

ANNUAL REPORT

2004-2005



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Executive Summary



The mission of the Iowa College Student Aid Commission has always been to promote affordable access to higher education – to help Iowa families find the financial resources that open the doors to educational opportunities at the colleges or universities of their choice.

We know that students and parents work hard to save and budget the financial resources for a college education. On behalf of the state of Iowa and the General Assembly, our agency supports Iowa students and families with scholarships, grants, forgivable loans, student loan guarantees, informational resources, and a range of services that assist borrowers throughout the repayment process.

The financial aid impact to Iowans of Commission-administered programs in the 2004-05 academic year is described in this report. Included are these components:

- An investment of \$49.9 million made it possible for 16,002 students to receive Iowa Tuition Grants and pursue undergraduate degrees at Iowa's independent colleges and universities (grant report on page 6);
- Iowa Grants were awarded to 2,297 students who faced barriers to higher education due to insufficient family resources (grant report on page 7);
- 1,029 college freshmen received State of Iowa Scholarships in recognition of their high school academic achievements (scholarship report on page 10);
- 2,891 Iowans received Vocational-Technical Tuition Grants—support that aids students enrolled in vocational programs at community colleges throughout the state (grant report on page 7);
- 499 students made a commitment to teach in high-need education areas. They were awarded Iowa Teacher Shortage Forgivable Loans and agreed to become Iowa teachers after graduating with special training to teach in hard-to-fill subject areas (Iowa's teacher program described on page 13);
- Over \$410 million in student loan financing was guaranteed by the Commission to support 67,200 Iowa students and parents (report on page 17);
- While working to prevent student loan defaults, more proactive efforts were made to increase recoveries on defaulted loans, saving taxpayers millions of dollars and ensuring that resources are available to help future students finance a college education (loan collections report on page 21).

Higher Education in Iowa



IOWA HIGHER EDUCATION TRENDS

Enrollment

208,318 students were enrolled at Iowa colleges and universities in the fall of 2004; 184,126 undergraduate students and 24,192 graduate students.

Between 1994 and 2004, Iowa full-time undergraduate enrollment increased 22.4 percent, part-time undergraduate enrollment increased 21.5 percent, and graduate enrollment increased 10.7 percent.

Among Iowa residents, undergraduate enrollment increased 16.8 percent between 1994 and 2004.

Cost of Attendance

Over the last five years, the cost of attendance increased 16.4 percent at Iowa community colleges, 30.4 percent at Regent universities, and 17.5 percent at independent colleges and universities (cost of attendance includes tuition, fees, room and board, and other college expenses).

In the last year, the cost of attendance increased 2.0 percent at Iowa community colleges, 12.0 percent at Regent universities, and 7.6 percent at independent colleges and universities.

Financial Aid

Colleges and universities provide a significant number of students with either merit-based or need-based financial assistance known as “institutional aid.” Iowa students received \$490 million from institutional sources in FY 2004 (most recent data reported), a 52.4 percent increase from the amount of institutional assistance received in 1994 (\$257 million).

In 2004-2005, the average debt for an Iowa student graduating with a four-year degree was \$23,246.



More students and families depend on federal student loans than any other source of financial aid.

State Grant Programs



GRANTS TO ENSURE BROAD ACCESS TO HIGHER EDUCATION

According to the U.S. Bureau of Labor Statistics, 60 percent of new jobs created between today and 2010 will require some higher education. Today, more than two-thirds of the fastest growing occupations require postsecondary education degrees. These statistics reflect dramatic shifts to a global society that is more dependent on advanced technologies than ever before. Parents and students know that higher education is critical to their chances to succeed in life. To ensure success, efforts must be made to make college affordable through a combination of grant aid and low-cost student loans.

The availability of need-based grants expands access to education. Nationally, the Pell Grant Program provides assistance to approximately one-quarter of our country's undergraduate students. Pell Grants are limited to those students facing the highest financial barriers. The amounts awarded cover portions, not the entire amount, of students' education costs.

Like many states, Iowa policymakers created educational grant programs to extend financial aid to more families than are eligible for the federal grant, and to further support for those students with the greatest need. Iowa General Fund appropriations for student grant programs totaled \$56.4 million in 2004-05. This funding was used to provide 21,221 awards to Iowa students who were eligible to receive grants through the programs described later.

Financial aid dispensed in the form of grants, which is aid that does not have to be repaid, rarely covers the full costs of a college education. Some people erroneously equate grant aid with a "full ride," but in fact, studies of undergraduate financing affirm that most grant recipients who complete a bachelor's degree have borrowed federal student loans and graduate with student loan debt.

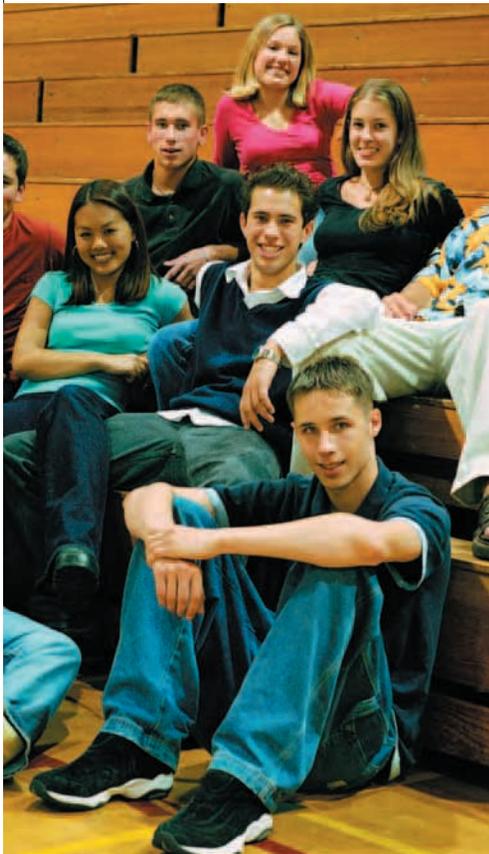


State Grant Programs



AWARD METHODOLOGY – WHO IS ELIGIBLE FOR IOWA-FUNDED GRANTS?

Students apply for state and federal grants by completing the Free Application for Federal Student Aid (FAFSA). Student and parent financial information submitted through the FAFSA is analyzed by a federal processing center using methodology approved by the U.S. Congress. The analysis considers family income, family size, number of family members enrolled in college, selected assets, age of parents, and other pertinent factors. It is designed to provide an estimate of how much each family can reasonably be expected to contribute toward annual education expenses (Expected Family Contribution = EFC).



EFC figures are used by Commission staff and college and university officials to identify students in need of assistance, and to estimate the amount of financial aid each student needs to meet college expenses (college expenses minus EFC = maximum aid).

The Commission establishes EFC awarding levels for the Iowa Tuition Grant and Iowa Vocational-Technical Tuition Grant programs. Students with EFCs at or below the awarding levels receive grants to assist them in paying education costs at Iowa colleges and universities.

Methodology Data / Iowa Tuition Grant and Iowa Voc-Tech Tuition Grants

	2004-05	2003-04	2002-03
Iowa Tuition Grants			
EFC (a)	\$9,000	\$9,000	\$9,000
Median Income (b)	\$43,370	\$43,913	\$43,465
Average Need (c)	\$13,320	\$12,413	\$11,198
Iowa Voc-Tech Tuition Grants			
EFC (a)	\$1,001 to \$4,000	\$1,001 to \$3,800	\$1,001 to \$3,800
Median Income (b)	\$36,631	\$35,562	\$35,703

(a) Awarding parameter Expected Family Contribution (EFC).
 (b) Median family income of dependent recipient.
 (c) Average need of dependent recipients.

State Grant Programs



IOWA TUITION GRANTS

The Iowa Tuition Grant was created by the General Assembly more than 30 years ago to provide students and families with greater access to educational opportunities at Iowa's independent colleges and universities. Grants are awarded to Iowa students based on income parameters. The students may be enrolled in accredited programs at any of 36 independent colleges and universities located in communities throughout the state.

The Iowa Tuition Grant is applied to an eligible student's tuition and educational fees. Students with Expected Family Contributions (EFCs) at or below the annual awarding level, and who apply before the deadline, qualify for grants. The statutory maximum for the award is \$4,000. The maximum award has been reduced in some years due to a higher number of eligible applicants and reduced state appropriations. Iowa students may be eligible to receive the grant for up to four years of full-time undergraduate study (adjustments are made for less-than-full-time status).

Iowa Tuition Grants

Awards	2004-05	2003-04	2002-03
Eligible Applicants	33,880	33,328	32,306
Recipients	16,002	15,976	15,741
Maximum Award*	\$3,600	\$3,600	\$3,600
Average Award**	\$2,933	\$2,823	\$2,906
Expenditures	\$49,938,709	\$45,102,263	\$45,737,256

* By statute, the maximum award is \$4,000. A lower award was used to extend grants to more students when eligible applicant numbers rose without a corresponding increase in the source of funds.

