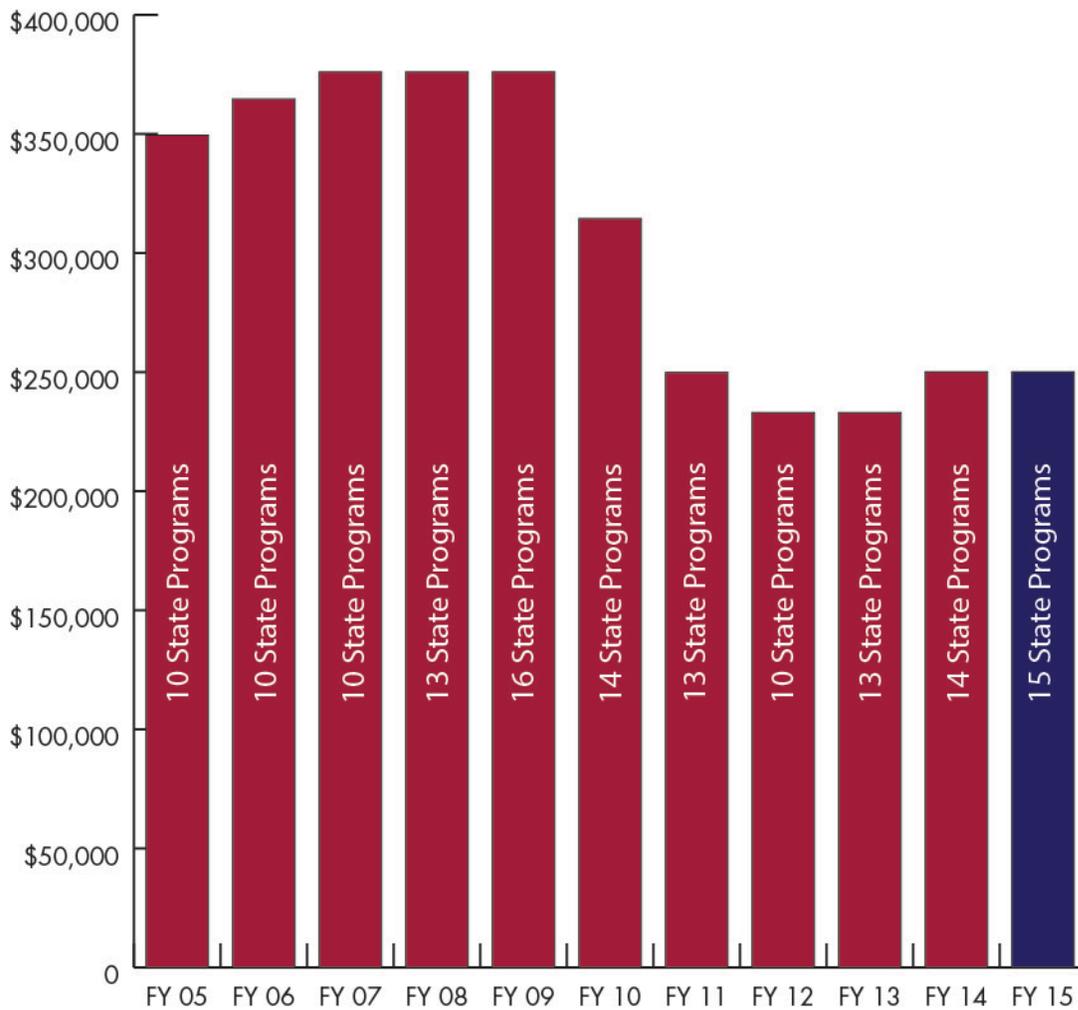
**Funding is provided under the Iowa Skilled Worker and Job Creation Fund.

(a) Requested appropriation is 1% of the total appropriated (requested) for student financial aid programs.

