

IOWA COLLEGE STUDENT AID
COMMISSION

PERFORMANCE
REPORT

Performance Results Achieved
for Fiscal Year 2005 - 2006

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INTRODUCTION

This report provides the Iowa College Student Aid Commission goals and results for the fiscal year from July 1, 2005 to June 30, 2006 (FY 2006).

The Commission has assisted students and families with the essential resources and services to make higher education possible for over 40 years. The Commission continues to expand its capabilities and services to meet and exceed the needs of students, colleges and universities, lenders, and others in the higher education communities.

The agency provides Iowa students with over \$55 million each year in Iowa General Fund Appropriations for need-based scholarships, grants, and work-study opportunities. The Commission actively pursues additional state funding for increased need-based aid awards.

The Commission is the designated guaranty agency for the state of Iowa, and administers the Federal Family

Education Loan Program. These loans are for students and parents who need federal student loans to help pay education expenses.

The Commission is a free resource that answers parent and student questions about planning, preparing, and paying for college.

Our mission is to advocate for, and provide a continuum of services to support, Iowa students and families as they explore and finance educational opportunities beyond high school.

The information in this report summarizes the programs and services provided by the Commission and information about the way programs and services relate to three core State functions – *education, resource management, and research/information.*

AGENCY OVERVIEW

Vision:

- We will be recognized as an innovative and essential resource for college student aid.

Mission:

- The Iowa College Student Aid Commission advocates for, and provides a continuum of services to support, Iowa students and families as they explore and finance educational opportunities beyond high school.

Core Functions:

The agency core functions categorize the mission in three general groups:

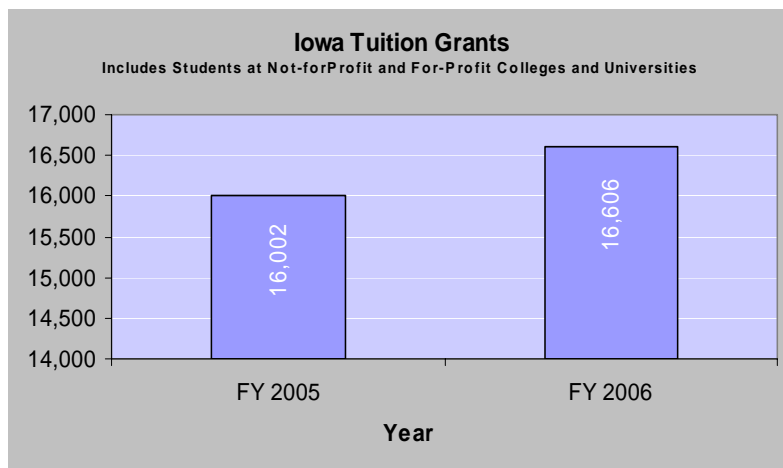
- Education (through the administration of scholarship, grant and loan programs);
- Resource Management (to ensure effective and efficient administration of the education student aid administration);
- Research Analysis and Information Management (to support policy-development and advocacy for higher education student aid).

Highlighted Results

Introduction: The following paragraphs highlight three programs that help students and parents prepare for and pay for college expenses.

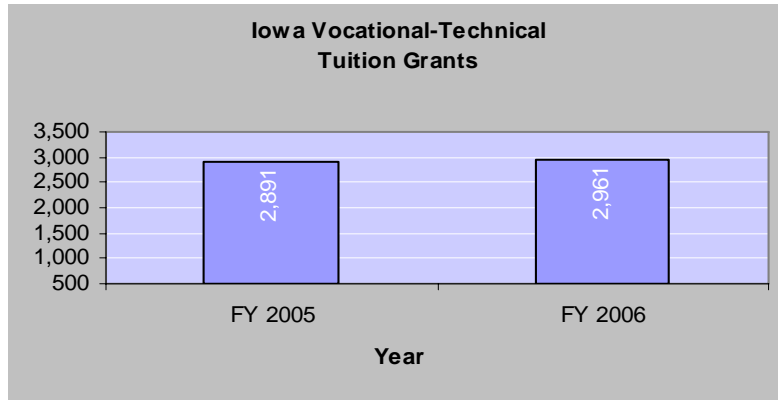
Iowa Tuition Grants:

This program provides access and choice for Iowa students pursuing higher education. Students who receive Iowa Tuition Grants are able to attend independent colleges and universities that best serve their individual needs. The Grants help reduce reliance on student loans. The total number of students receiving Iowa Tuition Grants for 2005 included 13,949 at not-for-profit colleges and universities and 2,657 at for-profit colleges and universities.