** The average award is lower than the maximum due to adjustments made for part-time students and those who enroll for one enrollment term.



State Grant Programs



IOWA GRANTS

Legislators developed the Iowa Grant Program in 1990 to assist Iowa students with the greatest financial need. The recipients may be enrolled at any accredited Iowa college or university. Award decisions are made using a need-based ranking system at each institution. Federal leveraging funds augment state support for these grants.

The General Assembly sets the formula for apportioning Iowa Grant funds to each sector of Iowa higher education: Regent universities, independent colleges and universities, and community colleges. The statute allows a maximum award of \$1,000; however, a lower maximum award has been used to offset the increased number of eligible applicants and reduced state appropriations.

IOWA VOCATIONAL-TECHNICAL TUITION GRANTS

The Iowa Vocational-Technical Tuition Grant Program provides assistance to community college students pursuing vocational and career-option training. Program eligibility is determined by the Iowa Department of Education and includes vocational fields such as nursing, computer programming, and a variety of other areas related to industrial skills or specialized vocations.

The program was restructured in 2002 to allow funds to be targeted to students who did not have access to other nonrepayable aid, and to raise the award to a more meaningful amount. Before the change, many students received Pell Grants and smaller awards from the Iowa Vocational-Technical Tuition Grant. By changing the awarding structure, more significant grants (\$1,200 rather than \$650) are available to students who do not receive federal Pell Grants, but who still demonstrate a need for financial aid.

Distribution of Iowa Grant Assistance by School Sector

Iowa Grant Distribution for 2004-05

Regents Universities	701 recipients	\$517,987
Independent Colleges and Universities	804 recipients	\$502,831
Community Colleges	792 recipients	\$356,806
Total in Fiscal Year	2,297 recipients	\$1,377,624

Iowa Grant Awards Data

	2004-05	2003-04	2002-03
Recipients (all sectors)	2,297	2,260	2,670
Maximum Award	\$1,000	\$1,000	\$1,000
Average Award	\$600	\$456	\$506
Expenditures (Combined state and federal dollars, as shown below.)	\$1,377,624	\$1,029,864	\$1,352,223

Source of Funds for Iowa Grants

	2004-05	2003-04	2002-03
State Appropriations	\$1,029,784	\$1,029,864	\$1,029,884
Federal LEAP/SSIG Dollars*	\$347,840	\$0	\$322,339

* Federal Leveraging Educational Assistance Partnership (LEAP) – In return for allocating state of Iowa funds to assist students with need, Iowa is eligible to receive these federal dollars, which are added to the Iowa Grant funds.

Iowa Vocational-Technical

Tuition Awards

	2004-05	2003-04	2002-03
Recipients	2,891	2,642	2,767
Maximum Award	\$1,200	\$1,200	\$1,200
Average Award*	\$875	\$884	\$857
Expenditures	\$2,530,570	\$2,335,653	\$2,371,526

*The average award is lower than the maximum due to adjustments made for part-time students and those who enroll for one term. Vocational-Technical Tuition Grants are available for two consecutive years of full-time undergraduate study at an Iowa community college (adjustments are made for less-than-full-time status).

State Grant Programs



IOWA NATIONAL GUARD EDUCATIONAL ASSISTANCE

Funding for the Iowa National Guard Educational Assistance Program is one way the state of Iowa demonstrates its commitment to the men and women who serve national security positions at home and abroad. When many Iowa Guard units were activated for duty early in 2003, it became clear that recipient numbers would likely drop for a short time. In 2003-04, the number of recipients dropped dramatically, only to return to normal levels by 2004-05. As many Guard members are returning from duty, our staff is committed to serving Iowa Guard members by providing them information and financial assistance.



Iowa National Guard Educational Assistance

Awards	2004-05	2003-04	2002-03
Applicants	1,200	883	1,153
Recipients	1,095	752	949
Average Award	\$3,100	\$1,384	\$1,153
Expenditures	\$3,394,164	\$1,040,552	\$1,094,123

Recipients by School Sector: Iowa National Guard Assistance

	Award distribution for 2004-05:		Award distribution for 2003-04:	
	Student Recipients	Expenditures	Student Recipients	Expenditures
Regents Universities	351	\$1,622,283	277	\$547,961
Independent Colleges and Universities	165	\$688,056	121	\$208,665
Community Colleges	564	\$1,021,722	354	\$283,926

State Grant Programs



IOWA FOSTER CHILD GRANTS

Some young Iowans have lived through difficult personal circumstances and have never considered college to be within their reach. This is particularly true among youth who have been supported by Iowa's Department of Human Services (DHS). Generally, foster children live with, and receive support from, the foster families and the state until they reach age 18.

Most youth who have "aged out" of foster care have no connection to family financial resources. Even with the availability of need-based education grants, there is a gap in the financial resources and support they need to make college a reality.

Our agency has partnered with the Iowa Department of Human Services to administer two specific programs to address that gap. The Iowa Foster Child Grant (IFCG) was a pilot program initiated in the 1999-2000 academic year. New recipients were selected annually until the program's final year, 2004-05. The Commission and DHS jointly fund the IFCG, and monies have been set aside to ensure continuous support for those students who remain eligible. Currently, 23 students remain in the program.

The Education and Training Voucher (ETV) Program is an initiative funded by the Federal Department of Health and Human Services to assist former foster youth with expenses incurred for postsecondary education and job training. Each year Iowa is expected to receive approximately \$400,000. The 2004-05 academic year allocation was \$403,118. The funds went toward salary and benefits for one full-time staff person, as well as 75 student awards ranging from \$299 to \$5,000.

IOWA FOSTER CHILD GRANTS

Recipients	2004-05	2003-04	2002-03
New Awards	0	15	10
Renewal Awards	0	12	15
Total/Students			
Receiving Awards	31	27	25
Average Award	\$4,161	\$2,742	\$2,792
Total Expenditure*	\$128,985	\$74,032	\$69,800

* Not a General Fund expenditure.

EDUCATION AND TRAINING VOUCHER

Recipients	2004-05
New Awards	75
Renewal Awards	0
Total/Students	
Receiving Awards	75
Average Award	\$3,456
Total Expenditure*	\$320,697

* Not a General Fund expenditure.

Scholarship Programs



STATE OF IOWA SCHOLARSHIP

The purpose of student grant assistance is to level the playing field for those who face financial obstacles. Another higher education goal supported by Iowa policymakers is to recognize and reward academically talented young Iowans. To make that investment in future community leaders, we administer two scholarship programs that recognize high school seniors for their outstanding academic achievements. One program is funded by the state of Iowa, and the other uses federal funding.

The State of Iowa Scholarship Program began in 1965. Its purpose is to recognize and reward high school seniors for their academic accomplishments. Students from Iowa high schools are selected for this distinctive honor, and their selection is based on class rank and academic test scores.

The governor is invited to recognize each State of Iowa scholar at an awards ceremony. Scholars receive a modest financial award which is applied to first-year college expenses at any Iowa college or university.

ROBERT C. BYRD HONORS SCHOLARSHIP

The Robert C. Byrd Honors Scholarship Program is a federally funded program that follows a very competitive selection process to reward students who demonstrate the highest levels of academic achievement and leadership. The prestigious award provides a \$1,500 academic scholarship. The scholarship is renewable for up to four years. The maximum total award is \$6,000. The awards accompany students to any college or university in the country.

To apply, the high school senior must be in the top 10 percent of his or her graduating class, obtain a minimum score of 28 on the ACT or 1,240 on the SAT exam, and earn a minimum grade point average of 3.5 (on a 4.0 scale). Applications and reference letters for all eligible applicants are ranked by members of an academic review panel made up of college deans, admission and financial aid directors, and other academic leaders. Scholarship recipients are selected by the panel.

STATE OF IOWA SCHOLARSHIP

Award Data	2004-05	2003-04	2002-03
Applicants	4,263	4,366	4,773
Designated Scholars	1,459	1,499	1,614
Monetary Recipients*	1,029	1,135	1,136
Average Award	**\$394	\$394	\$392
Expenditures	\$405,353	\$446,986	\$445,010

* Monetary awards apply to those scholars who attend Iowa colleges or universities.

** In FY 05 the Iowa General Assembly eliminated state appropriations to support this program. A one-time transfer from the Commission's Scholarship and Grant Reserve Fund provided funding for FY 05 scholarship awards.

ROBERT C. BYRD HONORS SCHOLARSHIP

Awards	2004-05	2003-04	2002-03
First-Time Applicants	389	445	452
First-Time Award Recipients	60	67	70
Renewal Awards	209	219	211
Expenditures*	\$398,000	\$396,500	\$414,000

Academic profile for 2004-05 recipients: Average ACT: 34. Average GPA: 3.99.