Chart 2 - State Appropriations for Program Administration

The amount of state appropriations to administer state-funded student aid programs for FY 2015 is just 0.35% of the total appropriations for state-funded student aid programs. The amount appropriated for administration of 15 student aid programs in FY 2015, \$250,109, is nearly \$100,000 less than the amount appropriated 10 years ago to administer 10 student aid programs.

State Appropriations for Program Administration by Fiscal Year & Total Number of State Programs Administered

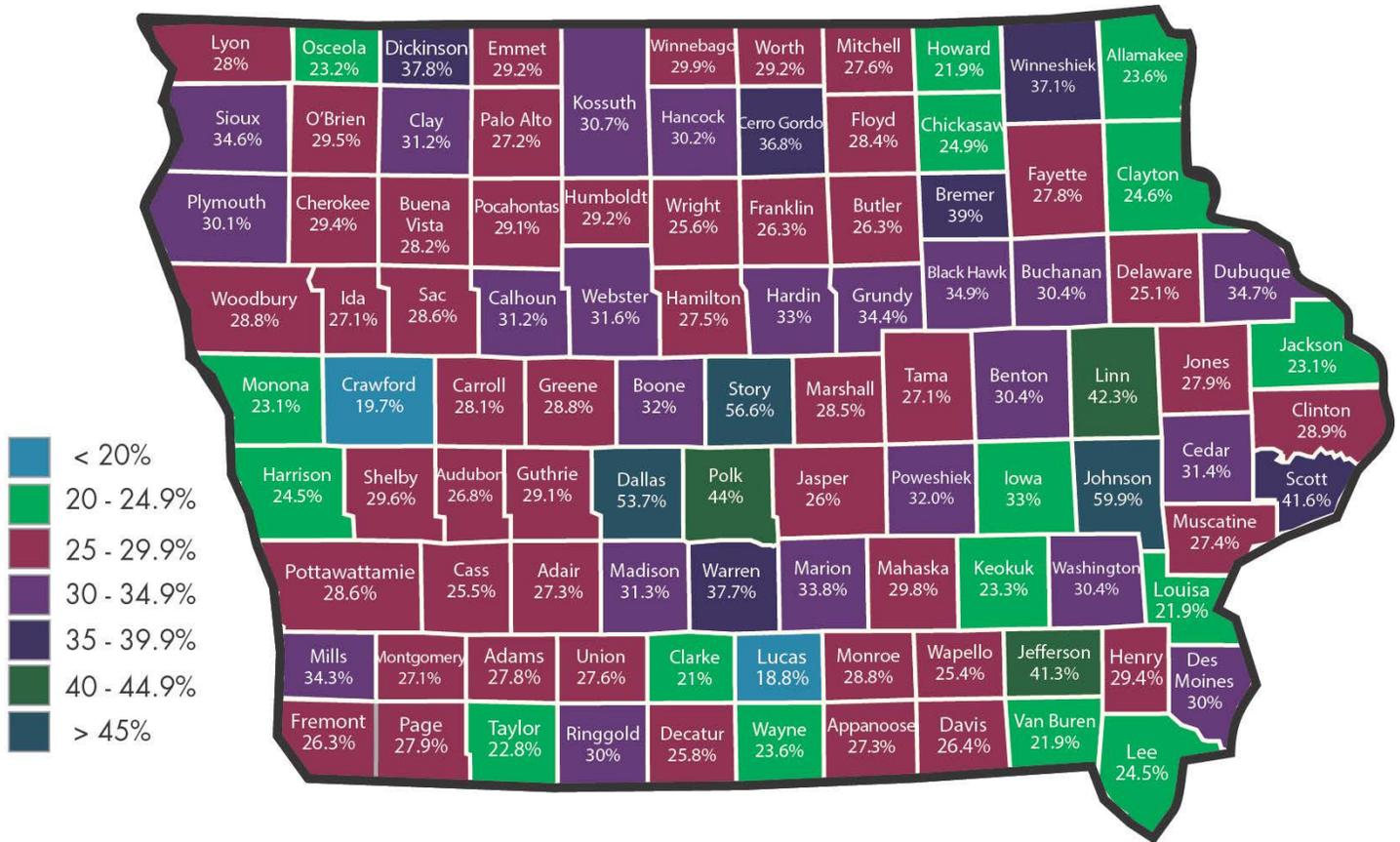


*FY 2011 had a mid-year reduction in appropriations of \$60,946 on 1/4/11.