Iowa Vocational-Technical Tuition Grants:

The program provides grants to students seeking technical education that contributes to Iowa economic development. The total number of students receiving Iowa Vocational Technical Tuition Grants during 2005 was 2,622.



Career Planning:

The Commission, in cooperation with the Iowa Department of Education and Iowa Student Loan Liquidity Corporation, provided free access to the Iowa Choices web-based career and educational planning system, for all Iowa middle, high school, and college students. The system helps students identify their interests, while it provides career and educational exploration information. Student portfolios can help track goals and activities through the college years. During FY 2006, 52,324 students created career portfolios on the system.

PERFORMANCE PLAN RESULTS

CORE FUNCTION

Name: Education

Description: The Iowa College Student Aid Commission promotes postsecondary education for Iowa students and families by administering a variety of scholarship, grant and forgivable loan programs.

Why we are doing this: Studies of the effect of college attendance suggest that those who have graduated from college experience greater income and more healthy, productive lives. A study by the College Board indicated that the average person working full-time in the United States, with a four-year degree earned 62% more than the average worker with a high school education. While earning more, those with college educations experience about one-third the average unemployment of individuals who did not graduate from high school. A longitudinal study by the Iowa College Student Aid Commission showed that income for State of Iowa Scholars and Iowa Tuition Grant and Vocational-Technical Tuition Grant recipients is substantially greater than the estimates for individuals with only high school diplomas across all 17 years of the study timeframe.

What we're doing to achieve results: The Iowa College Student Aid Commission administers State funded student aid programs that provide access to the college or university most suited to each student's educational needs, as it promotes higher education participation.

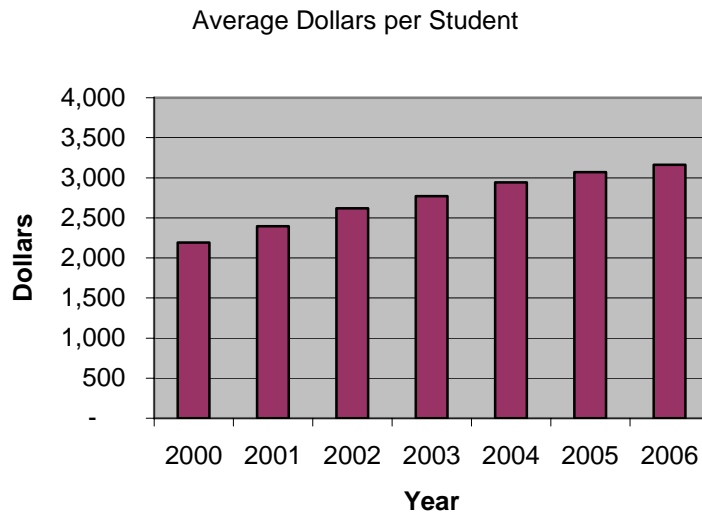
Results

Performance Measure:

Average scholarship, grant and work-study aid per student.

Performance Target: The current performance target is \$3,163.

Data Source: Follow-up survey of college and university financial aid administrators, with data available in the first quarter of each year.



Data reliability: College and university officials have completed the survey of financial aid each year for the last 16 years. Officials are familiar with the process and the requested data. Data are reviewed by Commission staff before the annual estimate is released. When finalized, data are considered to be reasonably indicative of the total assistance provided to students at Iowa colleges and universities.

Why we are using this measure: The average scholarship and grant aid per student indicates Iowa families' access to non-debt student financial aid. The average is consistent with the Commission's role as an advocate for sufficient levels of student aid to provide access to higher education opportunities in Iowa.

What was achieved: Average aid per student is dependent upon the total financial aid available to students and the enrollment of students. Financial aid from all sources is determined by a survey conducted in the Fall of each year after completion of the fiscal year to be reported.

Analysis of results: The College Student Aid Commission provided scholarship and grant support to more than 23,000 Iowa college and university students, and more than 67,000 student loan borrowers. Although many are served, there are many more who could benefit from assistance. More than 113,961 Iowans applied for financial aid for the 2005 – 2006 academic year. Iowa college students continue to be challenged by high levels of student loan debt, with the average debt upon graduation exceeding \$26,000 during the year. The average scholarship and grant assistance was a significant amount of assistance for many. The Commission remains committed to provide sufficient scholarship and grant assistance to reduce the debt upon graduation.