* Federal source of funding.

Scholarship Programs



GOVERNOR TERRY E. BRANSTAD IOWA STATE FAIR SCHOLARSHIPS

This scholarship recognizes young Iowans who have strong academic and leadership credentials and made significant service contributions to the Iowa State Fair. This scholarship honors Iowa's former governor, Terry E. Branstad, while rewarding many outstanding students. This scholarship was created 11 years ago and funds up to four scholarships ranging from \$500 to \$1,000 each year. If funding permits, an additional \$2,000 scholarship is awarded to the Iowa State Fair Queen.

STATE FAIR SCHOLARSHIP

	2004-05	2003-04	2002-03
Applicants	69	72	79
Recipients	4	4	4
Award Per Recipient	\$1,000	\$1,000	\$1,000
State Fair Queen Scholarship Award*	1	1	1
Award Amount	\$2,000	\$2,000	\$2,000

* The Iowa State Fair Board has agreed to supplement this scholarship in the event that funding is not available from the Governor Terry E. Branstad Scholarship Fund.



Forgivable Loans

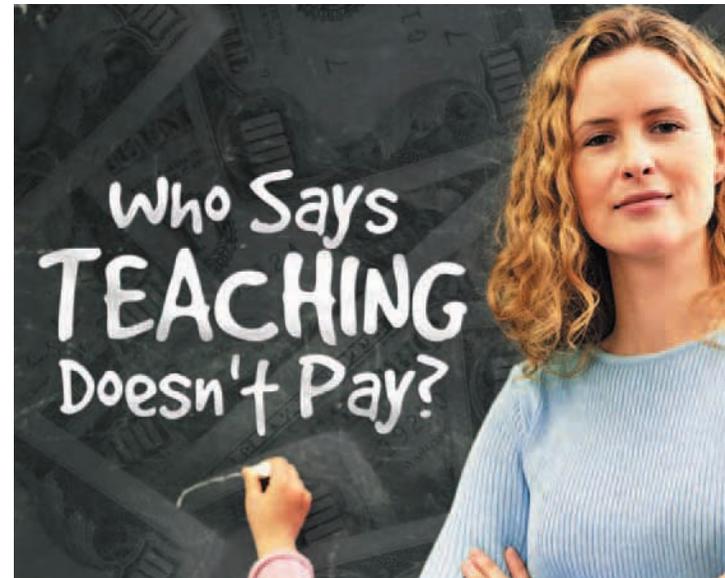


FORGIVABLE LOANS INVEST IN SHORTAGE-AREA PROFESSIONALS

Iowans understand how important it is to have well-trained professionals living and working in local communities. In small towns and rural areas, families and neighbors need access to well-educated doctors, nurses, teachers, and providers of other essential services. The Commission is pleased to play a role in efforts to recruit and retain talented young people to fill high-need positions throughout the state.

Education benefits in the form of forgivable loans are an attractive incentive for individuals who want to pursue education and training in high-demand professions. Iowa families and communities benefit from these programs because student recipients fulfill service obligations in areas where services are in short supply. The service may be the delivery of quality health care in a rural community or the teaching of hearing-impaired students in a local school district.

Recruitment and retention efforts have been particularly successful in two areas: the recruitment of qualified teachers to fill shortage areas in Iowa's K-12 schools, and the recruitment of physicians who stay in Iowa to provide community health care services. Our programs are formulated in partnership with other public and private entities who also want to take proactive steps to address specific challenges facing Iowa communities.



Forgivable Loan & Recruitment Incentive Programs



IOWA TEACHER SHORTAGE FORGIVABLE LOAN PROGRAM

The Iowa Teacher Shortage Forgivable Loan Program was created in 1999. School administrators throughout the state were lacking qualified professionals to teach special need students and to teach subjects in specific subjects such as math and science.

As Iowa college students were accumulating greater debt from student loans, out-of-state school districts were bringing attractive recruitment packages to Iowa campuses, and encouraging students to leave the state. Iowa's need for qualified teachers was growing, but financial incentives to keep new teachers in Iowa were not.

Fortunately, the Iowa Teacher Shortage Forgivable Loan Program has helped change this situation. The goal of the teacher forgivable loan program is to invest in Iowans who will utilize their talents and education as teachers in high-need positions in Iowa's K-12 schools. The program incentive provides participating students with direct education assistance of up to \$9,000. Each recipient receives up to \$3,000 per year as a sophomore, junior, senior, or graduate student, as long as he or she is studying in an accredited education program leading to certification for teaching in a shortage area.

Forgivable loan recipients agree to teach full-time in Iowa shortage areas for at least five years. They have the flexibility of teaching in any Iowa school—public or private—and they may change schools while completing their service obligations. The Iowa Teacher Shortage Forgivable Loan Program is supported by appropriations from the state of Iowa, and also by special federal appropriations. Nearly \$3.5 million in federal funding has been secured by Iowa Senator Tom Harkin to allow Iowa's program to support more future teachers over a period of five to eight years.

2004-2005 DESIGNATED SHORTAGE AREAS

SPECIAL EDUCATION

K-6 & 7-12 Multi-categorical Resource
(Instructional Strategist I)
K-6 & 7-12 Behavior Disorders
(Instructional Strategist II LD-BD)
K-12 Talented & Gifted
K-6 & 7-12 Multi-categorical Special Class
with Integration (Instructional Strategist I)
PK-K Early Childhood Special Education
K-6 & 7-12 Mental Disabilities
(Instructional Strategist II MD)
K-12 Moderate/Severe/Profoundly
Handicapped (Instructional Strategist II MD)
K-6 & 7-12 Learning Disabilities
(Instructional Strategist II LD-BD)
Birth to 21 Itinerant Hearing Impaired
Birth to 21 Itinerant Visually Impaired
K-6 & 7-12 School Media Specialist

GENERAL EDUCATION

K-12 English as a Second Language
7-12 Industrial Technology
7-12 Science (all)
7-12 Mathematics
7-12 Foreign Language
7-12 Agriculture
K-6 & 7-12 Counselor
K-6 & 7-12 Music
PK-6 & 7-12 Principal

*The shortage areas are designated by the Iowa Department of Education annually.

Forgivable Loans

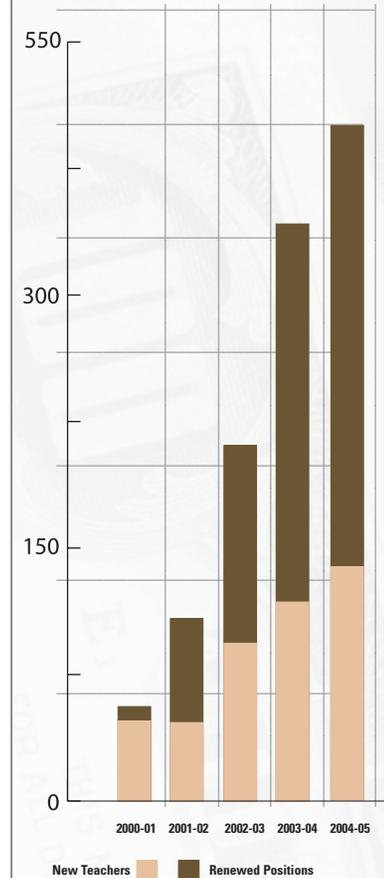


POSITIVE OUTCOMES – TEACHER PLACEMENTS

Cumulatively, 500 shortage-area teaching positions have been filled by qualified new teachers who received education benefits through the Iowa Teacher Shortage Forgivable Loan Program.



TEACHER PLACEMENTS



POSITIVE OUTCOMES

Program growth shows recruitment success

	2004-05	2003-04	2002-03
Student Recipients*	499	532	458
Average Award	\$2,718	\$2,765	\$2,736
Total Expenditures**	\$1,356,121	\$1,471,109	\$1,253,119

* Recipient numbers include first-time awards and renewal awards.

** Expenditures represent a combination of funding from state and federal sources, as well as collections.

Forgivable Loans



LOAN FORGIVENESS FOR PHYSICIAN RECRUITMENT

The state of Iowa has an interest in ensuring that highly trained health professionals are accessible to Iowans living in all areas of the state. As the demographics of rural Iowa change, access to quality medical providers becomes more of a challenge.

Recruitment scholarships and forgivable loans have been available since 1994 to assist future doctors as they pursue medical studies at Des Moines University (DMU). The impact of this investment has been felt in 56 small communities (populations of 10,000 or less) that were able to attract a well-trained physician. In addition, Iowans have access to health care services provided by some of the hundreds of physicians who received forgivable loans to help them afford the costs of medical school.