Educational Attainment in Iowa not Meeting Workforce Needs

The share of jobs that require postsecondary education has more than doubled over the last 40 years, as jobs require more skills. Projections indicate that by 2020, nearly 70 percent of all jobs in Iowa will require postsecondary education beyond high school¹. Today, less than 36 percent of Iowa’s adult population currently holds an associate’s degree or higher². To ensure Iowa has a skilled and educated workforce pool to support business and industry, it is important that postsecondary education in Iowa is affordable and resources are available to assist Iowans on the path to college. The Commission has adopted the Lumina Foundation Goal 2025 – to increase the proportion of Iowans with postsecondary credentials or degrees by 2025.

Percent of Population, Age 25 and Older with an Associate’s Degree or Higher



Educational Attainment Source: U.S. Census Bureau, 2008-2012 American Community Survey

¹ Carnevale, A., Smith, N., & Strohl, J. (June 2013). Recovery: Job growth and education requirements through 2020. Georgetown University Center on Education and the Workforce.

² U.S. Census Bureau, American Community Survey. Educational Attainment. 2008-2012 5-year estimates.

Establishing a College-Going Culture

As outlined in the Commission's [Condition of Higher Education Report](#), reaching Goal 2025 will be even more challenging as Iowa's student population continues to become more diverse and more families with school-aged children are financially at-risk as evidenced by increases in eligibility for free or reduced priced lunch. Low-income students often lack the guidance and support they need to prepare for college, apply to the best-fit schools, apply for financial aid, enroll and persist in their studies and ultimately graduate. To help establish a college-going culture statewide, the Commission focuses on programs that build awareness, provide support, target at-risk populations, provide student safeguards and create public-private collaborations.

Statewide Three-Step Approach

The Commission's statewide three-step process aims to increase college enrollment, celebrate student successes and build college-going cultures in Iowa schools.

Step 1, [Iowa College Application Campaign](#), helps high school seniors, especially those from underserved populations, navigate the college admissions process. Step 2, [the FAFSA Completion Initiative](#), is made possible through the Commission's partnership with the U.S. Department of Education. The Commission can help high schools identify seniors who have not completed a Free Application for Federal Student Aid (FAFSA) in order to provide intervention and follow up assistance. Step 3, [College Decision Day](#), recognizes high school seniors for their postsecondary plans and encourages the college aspirations of underclassmen.

GEAR UP Iowa

The Commission was awarded its second federal Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant in the fall of 2014. The seven-year, \$22 million dollar federal GEAR UP grant will be used to prepare an estimated 6,300 students across 30 of the highest need schools in 12 districts in the state for college access and success.

Partnering with nearly 40 institutions for higher education and community-based organizations, the project supports a cohort of seventh grade students by building a collaborative support network with direct services to students, parents and schools. [GEAR UP Iowa](#) will continue to support students during their first year of college and provide a modest scholarship for up to four years.

College Changes Everything

In FY 2014, the Commission launched [College Changes Everything](#), a unique approach that engages communities to address workforce needs and increase each community's educational attainment rate to 60% by 2025 (Lumina Foundation Goal 2025). College Changes Everything builds upon the existing college access initiatives and resources currently available in Iowa communities and leverages the strengths and long-term plans of each participating organization using the Collective Impact framework. Collective Impact features a collaborative approach that engages key stakeholders from across different sectors in Iowa communities by building upon existing initiatives and resources, utilizing VISTA volunteers and providing access to data, training and strategic assistance for community leaders. A total of nine Iowa communities across the state, all of which have lower educational attainment rates and median household earnings than the average for the state, are connected with the College Changes Everything movement.

