

IOWA COLLEGE STUDENT AID COMMISSION

MINUTES OF MEETING

September 26, 2014

10:00 a.m.

Iowa College Student Aid Commission Conference Room

**Members Present:**

Janet Adams	Michael Ash
Roger Claypool	Crystal Ford
Ron Jorgensen	Frederick Moore
Herman Quirnbach	Doug Shull
Roby Smith	Elizabeth Sullivan
Hannah Walsh	Karolyn Wells
Cindy Winckler	

**Members Absent:**

Jeremy Varner

**Staff Present:**

Todd Brown	Julie Leeper
Karen Misjak	Rachel Scott
Carolyn Small	Ashley Wendt

**AG Present:**

Sara Scott	Chantelle Smith
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**Guests Present:**

Matt Brown	Iowa Student Loan
MJ Dolan	Iowa Association of Community College Trustees
Dave Epley	House Democrats
Dave Fardal	Department of Management
Bridget Godes	Senate Democrats
Kathy Hanlan	Legislative Services Agency
Gannon Hendrick	Senate Republicans
Lois Leytem	Capri College
Robin Madison	Legislative Services Agency
Brian Prescott	Western Interstate Commission for Higher Education
Mark Weadick	Student Loan Capital Strategies, LLC.

## Call to Order

The Iowa College Student Aid Commission met for a regularly scheduled meeting on September 26, 2014. Commission Chair Adams called the meeting to order at 10:00 a.m. with a quorum present.

## States in the Driver's Seat Presentation

Chair Adams introduced Brian Prescott from the Western Interstate Commission for Higher Education (WICHE). Mr. Prescott presented data and findings from his co-authored report, *States in the Driver's Seat: Leveraging State Aid to Align Policies and Promote Access, Success, and Affordability*. The report provided innovative ideas for improving the ways in which postsecondary education in the country can be paid by students, states, institutions and the federal government in order to make higher education more affordable and equitable. The presentation is available upon request.

## Student Loan Capital Strategies, LLC.

Ms. Misjak introduced Mark Weadick from Student Loan Capital Strategies, LLC. (SLCS). Mr. Weadick provided a revised economic analysis based on actual expenses and revenue from June 2012. SLCS conducted the original analysis prior to the transfer of the Commission's FFELP portfolio to the Great Lakes Higher Education Guaranty Corporation. Mr. Weadick explained how recent changes in federal regulation, which went into effect July 1, 2014, reduce the agency fee that can be retained on rehabilitated FFELP loans to 16% of collections costs and accrued interest on each loan. If there is not a rehabilitation lender to purchase the loans, they will be transferred to USDE, in which case the guarantor will not receive the accrued interest on the rehabilitation loans. Mr. Weadick provided financial projections to Commissioners on the 2012 analysis and updated future projections to reflect the most recent federal regulation changes that impact revenues. A copy of the analysis is available upon request.

## Consent Agenda

Motion: Commissioner Shull moved to approve the consent agenda as written.

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Administrative Rules

Propose Amendments

- *Chapter 6 – Public Records and Fair Information Practices*
- *Chapter 7 – Uniform Rules for Waivers*
- *Chapter 23 – Skilled Workforce Shortage Tuition Grant Program*

Propose to Rescind

- *Chapter 10 – Federal Family Education Loan Programs*

- *Chapter 11 – State of Iowa Scholarship Program*
- *Chapter 15 – Iowa Guaranteed Loan Payment Program*
- *Chapter 19 – Accelerated Career Education Grant Program*

Adopt Amendments

- *Chapter 5 – Contested Cases*
- *Chapter 24 – Rural Iowa Primary Care Loan Repayment Program*
- *Chapter 25 – Rural Iowa Advanced Registered Nurse Practitioner and Physician Assistant Loan Repayment Program*

Commissioner Moore seconded the motion which passed unanimously.

**Legislative Committee Report**

Staff has requested a 1% increase in state appropriations for the administration of state programs. The Commission itself will recommend a 5% increase for all state programs. Chair Adams will present the Commissioner's recommendation during the December 16<sup>th</sup> budget hearing with Governor Branstad at 10:00 a.m. All Commissioners are welcome to attend. A copy of the 2016 and 2017 Budget Requests can be found on page 14-11-B7.