The Osteopathic Forgivable Loan Program allows DMU medical students to receive loans that are forgiven (cancelled) if they agree to practice in Iowa for at least two years following graduation. To date, forgivable loans have been awarded to 423 DMU students. The forgivable loan program allows participating physicians to complete their service obligations in any health care setting within the state.

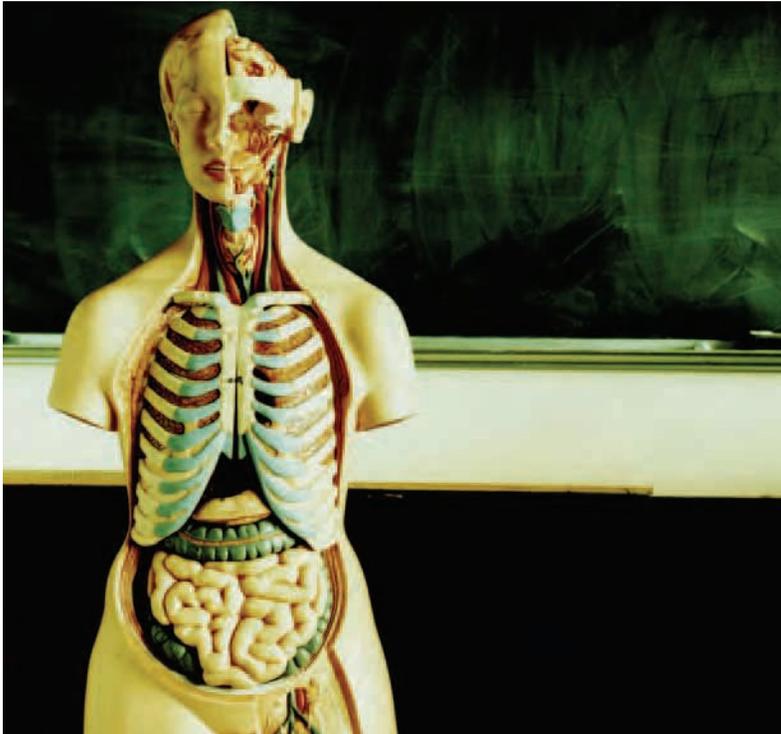
A second education assistance program provides incentives to students and physicians who agree to serve in communities where physician shortages are more acute. The Physician Recruitment Program began nine years ago and is a partnership between the state of Iowa and Des Moines University. The program provides tuition scholarships to students or loan repayment benefits to physicians. Tuition scholarship recipients must provide at least two full years of service in an underserved Iowa community. Physicians receiving loan repayment benefits must provide at least four years of service in an underserved Iowa community.

OSTEOPATHIC FORGIVABLE LOANS

Program Participant Status	2004-05
Students	94
Grads in Residency Programs	133
Grads in Military	2
Loans in Forbearance	5
Students on Leaves of Absence	0
Physicians in Repayment or Loans Repaid	94
Practicing Physicians	38
Loans in Default	0
Loans Cancelled by Death	1
Total Recipients (since 1991)	423

Awards	2004-05	2003-04	2002-03	2001-02
Recipients	106	133	133	147
Average Award	\$2,500	\$2,985	\$2,985	\$3,200
Total Expenditure	\$265,000	\$242,000	\$397,000	\$470,400

Forgivable Loans



PHYSICIAN RECRUITMENT BENEFITS

2004-05 Students and Graduates	Tuition Scholarships	Loan Repayment
Benefits		
Students	0	0
Graduates in Residency Programs	12	0
Practicing Physicians in Service Period or Physicians Who Have Completed Their Service Obligation	15	64
Loans Repaid	9	5
Loans in Forbearance	0	2
Loans in Default	0	0
Total Participation (students & grads)	36	71

PHYSICIAN RECRUITMENT SCHOLARSHIP AND LOAN RECRUITMENT INFORMATION

Scholarships	2004-05	2003-04	2002-03	2001-02
First-Time Recipients	2	3	7	0
Renewal Awards	5	3	8	8
Total Recipients	7	6	15	8
Average Award	\$15,057	\$19,955	\$15,033	\$14,966
Total Expenditures	\$108,854	\$119,728	\$225,496	\$119,731
Loan Repayment	2004-05	2003-04	2002-03	2001-02
Negotiated Contracts	6	8	5	8
Average Award	\$30,000	\$30,000	\$30,000	\$30,000
Total Expenditures	\$180,000	\$240,000	\$150,000	\$240,000

The Guaranteed Student Loan Program



FFELP – THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

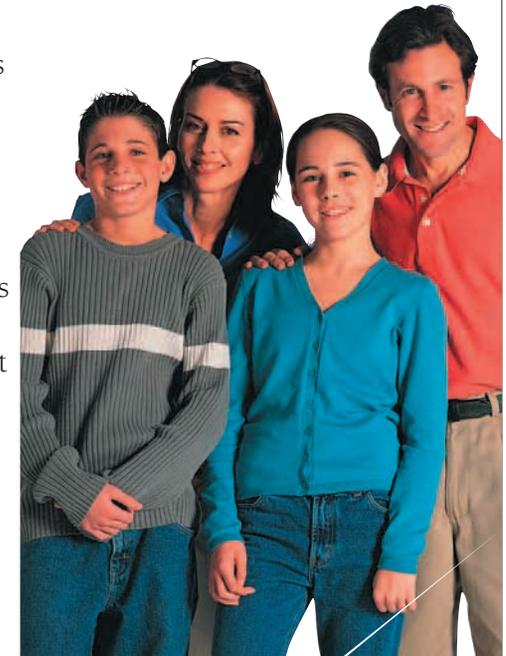
Loan guarantees provided by the Commission last year made it possible for Iowa students and their families to borrow approximately \$410 million to invest in higher education. Since 1979, the Commission has provided over \$5 billion in loan guarantees for students and parents.

Federal student loans have had the greatest impact on access to postsecondary education since the GI Bill. The foundation for this success is a partnership that includes private lenders, the federal government, state or nonprofit guarantee agencies, and campus financial aid administrators. For 25 years, the Commission has served as Iowa's designated guarantor for the Federal Family Education Loan (FFEL) Program. The FFEL Program began in 1965 as the Guaranteed Student Loan Program, and today it is the nation's largest student loan program.

As a guarantor in the FFEL Program, our role is to ensure that affordable financing is readily available so that Iowans can invest in higher education for their sons and daughters, or for themselves. Through our partnership with private lenders, Iowans have access to the country's most affordable student loans. In addition, borrowers receive superior customer service and assistance through all stages of the loan repayment process.

In 1994, the Federal Direct Student Loan Program (Direct Lending) was initiated to give colleges and universities a choice between loan delivery through the FFEL Program or the federal government's Direct Loan Program. When direct lending is used, the capital for student loans is drawn directly from the federal treasury. Customer service is provided by the federal government and its contracted vendors.

In our view, Iowa students and families benefit from the marketplace competition that fuels the FFEL Program. Students and parents have substantial choice among lenders who compete to offer lower financing costs and provide responsive customer service managed by Iowans. Financial aid colleagues at local campuses benefit from our technological investments that have created time-saving and reliable systems for loan processing and financial aid delivery.



A hallmark of Iowa's Federal Family Education Loan Program is that we and our lending partners continually invest in services and technology to improve the administrative process and lower borrowing costs for Iowa students and families.

The Guaranteed Student Loan Program



STUDENT LOAN ACTIVITY AND VOLUME

The number of students and parents who annually benefit from the Commission's guarantee on federal student loans has increased by 47 percent in the past five years. In 2004-05, more than 66,200 students and parents received Commission-backed loans compared to 31,269 in 1997-98.

In total, 48 Iowa colleges and universities, and dozens beyond our state border, participate in the Iowa Federal Family Education Loan (FFEL) Program. Loan volume figures in this report include the loans borrowed by students, or the PLUS loans for the parents of those students, enrolled at these institutions.

The combined total of the federal student loan volume for both the FFEL and Direct Lending Programs show that Iowa students and parents borrowed approximately \$699 million to pay for college expenses last year.



FFELP LOANS

Four types of federal education loans are available through the FFEL Program and guaranteed by the Commission.

- **Subsidized Stafford Loans** are made to students who demonstrate financial need. The federal government pays interest costs for subsidized Stafford Loans while borrowers are in school, grace, and deferment periods.
- **Unsubsidized Stafford Loans** are available to students regardless of their financial need. The borrower is responsible for all interest that accrues on these loans.

Many borrowers receive both subsidized and unsubsidized Stafford Loans. Federal loan program provisions limit the amounts students may borrow in each academic year. The undergraduate student loan maximum is \$23,000 (Stafford Loan limit for a dependent student).