Resources used: The funds included in the measurement are provided from Federal, State and Institutional sources.

Services, products and activities summary: The following table presents targets and outcomes for the services, products, and activities (SPAs) within the Education core function.

| Core Function | Outcome Measure(s) | Outcome Target | Outcome | Comments |
|----------------------------|--------------------|----------------|---------|----------|
| Desired Outcome(s): | | | | |
| CF: Education | | | | |

| | | | | |
|--|--|---|-------------------------|---|
| Families will have access to student financial aid | Average aid per student | Scholarship, grant, employment and loan sources of \$7,000 per student. | \$8,246 | This outcome will be available after completion of a survey of colleges and universities. |
| Families will not have to assume unreasonably high student loan debt. | Average scholarship, grant and work-study assistance per student Average debt upon graduation | Scholarship and grant sources of \$2,700 per student. Average debt upon graduation of \$20,000 | \$3,071 \$25,548 | This outcome will be available after completion of a survey of colleges and universities |
| Students who excel in high school will receive meaningful recognition. | | | | State of Iowa Scholarships were not awarded in 2006. |
| | | | | |

| Services, Products, Activities | Performance Measures | Outcome Target | Outcome | Comments |
|-----------------------------------|-----------------------------------|------------------------|---------------------------|---|
| Core Function: Education | | | | |
| Byrd Scholarship | Number of awards | 273 awards | 250 | The federally funded Robert C. Byrd Honors Scholarships follow a competitive selection process designed to reward students who demonstrate the highest levels of academic achievement and leadership. |
| | Average award | Average award \$1,500 | \$1,500 | |
| PRIMECARRE | Number of awards | 20 awards | 18 awards | |
| | Average award | Average award \$15,000 | Average award of \$15,000 | |
| Stafford Loan Program (GSL) | Number of borrowers | 55,000 borrowers | 69,931 borrowers | Growth due to increase in market share, rising cost of education and processing cycles of the Commission's largest college and university clients. |
| | Average loan | Average loan \$5,250 | Average loan \$6,000 | |
| Paul Douglas Teaching Scholarship | Number of awards Average award | | | No additional awards are being made in this federal program. |
| Teacher Shortage Forgivable Loan | Number of awards | 500 awards | 503 awards | Forgivable loan recipients agree to teach in Iowa shortage areas for at least five years. The program encourages education students to remain in Iowa after graduation. Additional awards were made because the U. S. Department of Education provided an additional \$250,000. |
| | Average award | Average award \$2,828 | Average award \$1,752 | |

| Services, Products, Activities | Performance Measures | Outcome Target | Outcome | Comments |
|---|-----------------------------------|-------------------------------------|---------------------------------------|--|
| Leveraging Education Assist Partnership | Number of awards Average award | | Not Applicable | Funding from this federal program enhances state efforts under the Iowa Grant program |
| National Guard Benefits Program | Number of awards Average award | 800 awards Average award \$3,025 | 1,116 awards Average award \$3,130 | Funding for the Iowa National Guard Educational Assistance program demonstrates Iowa's commitment to the men and women who serve in national security positions. Participants are eligible for educational assistance at Iowa Regent universities, Independent colleges and universities and Community Colleges. |
| ACE Opportunity Grant | | | | Beginning in FY 2004-2005 the funds were combined with Vocational-Technical Tuition Grants. |
| Physician Recruitment | Number of awards Average award | 8 awards Average award \$39,542 | 9 awards Average award \$38,495 | Osteopathic physicians in this program provide a minimum of two years of service in underserved communities. |
| Iowa Grants | Number of awards Average award | 2,615 awards Average award \$510 | 2,143 awards Average award \$631 | Iowa Grants are awarded to students at Regent universities, independent colleges and universities, and community colleges. Recipients are those with the greatest need. The awards decreased below projections because of the loss of federal LEAP dollars. |
| Chiropractic Forgivable Loans | Number and value of awards | Not Applicable | | These loans are no-longer funded. |