Motion: Commissioner Shull moved to approve the funding requests for Fiscal Years 2016 and 2017 as presented by staff and as recommended by the Commission's Legislative Committee. Commissioner Ash seconded the motion which passed unanimously.

The Commission's agency bill for the 2015 Legislative Session is intended as a clean-up bill to ensure that the College Student Aid Commission has authority to administer all of the programs outlined in Iowa Code Chapter 261. As new programs have been added to the Code, some have been specifically added to the "Duties of the Commission" section and others have not been specifically mentioned. The proposed language also reorganizes the chapter to ensure that relevant paragraphs are together and moves paragraphs from the student loan section of the chapter into the "Duties of the Commission" section. In addition, the proposed language allows the Commission to seek and administer grants such as the federal GEAR UP Grant, John R. Justice Loan Repayment Program, and the College Access Challenge Grants.

Motion: Commissioner Ford moved to approve the recommended 2016 Agency Bill as presented by staff and as recommended by the Commission's Legislative Committee. Commissioner Ash seconded the motion which passed unanimously.

Ms. Leeper provided an update on the State Authorization Reciprocity Agreement with the Midwest Higher Education Compact (MHEC). Legislation passed during the last legislative session prevents Iowa from participating due to consumer protection requirements that the state has in code language. The Commission is going to formally submit the application and wait for a response from MHEC. Commissioner Jorgensen said the Commission needs to work diligently on this to get it approved and does not want to abandon this opportunity.

## **Rental Agreement**

Ms. Misjak shared that she was notified in mid September by the Department of Management that the Department of Administrative Services (DAS) would not pay lease expenses effective July 1, 2014. When the Commission moved in 2013, an agreement was entered into with DAS to pay the difference between the rent paid at the prior 12<sup>th</sup> Street location and the rent and other related expenses at 430 East Grand for two years. Since the carryover of funds was not granted during the legislative session, DAS will not be responsible for our lease payment for the 2015 fiscal year. Ms. Misjak is requesting the Commission to authorize an increase in the agency's budget to cover these additional expenses.

Motion: Commissioner Moore moved to authorize an increase in the agency's budget of \$134,683 for Fiscal Year 2015 and payment of the agency's full rent and related expenses beginning July 1, 2014. Commissioner Ford seconded the motion which passed with Commissioner Shull opposed.

## **Staff Reports**

Ms. Small provided a brief update on Corinthian College, stating that a public announcement may be forthcoming regarding a tentative sales agreement for Corinthian College after hearing word that they have a strong perspective buyer. An October 3, 2014 conference call has been scheduled for an update. Ms. Small stated that no action is needed at this time.

Ms. Misjak gave a report on the FY 2014 year to date financials.

## **Executive Director's Report**

Ms. Misjak shared that the final report for the first GEAR UP grant is due October 15, 2014 and staff is busy finalizing the report. Once the final report has been filed with the U.S. Department of Education, staff will prepare a summary of the final accomplishments for the Commissioners. Commission staff is excited about being awarded a second GEAR UP grant, which will extend 7 years and follow the students through their first year of college.

Commissioners received the FY 2014 Audit report. Ms. Misjak said there were 4 findings listed on the report, none of which were monetary. The findings referenced financial reporting, travel disbursements, monthly reconciliations and procurement procedures. Procedures have since been put into place to ensure these issues will not occur in the future.

Commissioners were provided a map identifying the communities where College Changes Everything, GEAR UP and the VISTA programs are all located in the state. This map shows an overlap in several communities where all three programs are being implemented.

Commissioner Ash shared that his community of Burlington is active in College Changes Everything and also is a VISTA site. He believes in what the Commission is trying to do, however he hopes that busy schedules do not take a toll on the program. Commissioner Ash said his college is trying to play a leadership role without running the entire community program.

Ms. Scott said small planning grants, which are being funded with some of the College Access Challenge Grant funds, are going to be awarded to communities. These grants will be used to help communities plan how to implement the programs.

Ms. Misjak said a report on the Commission-administered Scholarship and Grant Programs will be coming out in a weekly report soon.

Commission adjourned at 1:30 p.m.

  
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JANET ADAMS, CHAIR

  
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CRYSTAL FORD, VICE CHAIR