- **Federal PLUS Loans** are for parents of dependent undergraduate students. Parents may borrow up to the cost of attendance per child, minus financial aid from other sources. Unlike other types of student loans, repayment plans begin soon after the loans are disbursed.
- **Federal Consolidation Loans** help borrowers manage repayment of multiple loans by combining all eligible loans into a single, new loan with the option of a longer repayment period. The new loan is guaranteed and administered as a FFEL Program loan.

The Guaranteed Student Loan Program



TAX BENEFITS LOWER COLLEGE FINANCING COSTS

Low interest rates are a positive trend in a period of rising tuition and college costs. Another positive trend has been the expanded use of federal tax credits and deductions, which can reduce a family's costs for financing a college education. More than \$72 million was saved by 95,000 Iowa families who claimed the Hope and Lifetime Learning tax credits in the 2001 tax year (most recent data available). Most taxpayers who qualify for these benefits have annual incomes between \$30,000 and \$100,000.

IOWA FFELP – Loans to Iowa Students

Stafford Loans Volume*	2004-05	2003-04	2002-03	2001-02
Subsidized Stafford Loans				
Borrowers	48,823	49,887	42,549	36,569
Guaranteed Amount (in millions)	\$198.0	\$211.0	\$172.4	\$152.9
Average Loan Amount	\$4,056	\$4,229	\$4,052	\$4,182
Unsubsidized Stafford Loans				
Borrowers	32,412	31,120	26,328	22,318
Guaranteed Amount (in millions)	\$189.2	\$196.2	\$151.1	\$134.7
Average Loan Amount	\$5,837	\$6,305	\$5,740	\$6,038
Total Stafford Loans				
Borrowers	\$56,536	57,067	48,787	42,162
Guaranteed Amount (in millions)	\$387.6	\$407.2	\$323.5	\$287.7
Average Loan Amount	\$6,856	\$7,136	\$6,632	\$6,823
* Gross Guarantees				
PLUS Loans*				
	2005	2004	2003	2002
Borrowers	2,891	2,845	1,998	1,850
Guaranteed Amount (in millions)	\$23.7	\$22.0	\$13.7	\$12.6
Average Loan Amount	\$8,198	\$7,737	\$6,853	\$6,786
* Gross Guarantees				
Consolidation Loans*				
	2005	2004	2003	2002
Borrowers	8,395	6,977	5,557	3,456
Guaranteed Amount (in millions)	\$233.9	\$175.6	\$183.7	\$97.9
Average Loan Amount	\$27,962	\$25,175	\$33,055	\$28,328
* Gross Guarantees				

The Guaranteed Student Loan Program



INTEREST RATES

Government-backed student loans are available at low rates of interest. Interest rates dropped to historic lows on July 1, 2004, and in the 39-year history of the federal student loan program, rates have never been lower than today. By federal statute, rates are reset each July 1 based on a formula tied to U.S. Treasury Bills and the Commercial Paper Index (CPI).

The interest rate on loans in repayment is slightly higher than the in-school rate. Even so, the 3.37 percent repayment rate that took effect July 1, 2004, is still much lower than the 8.19 percent rate in 2000-01. The interest rate on Stafford Loans can never exceed 8.25 percent.

Cohort Default Rate

The cohort default rate released for fiscal year 2005 represents the percentage of borrowers who entered repayment in 2003 and then defaulted in 2003 or 2004. The cohort default rate is defined by federal statute. Students who default on a loan are ineligible to receive further federal or state financial aid.

Cohort Default Rate	2003	2002	2001	2000	1999	1998
National Rate	4.5%	5.2%	5.4%	5.9%	5.6%	6.9%
Default Rate for Iowa Colleges and Universities	5.1%	7.5%	5.9%	6.1%	5.8%	5.9%

IOWA FFELP – Loans to Iowa Students

	Stafford Loans	PLUS (parent)	Consolidation
Interest Rate	Borrowers in school: 2.77%	4.17%	Rate is the weighted average of the amount being consolidated rounded to the next highest 1/8th%
7/01/04–6/30/05	In repayment: 3.37%		
Interest Rate	Borrowers in school: 4.7%	5.30%	
7/01/05–6/30/06	In repayment: 6.10%		
Maximum Allowable Interest Rate	8.25%	9.00%	8.25%

The Guaranteed Student Loan Program



COLLECTION ACTIVITIES ON DEFAULTED LOANS

Claims

A loan is in default when a borrower fails to make a payment for nine months. When that occurs, the lender presents a claim for reimbursement to the guarantor. Perhaps the most important financial service we provide to participating lenders is accurate and timely claim payment processing on defaulted loans.

When a claim is filed, specially trained members of our staff review the file to verify the legitimacy of the claim, and to confirm that the lender has performed “due diligence” as specified by federal regulations. On average, we review and purchase default claims for 6,000 borrowers each year. If the claim is in order, we purchase the defaulted loan from the lender and proceed to utilize all appropriate collection tools. Our ability to make prompt payment on qualified claims provides liquidity for lenders to fund additional loans.

Collections

On behalf of the taxpayer, we attempt to collect on defaulted loans. In fiscal year 2005, more than \$21 million was recouped by Commission-led collection strategies that included recoveries made through third-party collection services, in-house collection efforts, offsets from income tax refunds, and loan consolidation. Our total “collectible” default portfolio totals approximately \$123 million.

Claims Report

Claims Fiscal Year	2005	2004	2003	2002
Submitted Claims	5,625	6,240	5,258	6,947
Value of Submitted Claims	\$37,811,475	\$41,152,604	\$35,814,819	\$42,986,097
Claims Purchased	4,397	4,818	4,466	6,254
Value of Purchased Claims	\$28,398,135	\$32,090,068	\$30,346,261	\$38,485,102
Average Claim Amount	\$6,459	\$6,660	\$6,795	\$6,154
Collections Fiscal Year	2005	2004	2003	2002
Collection Vendor Recoveries	\$4,451,929	\$5,650,091	\$6,601,501	\$6,625,436
In-House Recoveries	\$1,223,809	\$1,572,461	\$1,726,358	\$1,825,549
Federal Tax Offset Payments	\$3,243,019	\$3,505,610	\$3,810,537	\$4,830,712
State Offset Payments	\$352,987	\$313,053	\$399,087	\$507,242
Loan Consolidation:				
Through FFELP	\$562,839	\$2,097,426	\$3,412,523	\$5,491,328
Through FDLP	\$11,538,707	\$18,118,429	\$21,325,651	\$15,812,613
Total Collected	\$21,373,290	\$31,257,070	\$37,275,657	\$35,092,880
Loan Fiscal Year Rehabilitation	2005	2004	2003	2002
Total \$ Collected	\$5,615,456	\$7,221,984	\$6,323,860	\$4,756,242
# of Borrowers	841	973	697	524

The Guaranteed Student Loan Program



Collections, *continued*

A majority of our defaulted accounts are placed with one of several private-sector collection vendors who are selected through a competitive bidding process and monitored closely for collection performance. In addition, our staff services an internal defaulted student loan portfolio of approximately \$25 million.

State and federal legislation permits guarantors to utilize a portion of the tax refunds due to defaulted student loan borrowers. By identifying those borrowers within our default portfolio, significant repayment occurs each year. For the 2004 tax year, \$3.2 million in federal taxes and over \$352,000 in state taxes were offset and applied to borrower accounts.



The Guaranteed Student Loan Program



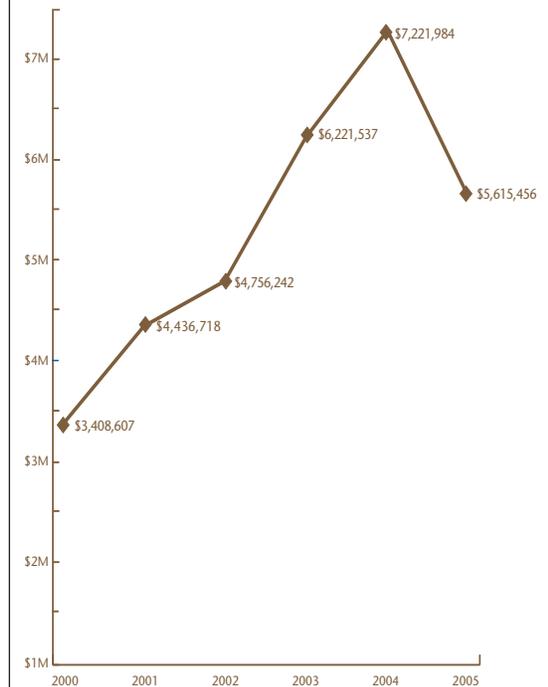
Loan Rehabilitation

Loan rehabilitation is a strategy that offers favorable outcomes to all parties involved in student loan financing. In each year since we began rehabilitating loans, our staff has been able to help a greater number of borrowers gain substantial benefits through this course of action. In 2004-05, we helped 841 borrowers rehabilitate \$5.6 million in defaulted student loans. Since 1998, we have rehabilitated 3,629 defaulted borrower accounts with loans totaling \$33.2 million.