| Services, Products, Activities | Performance Measures | Outcome Target | Outcome | Comments |
|--------------------------------------|---|---|--|--|
| Foster Care Grant Program | Number of awards Average award | 17 awards Average award \$5,070 | 15 awards Average award \$4,713 | Foster Care Grants are provided from agency resources and federal funds available through the Department of Human Services. |
| Not-for-Profit Tuition Grant Program | Number of awards Statutory maximum award | Statutory maximum award of \$4,000 for 15,000 students. | Awards to 13,949 students averaging \$3,198. | Not-for-Profit-Iowa Tuition Grants provide access to educational opportunities and choice among programs for students at Iowa Independent colleges and universities. |
| For-Profit Tuition Grant Program | Number of Awards Average Award | New program category | Awards to 2,657 students, averaging \$1,866. | Not-for-Profit-Iowa Tuition Grants provide access to educational opportunities and choice among programs for students at Accredited Iowa For-Profit colleges and universities. |
| Voc Tech Grant Standing | Number of awards Average award | 2,900 awards Average award \$860 | 2,961 awards Average award \$855 | Vocational Technical Tuition Grants provide assistance to students at Iowa Community Colleges who are pursuing vocational and career-option training. Programs include nursing, computer programming, and other industrial skills. |
| College Work-Study Program | Number of awards Average award | 200 awards with an average of \$700 | 220 awards with an average of \$586 | Iowa Work-Study program received an appropriation of \$140,000 for FY 2005 – 2006. |
| Osteopathic Loans | Number of awards Average award | 124 awards Average award \$2,000 | 89 awards Average award \$2,500 | The Osteopathic Forgivable Loan Program allows students at Des Moines University to receive loan forgiveness if they agree to practice in Iowa for at least two years after graduation. The total number of awards is dependent upon the number of Iowa resident students accepted at Des Moines University. |

| Services, Products, Activities | Performance Measures | Outcome Target | Outcome | Comments |
|--------------------------------|---|---|---|--|
| TEB State Fair Scholarship | Number of awards Average award Fund balance Annual income for new awards | Five scholarships \$930 average Fund balance of at least 67,538 Annual income of \$2,000 | Two scholarships \$500 average Fund balance of \$67,000 Annual income of \$2,602 | This program recognizes Iowa students who have strong academic and leadership credentials, and who have made significant contributions to the Iowa State Fair. The program is funded from private contributions. |

PERFORMANCE PLAN RESULTS

CORE FUNCTION

Name: Resource Management

Description: The Iowa College Student Aid Commission is able to promote and administer student funds for postsecondary education by effectively and efficiently administering student loan guaranty agency resources.

Why we are doing this: Students receiving State scholarship and grant assistance need the assurance that all funds intended to assist them have been made available in a timely efficient and effective manner. Students using student loans need the reassurance of knowing that student loans will be available during their college years, and that repayment counseling will be available, if needed after graduation. Graduate borrowers in repayment receive counseling and collections assistance as needed, to help them to meet their student loan obligations. Fee income from the operation of the guaranty agency is available to the Commission for use in programs that affect student loan policies.

What we're doing to achieve results: The Iowa College Student Aid Commission monitors key indicators of ongoing scholarship and grant administration, and student loan processes.

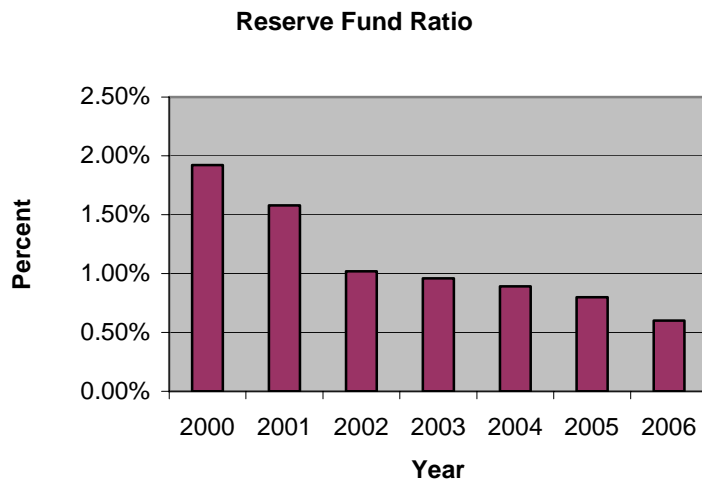
Results

Performance Measure:

Federal student loan program reserve fund ratio.

Performance Target: The performance target is 1.0%.

Data Source: System reports from ICSAC data processor and state accounting system.