Important Links

[The Condition of Higher Education Report](#)

[The Higher Education Data Center](#)

[Annual Report](#)

[Your Course to College](#)

Postsecondary Registration

The Commission regulates postsecondary institutions and other instructional schools under Iowa Code Chapter 261B and ensures financial protections for certain Iowa students under sections of Iowa Code Chapter 714. Iowa Code Chapter 261B requires certain colleges and universities to be authorized by the Commission to offer postsecondary programs before they operate in the state of Iowa. Generally, this law applies to out-of-state institutions or corporations and newly-created degree-granting institutions that have a presence in Iowa. The Commission evaluates the suitability of each institution to offer postsecondary programs to Iowa residents and works with registered institutions to maintain compliance.

State Authorization Reciprocity Agreement (SARA)

State Authorization Reciprocity Agreement (SARA) is an agreement among states that will establish comparable national standards for interstate offering of postsecondary distance-education courses and programs. It is intended to make it easier for students to take online courses offered by postsecondary institutions in a state other than the one where they reside. SARA is overseen by a national council and administered by four regional higher education compacts, MHEC, NEBHE, SREB and WICHE.

Timeline

October 29, 2010	The U.S. Department of Education released a program integrity regulation requiring institutions offering distance education “in a State in which it is not physically located....the institution must meet any State requirements for it to be legally offering postsecondary distance or correspondence education in that State.”
April 23, 2011	Senator Grassley sends a letter to Secretary Duncan requesting the rescission of the program integrity rules. The letter was signed by 17 of his colleagues who also have concerns about the burden placed on colleges and universities offering online education.
Spring 2014 (In Iowa)	The Iowa General Assembly approved legislation (S.F. 2271) authorizing the state to submit its application to join the State Authorization Reciprocity Agreement (SARA) for the Midwest region. The Iowa College Student Aid Commission is designated as the state’s SARA portal agency.
June, 2014	Under-Secretary Mitchell announces a “pause” on the state authorization date.
Fall 2014 (In Iowa)	The Midwestern SARA Steering Committee rejects Iowa’s application because of issues surrounding Iowa Code Section 714.23, which deals with required tuition refund policies, and Iowa Code Section 714.25, which pertains to required disclosures to students. These Code sections preclude Iowa from complying with provisions required by SARA.

Teach Iowa Scholar Program

The Teach Iowa Scholar Program is new in FY 2015. The program is meant to incentivize college students interested in K-12 education to go into high-need subject areas. In its first year, a total of 947 applications were received. Out of those applications, 348 were from applicants with a self-reported graduation date of 2013-2014. The number of potentially-eligible applications was reduced to 285 after removing all duplicate applications as well as applicants who worked part-time, were not fully-licensed to teach in the shortage area and were not Iowa residents.

Applicant breakdown

Total Applicants Self-Reported Graduation Year of 2013-2014	348
Minus:	
Part-time Teachers	1
Not Fully-Licensed in the Shortage Area	39
Not Iowa Residents	10
Duplicate Applications	13
Total 2013-2014 Graduates Potentially Eligible	285

Potential Expenditure

2013-14 Graduate Potentially Eligible	Percent Certified in top 25% of class	Total Certified as Eligible	Maximum Award	Potential Expenditure	Appropriation	Potential Carryover
285	100%	285	\$4,000	\$1,140,000	\$1,300,000	\$160,000
285	90%	256.5	\$4,000	\$1,026,000	\$1,300,000	\$274,000
285	80%	228	\$4,000	\$912,000	\$1,300,000	\$388,000
285	75%	213.75	\$4,000	\$855,000	\$1,300,000	\$445,000
285	70%	199.5	\$4,000	\$798,000	\$1,300,000	\$502,000
285	60%	171	\$4,000	\$684,000	\$1,300,000	\$616,000
285	50%	142.5	\$4,000	\$570,000	\$1,300,000	\$730,000