When a defaulted loan is rehabilitated, the borrower's record of default is expunged from his or her credit report. The borrower regains all the rights of nondefaulted borrowers. This is particularly valuable to students who drop out of school during difficult times, default on their loans, and later become better prepared to re-enroll. A record of default would prevent them from receiving any type of state or federal financial aid.

A loan is rehabilitated when a borrower voluntarily makes 12 on-time monthly payments. Our staff identifies borrowers who would gain from this strategy and helps those individuals understand the repayment obligations they must fulfill to earn the benefits of this remedy. As an added incentive, we waive the authorized fee of 18.5 percent chargeable to the borrower. This waiver saved borrowers nearly \$1 million in collection costs last year alone.

LOAN REHABILITATION



Since initiating our loan rehabilitation program, we have helped 3,629 borrowers rehabilitate their default status and repay more than \$33.2 million of student loan debt.

Technology & Service in Student Loan Delivery



Technology is costly and constantly evolving, but we are committed to providing our clients with the best technological support possible. We can attain this goal by leveraging resources through strategic partnerships. The most pivotal of these is our collaboration with Iowa Student Loan – a partnership that made it possible to develop the iLink Service Center.

iLink utilizes a state-of-the-art information system to deliver faster and more convenient services to the financial aid community with whom we exchange student loan and financial aid data on behalf of Iowa students. Electronic financial aid disbursements, loan approvals, reports, and information services are customized to deliver Iowa-specific scholarships, grants, and loans. As a service and technology hub, iLink provides financial aid staff with valuable time savings, as well as quality service from Iowa-based employees who have a personal interest in helping Iowans succeed.

As a service to campus financial aid administrators working with Iowa students, the iLink Service Center supports:

- Iowa scholarship and grant management
- Web-based FFELP loan delivery and reporting
- Electronic data transmission management
- HEA Title IV regulatory guidance



Our commitment to technology and innovation has been extended further by developing school-based software and an agency servicing center. iLink's school-based software, iSBS, is a customized software product that provides our financial aid colleagues expanded online capabilities to more easily manage loan application processing and disbursement systems tailored to the needs of their students and campuses.

The agency servicing center will provide improved and locally managed services to help borrowers avoid default during the repayment process. The agency servicing center, a partnership with Iowa Student Loan, employs Iowans to provide repayment-related services to our borrowers. We previously contracted with the Sallie Mae Corporation in Indiana to perform preclaim and other services to communicate with borrowers about their repayment obligations. We gain closer oversight and provide a higher level of customer service by moving these functions to Iowa. Reliance on our own servicing center and local staff will provide significant cost savings and lead to more positive repayment outcomes.

Default Prevention



STUDENT LOAN OUTFITTERS: PROMOTING RESPONSIBLE BORROWING AND SUCCESSFUL REPAYMENT

Guarantors have strong incentives to prevent default. It is essential to connect with borrowers early in the process to prevent situations that lead to unmanageable levels of debt.

The Student Loan Outfitters Program is designed to help students understand the financial costs and obligations associated with student loans and, hopefully, to minimize the debt they accumulate. Through staff resources, innovative program development, and funding for campus-based initiatives, Outfitters provides a coordinated way to deliver tangible default prevention assistance to Iowa students and campus financial aid offices. Different tactics are used to meet needs that are specific to different segments of the student population and to reach students at various points in their borrowing experiences. The tools we use in the Student Loan Outfitters Program are summarized below.

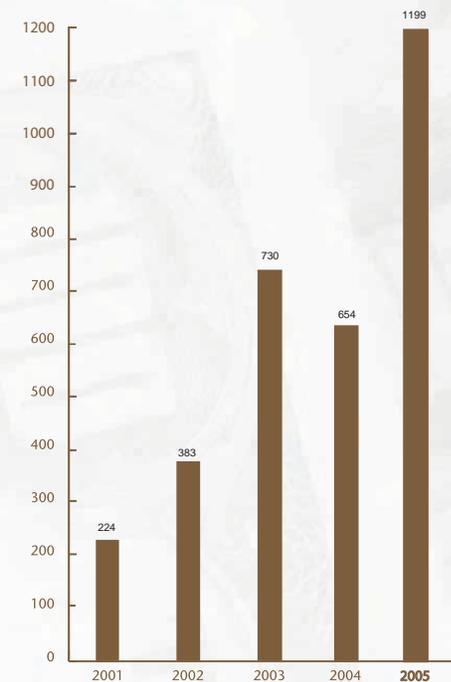
- **Reliable Resources: Boosting Financial Literacy**

The Outfitters program distributes information to promote responsible borrowing and successful loan repayment. Informational resources are distributed to students and financial aid administrators in formats that include the Outfitters Web site, CDs, worksheets, presentation packets, and brochures. Before graduating from college, more than 40,000 Iowa students annually receive the comprehensive Student Loan Outfitters Repayment Guide.

- **Borrower Referrals**

Any Iowa college or university can utilize the Outfitters Referral Service to ensure that at-risk borrowers receive the information and attention needed to achieve successful loan repayment. Our referral service focuses on early-stage prevention by directing assistance to borrowers with characteristics that make them more likely to be at risk of default. Financial aid administrators refer the names of those student loan borrowers, knowing that the names will not be outsourced to a third-party entity. Instead, those borrowers will receive personalized contact and assistance from Commission staff.

OUTFITTERS REFERRALS: MEASURING SUCCESS



For the chart above, the bar shows the total number of student loan borrowers referred to the Outfitters program in a given year.

Default Prevention



- **Campus-based Default Reduction Grants**

Campus administrators who work with student financial aid on a daily basis know the needs and issues facing their students. To utilize that knowledge, we initiated a program that offers financial incentives to help Iowa financial aid offices develop and implement new debt management and default prevention initiatives. The objective was to encourage the development of innovative programs that would reach students with messages about debt and the impact of financial choices students face.

Additional Information

The Commission sought proposals in early 2003 and has since awarded \$126,300 in grant funding for campus-based projects at 14 Iowa colleges and universities. The student-focused initiatives are multi-year projects that continue in the 2005-2006 academic year.



Institutional Research/Policy Leadership



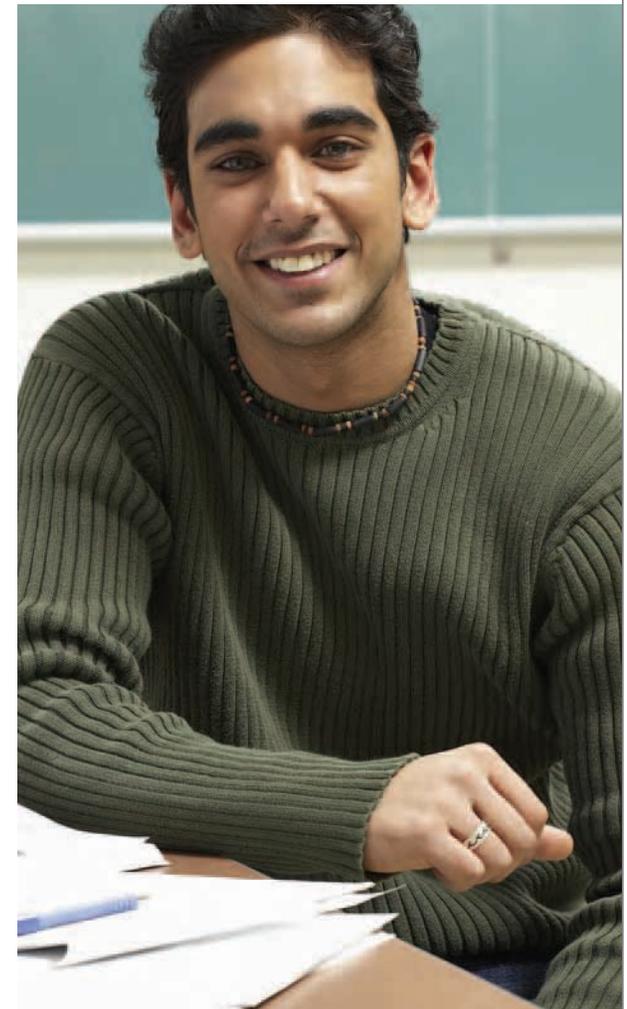
RESOURCES FOR IOWANS

Choosing a college to attend and planning how to pay for it are important decisions for all students and families. The Commission's resources help tens of thousands of Iowa students over these hurdles. Each fall the seniors and guidance counselors at all Iowa high schools receive copies of our college planning guide that describes state and federal financial aid programs and opportunities at Iowa colleges and universities. To reach thousands of parents and other individuals, we make this guide available at community libraries, our State Fair booth, major college fairs, and on our Web site.