Data reliability: System reports are managed by the Commission data processor, Sallie Mae Servicing, Inc., the largest guarantor servicer center in the country. System reports have a high degree of reliability. Fund balances are reconciled against the state on-line accounting system.

Why we are using this measure: Federal student loan statutes set the minimum reserve requirement for participating guarantors at 0.25%.

What was achieved: The Commission reserve ratio continues to be greater than the minimum requirement.

Analysis of results: The Commission is managing the gradual reduction of its federal student loan reserve ratio by continuing the long-held policy of waiving guarantee fees assessed to borrowers for Commission services. Within three years, the Commission anticipates the need to charge a guarantee fee.

Resources used: Federal Student Loan Reserves.

Services, products and activities summary: The following table presents targets and outcomes for the services, products, and activities (SPAs) within the Resource Management core function.

| Core Function | Outcome Measure(s) | Outcome Target | Outcome | Comments |
|--|---|---|---|--|
| CF: Resource Management | | | | |
| Effectively administer funds to avoid second semester award cuts. | Reserve fund ratio Commitment less attrition Second semester award adjustment | 1% 0% 0% | 1% 0% 2% | The second semester award adjustment occurred because more students were eligible and there was a reduction in the state appropriation. |
| Maintain sound student loan operation that provides sufficient resources to sustain agency operations and minimize student charges. | Federal Student Loan Program Fund Ratio Student Charges Market Share | 1.0% at FY-end Zero 38 Iowa colleges and universities | 0.6% at FY-end Zero 38 Iowa colleges and universities | The Commission maintained a strong reserve fund ratio throughout FY 2004 – 2005, permitting the extension of its policy to waive the allowable one percent guarantee fee chargeable to student loan borrowers. The fee waiver saved Iowans nearly \$3.52 million if FY 2004 – 2005. |
| Students, parents, financial aid administrators, and lenders have access to a wide array of quality services made possible by utilizing technology to its fullest potential. | Number and scope of new and expanded web-based products and services. | One new product/service Two expanded products/services | One new product/service Two expanded products/services | The Commission launched its new Commission Connection service for the transfer of private personal information. This allows college and university officials to securely transfer private student scholarship, grant and loan records to the Commission while meeting the requirements of the FERPA law and the Graham, Leach, Bliley Act. |

| Services, Products, Activities | Performance Measures | Outcome Target | Outcome | Comments |
|--------------------------------|----------------------|----------------|---------|----------|
|--------------------------------|----------------------|----------------|---------|----------|

| | | | | |
|---|---|----------------------------------|-----------------|---|
| Core Function: Resource Management | | | | |
| Stafford Loan Program Administration | Operating Fund Reserve Ratio (Fund Balance / Total Outstanding Portfolio) | 1.0% at FY-End | 1.07% at FY-End | FY2003 - 2004 loan volume exceeded the previous year by over 27 percent, helping the Commission maintain a healthy operating fund reserve ratio. Loan rehabilitations increased 16 percent, with 918 borrowers benefiting from this program in FY2003 – 2004. |
| | New Loan Volume (Net) | \$400 million | \$409,800,000 | |
| | Total Defaulted Loan Collections | \$40 million | \$24,400,000 | |
| | Loan Rehabilitations | \$7.0 million | \$6,667,844 | |
| Default Reduction Account | Default Claims Paid | Reduce by 5% | Reduced by 0% | Steady growth in new loan volume is slowly driving up default claims, however default aversion cures are up slightly. |
| | Default Aversion Cures | Increase Common Cure Rate to 90% | 85.4% | |
| Scholarship and Grant Admin | Scholarship and grant expenditures | \$364,640 | \$364,555 | The change is due to a combination of salary adjustments and appropriation level adjustments. |
| | | | | |

PERFORMANCE PLAN RESULTS

CORE FUNCTION

Name: Research Analysis and Information Management

Description: The Iowa College Student Aid Commission is able to advocate for, and administer student aid funds by effectively and efficiently collecting, distributing and utilizing higher education data.

Why we are doing this: Effective and efficient administration is dependent upon the ability of the organization to gather and utilize data-based decision-making techniques. Effective public policy development and advocacy are dependent upon the availability of objective data from the organization's external and internal environments.