We prepare and distribute a variety of brochures that describe specific financial aid programs and help families learn more about college opportunities. We have seen a significant increase in the use of our Web site as a source for reliable information and online applications. Our staff conducts training sessions for numerous audiences to inform them of regulatory changes and new services that affect financial aid delivery.

RESEARCH LEADERSHIP

The Commission research staff partners with Iowa college and university officials to prepare and present higher education data that informs policymakers in Iowa. College and university officials use the data in strategic planning, while state lawmakers and other policymakers use the data at a statewide level. The Commission Web site includes the Information Digest of Higher Education in Iowa, which includes staff reports from 1975 to the present. Specific research projects address areas of interest to policymakers, Iowa's financial aid community, and the public, and are posted on the Commission's Web site at www.iowacollegeaid.org/researchers/index.html.



Diversity Report



STUDENT AND FACULTY ETHNIC DIVERSITY

The Student and Faculty Ethnic Diversity Report traces the flow of minority high school graduates into Iowa colleges and universities, and presents a profile of the ethnic diversity of our colleges and universities. A few of the report's key findings are summarized.

- A high percentage of Iowa minority students completing high school programs are enrolling at Iowa colleges and universities.

Diversity

Student Profiles at Iowa Colleges & Universities	Iowa Population	
	2004	2000
Black	2.20%	2.10%
Asian	1.70%	1.30%
Hispanic	1.70%	2.80%
Native American	0.40%	0.30%



Student Profile	2004	2003	2002	2001
Minority Enrollment	16,638	15,826	14,751	13,614
Iowa Residents (within that minority enrollment)	11,038	10,159	9,396	8,580
Percent of Total Enrollment	8.04%	7.65%	7.39%	7.01%

Faculty Profile	2004	2003	2002	2001
Full- and Part-Time Faculty	13,989	13,277	13,048	12,717
Number of Minority Faculty	1,195	1,126	1,047	988
Percent of Minority Faculty	8.54%	8.48%	8.02%	7.77%

Economic Impact of Higher Education



We know that higher education provides intrinsic benefits, as well as economic benefits, to individuals and to our society as a whole. Iowans with college degrees have greater incomes and improved quality of life versus those without college degrees. The state of Iowa benefits from an educated population of taxpayers with higher incomes and increased abilities to serve in leadership positions throughout the state and in local communities.

Findings from income studies show that four-year college graduates who received Iowa student aid earn substantially more than the average income over the course of their employment careers (our study tracks 17 years in the job market).

Income Comparison of State of Iowa Financial Aid Recipients

With Iowa Median Incomes for 2000 (most recent information available)

Average Income	
State of Iowa Scholars	\$42,046
Iowa Tuition Grant	\$34,934
Vocational-Technical Tuition Grant	\$29,303
Iowa Median Income	\$28,360



Commissioners



A Board of Commissioners governs the operation of the Iowa College Student Aid Commission. Commissioners are appointed by the governor to serve three-year terms. As specified by Iowa statute, they are selected to represent each sector of Iowa higher education, as well as lenders, postsecondary students, and the general public. Our 2004-05 Commissioners are listed below.

Michelle Durand-Adams, Chair
Lending Institutions
Waukee

Jim Crawford
General Public
Clive

John V. Hartung
Independent Colleges and Universities
Indianola

Royd Chambers
Iowa House of Representatives
Sheldon

Janice A. Friedel
Iowa Department of Education
Des Moines

Linda Kennedy
General Public
New Hampton

Travis Knoop
Postsecondary Students
Des Moines

Rudolph S. Leytze, Vice Chair
Iowa Student Loan Liquidity Corp.
Independence

Becki S. Lynch
Community Colleges
Cedar Rapids

Gregory S. Nichols
Board of Regents
Urbandale

Herman Quirnbach
Iowa Senate
Ames

Janice Nahra Friedel
Iowa Department of Education
Des Moines

Iowa FFELP Lenders Loan Volume FY 2004-05



LOAN VOLUME BY SCHOOL FOR FY04

INSTITUTION/LOCATION	TOTAL*
American College of Hairstyling, Cedar Rapids	\$219,184
American College of Hairstyling, Des Moines	\$148,298
American Institute of Business, Des Moines	\$3,580,295
Briar Cliff College, Sioux City	\$5,388,254
Central College (C.U.I.)	\$3,500
Buena Vista University, Storm Lake	\$16,633,161
Clarke College, Dubuque	\$3,873,972
College of Hair Design, Waterloo	\$367,032
Cornell College, Mount Vernon	\$4,506,125
Des Moines University, Des Moines	\$31,835,047
Divine Word College, Epworth	\$87,977
Dordt College, Sioux Center	\$4,136,091
Drake University, Des Moines	\$26,120,059
Eastern Iowa Community College, Davenport	\$11,292,910
Ellsworth Community College, Iowa Falls	\$2,585,470
Emmaus Bible College, Dubuque	\$679,272
Faith Baptist Bible College, Ankeny	\$1,299,374
Faust Institute of Cosmetology	\$5,604
Grandview College, Des Moines	\$9,102,246
Grinnell College, Grinnell	\$3,609,319
Hamilton Business College, Cedar Rapids	\$30,381,474
Iowa Central Community College, Fort Dodge	\$9,203,168
Iowa Lakes Community College, Estherville	\$6,097,529
Iowa Methodist School of Nursing, Des Moines	\$75,057
Iowa Wesleyan College, Mount Pleasant	\$3,512,276

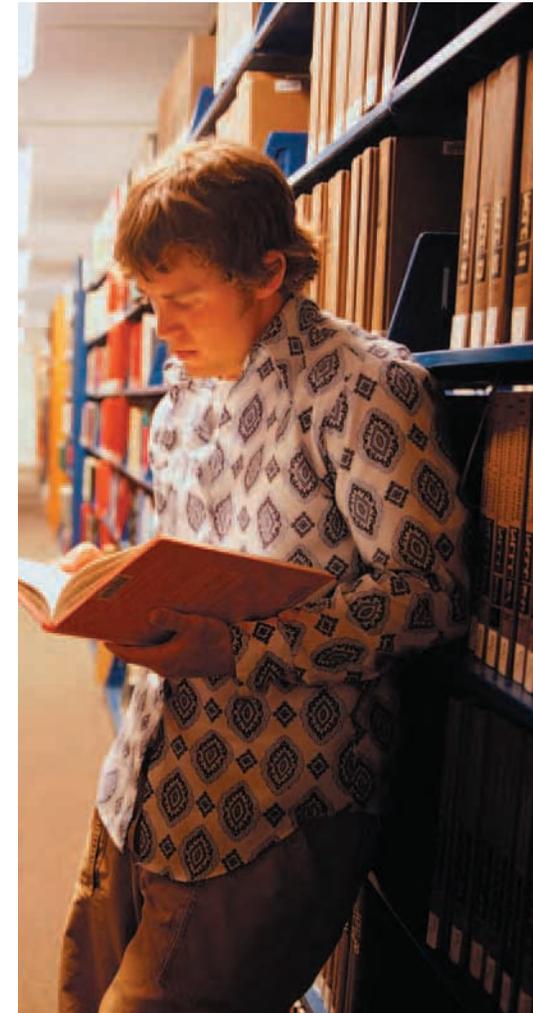
Out-of-State Institutions **\$14,246,509**

* Gross Guarantees for Federal Stafford (subsidized and unsubsidized) and PLUS Loans.

Total for FY05 **\$410,229,270**

INSTITUTION/LOCATION

INSTITUTION/LOCATION	TOTAL*
Iowa Western Community College, Council Bluffs	\$8,459,886
Kaplan University	\$9,959,531
Kirkwood Community College	\$25,756,280
La James College of Hairstyling, Mason City	\$763,924
Loras College, Dubuque	\$6,651,844
Maharishi University of Management, Fairfield	\$1,365,945
Marshalltown Community College, Marshalltown	\$2,954,802
Mercy College of Health Sciences, Des Moines	\$5,059,171
Morningside College, Sioux City	\$3,998,727
Mount St. Clare College, Clinton	\$2,160,574
Northwest Iowa Community College, Sheldon	\$1,507,260
Northwestern College, Orange City	\$6,743,291
Palmer College of Chiropractic, Davenport	\$61,796,022
Professional Cosmetology Institute, Ames	\$560,334
Simpson College, Indianola	\$10,272,503
Southeastern Community College, West Burlington	\$3,369,937
St. Ambrose University, Davenport	\$16,189,683
St. Luke's Coll. of Nursing & Hlth. Sciences, Sioux City	\$676,958
University of Dubuque, Dubuque	\$8,589,163
Upper Iowa University, Fayette	\$20,569,554
Vennard College, University Park	\$491,015
Wartburg College, Waverly	\$4,492,277
Wartburg Theological Seminary, Dubuque	\$678,350
Western Iowa Tech Community College, Sioux City	\$6,686,463
William Penn College, Oskaloosa	\$11,486,574