What we're doing to achieve results: Commission research staff coordinate state and national higher education data to make needed objective data available to Iowa policy-makers. The Commission maintains an Iowa higher education database from which reports are generated and published in the *Information Digest of Postsecondary Education in Iowa*. Data from special studies of existing databases and the administration of special surveys target important areas of needed data. The reports are available on the internet at <http://www.iowacollegeaid.org/research/index.html>. Information from the external databases, surveys and internal process control functions are an essential part of the management process and goal to maintain a strong guaranty agency and an effective administration of scholarship and grant programs.

Results

Performance Measure:

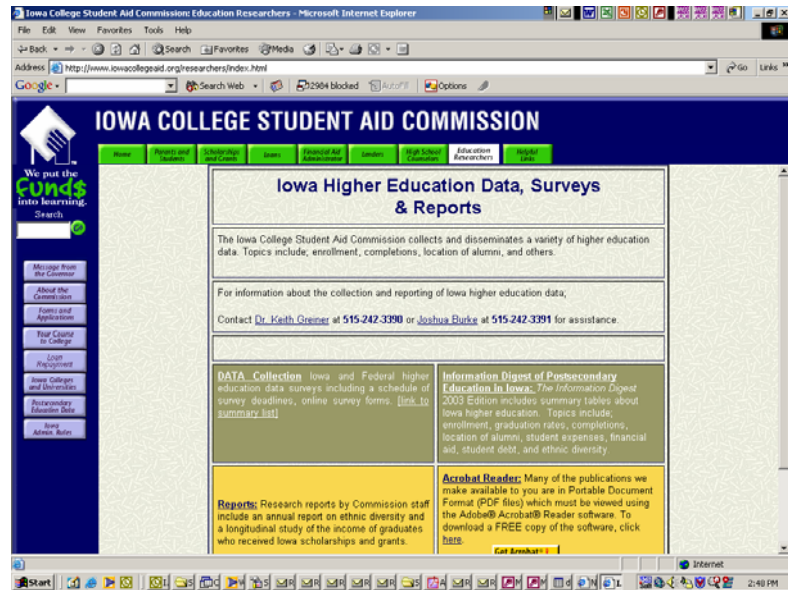
Number of Information Digests available on the internet.

Performance Target:

Publish an information Digest on-line at

<http://www.iowacollegeaid.org/research/index.html>.

Data Source: Commission Staff.



Data reliability: Data published in the *Information Digest* vary in both availability and reliability. Implementation of new reports, including the new report on student loan debt require several years of development and testing. Data for established reports like the summaries of student financial aid have been collected for many years, with some series' dating to 1976. Data in long-term series' are known to be highly reliable.

Why we are using this measure: Availability of the *Information Digest* reflects availability of a wide variety of objective data about higher education activity in the state of Iowa.

What was achieved: Publication of the *Information Digest* was suspended for several years as the Commission staff upgraded and reconfigured the higher education database using new Microsoft™ software systems. The goal of the reconfiguration process was to make the publication widely available on-line. In FY 2005 – 2006 the on-line surveys were maintained and improved as needed. A new survey was created and used to obtain data about colleges and universities that provide Iowa Tuition Grants. With the assistance of an advisory committee, the Commission research staff assembled data about institutions that provide tuition grants. The results were provided to the General Assembly.

Analysis of results: The intended results were achieved.

Resources used: Federal Student Loan Program/State Administrative Funds.

Services, products and activities summary: The following table presents targets and outcomes for the services, products, and activities (SPAs) within the Research Analysis and Information Management core function.

| Services, Products, Activities | Performance Measures | Outcome Target | Outcome | Comments |
|--|---|---|--|---|
| Core Function: Research Analysis and Information Management | | | | |
| Higher education database | Availability and publication of higher education data collection and storage infrastructure | Update the on-line data entry system | On-line data entry system updated and publication has been completed | The on-line data entry system is available at http://www.iowacollegeaid.org/researchers/index.html |
| Information Digest | Publication of annual digest | Publication as data become available | Publication completed | Publications are available at http://www.iowacollegeaid.org/researchers/index.html |
| Research Report(s) supporting advocacy role. | Publish longitudinal study report Publish other pertinent studies | Publish at least one study that addresses current or emerging student aid and higher education issues | Study published on the internet | Publications are available at http://www.iowacollegeaid.org/researchers/index.html |

AGENCY CONTACTS

Copies of Iowa College Student Aid Commission Performance Report are available on the Iowa College Student Aid Commission web site at www.iowacollegeaid.org Copies of the report can also be obtained by contacting Karen Misjak, Executive Director or Dr. Keith Greiner, Research Director at 515-242-3344.

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