Iowa FFELP Lenders Loan Volume FY 2004-05



LENDER/LOCATION

2005

Iowa FFELP Lenders

U.S. BANK, DES MOINES	\$83,791,394.51
PALMER COLLEGE OF CHIROPRACTIC, DAVENPORT	\$49,952,899.00
WEST BANK, W. DES MOINES	\$34,365,772.89
QUAD CITY BANK & TRUST, DAVENPORT	\$26,288,575.68
BANK IOWA, INDEPENDENCE	\$26,091,295.25
DES MOINES UNIVERSITY, DES MOINES	\$19,072,613.00
REGIONS BANK, DES MOINES	\$15,995,293.00
JOHN DEERE EMPLOYEES CREDIT UNION, WATERLOO	\$13,609,451.00
BANKERS TRUST, DES MOINES	\$13,537,304.00
SECURITY NATIONAL BANK, SIOUX CITY	\$10,884,192.00
FIRST MIDWEST BANK, CENTERVILLE, SD	\$8,748,382.00
FIRST FEDERAL BANK, SIOUX CITY	\$7,324,476.00
WELLS FARGO BANK, SIOUX FALLS, SD	\$6,611,754.00
FIRST NATIONAL BANK MIDWEST, OSKALOOSA	\$6,192,354.00
DUPACO COMMUNITY CREDIT UNION, DUBUQUE	\$3,935,032.73
AMERICAN TRUST & SAVINGS BANK, DUBUQUE	\$3,784,868.00
MT. VERNON BANK & TRUST, MT. VERNON	\$3,444,127.00
NELNET, DES MOINES	\$3,423,403.00
DES MOINES MERCY CREDIT UNION, DES MOINES	\$3,232,908.00
N.W. FEDERAL SAVINGS BANK, SPENCER	\$3,022,740.00
CITIZENS COMMUNITY CREDIT UNION, FORT DODGE	\$2,910,520.00
IOWA STATE BANK, ALTON	\$2,802,189.00
PEOPLES NATIONAL BANK, COUNCIL BLUFFS	\$2,699,276.00
AMERICAN STATE BANK, SIOUX CENTER	\$2,578,246.00
FIRST NATIONAL BANK, SIOUX CENTER	\$1,972,828.00

Total

\$356,271,874.06



* Gross Guarantees for Federal Stafford (subsidized and unsubsidized) and PLUS Loans.

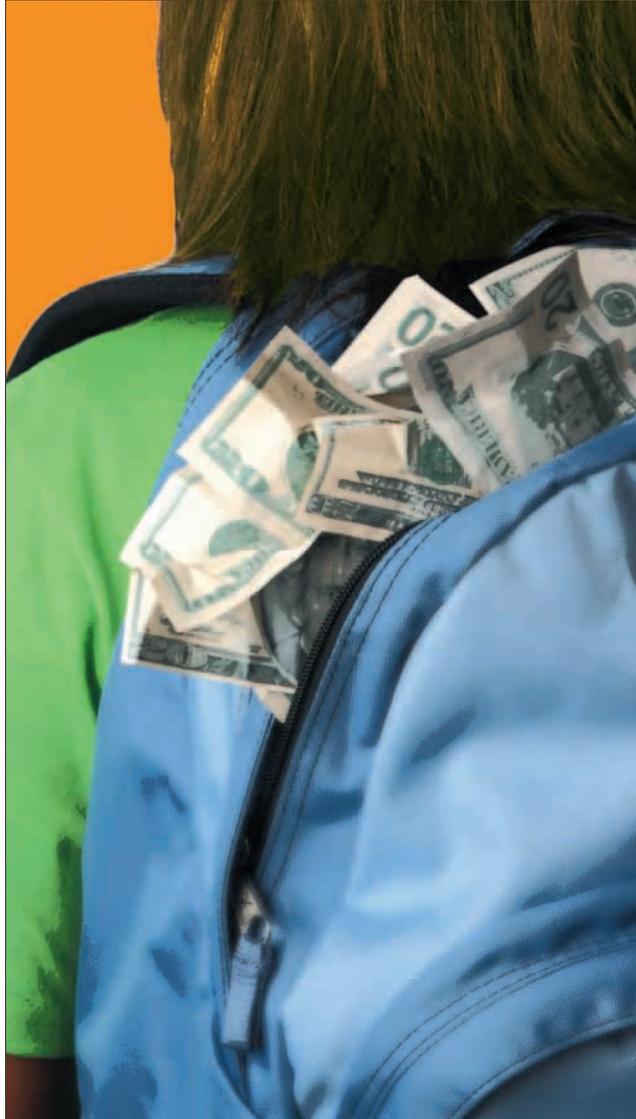
Financial Statements



Iowa College Student Aid Commission Federal Family Educational Loan Program Unaudited Combined Balance Sheet June 30, 2004, and June 30, 2005

ASSETS	SFY 2005	SFY 2004
Assets:		
Cash	\$36,843,750	\$40,303,853
Due from Federal Government:		
Default Reimbursements & SPA	5,832,549	1,323,100
Loan Processing Issuance Fee	146,055	135,698
Account Maintenance Fee	172,948	514,494
Guarantee Fees Due From:		
Lenders		
PLP Receivable	4,950,126	4,052,749
Osteopathic Receivable	255,846	229,219
Other Receivable		
Interest	390,792	194,181
Overpayments & Repurchases	161,233	XXX
Default Collections	88,676	506,639
Payment from DE for IRS Refunds	8,608	2,548
Misc.	8,837	7,871
Total Assets	\$48,859,420	\$47,270,352
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable (USAF)	\$240,865	\$547,083
Salary and Benefits Payable	90,336	65,568
Payables to DE, Defaults, Other	2,318,749	1,243,347
Federal Reserve Return	2,842,038	2,842,038
Total Liabilities	\$5,491,988	\$4,698,036
Fund Equity		
Fund Balance:		
Reserved:		
Federal Recall		
Unreserved:		
Fund Equity	\$43,367,432	\$42,572,316
Total Fund Equity	\$43,367,432	42,572,316
Total Liabilities and Fund Equity	\$48,859,420	\$47,270,352

Financial Statements



IOWA COLLEGE STUDENT AID COMMISSION FEDERAL FAMILY EDUCATIONAL LOAN PROGRAM Unaudited Statements of Revenues, Expenditures, & Changes in Fund Balance All Fund Types

REVENUE	SFY 2005	SFY 2004	SFY 2001
Loan Processing Issuance Fee (LPIF)	\$1,460,503	\$2,017,655	\$1,451,839
Account Maintenance Fee (AMF)	2,002,848	2,143,546	2,008,571
Default Aversion Fee (DAF)	1,004,649	952,395	1,067,429
Default Aversion Rebate	340,945	294,593	318,418
Fed. Pmts. on Defaulted Loan and SPA	34,897,081	30,151,916	36,187,790
PLP Income	275,307	212,548	64,386
Osteopathic Repayment Revenue	23,840	22,663	14,825
Choices Revenue	295,708		
Interest Income	963,246	749,133	3,815,232
Default Collections	14,529,668	20,418,997	18,352,010
Overpayments and Repurchases	1,972,820	1,543,997	1,466,922
Other	377,147	237,483	187,901
Total Revenues	\$58,143,762	\$58,744,926	\$64,935,323
EXPENDITURES			
Iowa Stafford Student Loan Adm.	\$5,553,101	\$6,539,234	\$5,039,694
Default Collection & Pmts. to DE	5,222,825	7,648,630	9,057,281
Collection Expenses	1,844,110	3,295,010	3,044,227
Payments on Default Claims	37,779,195	30,058,580	38,162,647
Foster Grant Payments	50,780	39,660	52,595
Disaster Relief Payments-Default Aversion	40,984	199,423	
Default Aversion Fees and Rebate	1,345,594	1,246,989	1,385,847
Due DE for Refunds & Rehab.	4,562,062	5,098,318	4,233,530
Due to Other Funds	808,877	396,755	
Other	147,284	110,097	243,644
Total Expenditures	\$57,354,812	\$54,632,696	\$61,219,465
Revenues Over (Under) Expenditures	\$788,950	\$4,112,230	\$3,715,857
Other Financing Sources (Uses)			
Net Increase/Decrease in Fair Value of Investments	6,166	(298,256)	1,407,267
Revenues and Other Sources Over Expenditures	795,116	3,813,974	5,123,125
Fund Balance			
Revenue	\$795,116	\$3,813,974	\$5,123,125
Beginning of Year	42,572,316	38,758,342	31,260,057
Federal Reserve Return			
Fund Balance End of Year	\$43,367,432	\$42,572,316	\$36,383,182