

IOWA COLLEGE STUDENT AID COMMISSION

MINUTES OF MEETING

November 18, 2011

10:00 a.m.

Iowa College Student Aid Commission
603 East 12th Street, 5th Floor, Des Moines, Iowa 50319
Conference Room

Members Present:

Janet Adams	Rob Denson
Crystal Ford	Randy Feenstra
Ron Jorgensen	Fred Moore
Herman Quirnbach	Doug Shull
Kelli Todd	Roger Utman
Karolyn Wells	Cindy Winckler

Members Absent:

Bob Donley	Terrence Martin
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Staff Present:

Todd Brown	John Gilman
Deb Krueger	Julie Leeper
Karen Misjak	Carolyn Small
Ashley Wendt	

Attorney General Present:

David Van Compernelle

Guests Present:

George Applebee	Ashford University
Dave Epley	House Democratic Caucus
Mitchell Gilbert	Education Management on behalf of South University
Courtney Glenn	Grand Canyon University
Stacey Johnston	Western Governor's University
Lucas Kavlie	South University
Lois Liytem	Capri College
Robin Madison	Legislative Services Agency
Jeremy Neads	Grand Canyon University
John Parker	Iowa Student Loan
Freada Reed	Education Management on behalf of South University
Dan Richins	Ashford University
Susan Robertson	Bridgepoint Education
Jack Siemsen	Nebraska Wesleyan University
Sean Spear	Western Governor's University
Elizabeth Tice	Ashford University
Steven Yoho	South University

Call to Order

The Iowa College Student Aid Commission met for a regularly scheduled meeting on November 18, 2011. Commission Chair Adams called the meeting to order at 10:00 a.m. with a quorum present.

Minutes of Meeting

Motion: Commissioner Shull moved to approve the September 16, 2011 Meeting Minutes as written. Commissioner Utman seconded the motion which passed unanimously.

Motion: Commissioner Ford moved to approve the October 20, 2011 Meeting Minutes as written. Commissioner Utman seconded the motion which passed unanimously.

Executive Director's Report

Ms. Misjak said staff will be presenting an update on the Commission's Strategic Plan during the January board meeting.

The GEAR UP Iowa Success Center is up and running. Mr. Gilman said there are thirty-two students currently enrolled in the center and twenty-six of them are actively participating and utilizing the Success Center. This center creates an environment outside the school setting for students to work on credit recovery. The center will be expanding to a store front space on the first floor by January 4th, 2012 and will be able to seat thirty students.

Janet Adams introduced Karolyn Wells as a new Commissioner. Karolyn is replacing Shazia Manus and is representing the lending community. She is the CEO of EdCo Community Credit Union.

Administrative Rules

Motion: Commissioner Shull moved to allow staff to propose changes to the Commission's Iowa Administrative Rule Chapter 14, "Iowa Osteopathic Physician Recruitment Program". Commissioner Utman seconded the motion which passed unanimously.

External Collection Management Contract Extension

Ms. Misjak said the Diversified Collection Services (DCS) contract that manages our defaulted portfolio is up for an extension. DCS has been managing our portfolio since January 2008 and staff has been very pleased with the service from this contract. Currently the Commission is ranked 4th out of 32 in collection efforts and staff would like to continue with this contract.

Representative Jorgensen asked how the Commission compares to others that use DCS. Ms. Misjak said the Commission is the highest ranked that contract with them.

Motion: Commissioner Utman moved to authorize staff to exercise the option to extend the External Collections Management contract with Diversified Collection Services, Inc. Commissioner Ford seconded the motion which passed unanimously.

Postsecondary Registration- Ashford University

Ms. Small said Ashford University is registering with the State of Iowa because it allows them to comply with federal rules that require a school participating in the federal student aid programs to be authorized to operate in the state in which it is located and that the university's registration request is voluntary, not required by Iowa Code. When Bridgepoint Education purchased Franciscan University the Iowa Legislature enacted a law that permitted Ashford University access to funds from the Iowa Grant Program and that action created an exemption from registration for Ashford University, as long as it meets the institutional eligibility conditions for the Iowa Grant Program. Representative Winckler asked how this registration will affect the Iowa Grant Program. Ms. Small explained that new state law effective July 1, 2011, does not permit a school that is required to register in Iowa to access state aid programs. However, since Ashford University is not required to register under Iowa Code but is doing so voluntarily, the university will remain eligible for the Iowa Grant Program as long as they maintain institutional eligibility (i.e., their HLC Accreditation). Ashford University is working toward accreditation by the Western Association of Schools and Colleges. When the university's HLC Accreditation expires, Ashford University will no longer meet the institutional eligibility conditions for the Iowa Grant Program and their eligibility for funds from that program will end. Ashford University is aware of this fact.

Commissioner Denson asked about the status of their federal investigation. Ms. Small said that they were audited by the Federal Department of Education's Office of the Inspector General, who issued a public report of findings including six violations of federal and student aid regulations. The Office of the Inspector General recommended that Ashford University's participation in the federal student aid programs be limited, suspended or terminated. Iowa has an Administrative Rule that prohibits registration of a school that has been subject to a limitation, suspension, or termination order by the Federal Department of Education. However, the Inspector General's Office is not the party responsible for levying sanctions. Sanctions are levied by the Federal Department of Education's Office of Federal Student Aid who has not yet ruled on this matter. Commissioner Denson asked if the Commission could give Ashford University a conditional approval until those findings are rendered. Mr. VanCompernelle said there are options, one of which would require Ashford University to come back to revisit the issue. Commissioner Denson asked if the Commission has an obligation as a Commission to investigate and decide on our own if this is true and if we could continue this approval until there is a ruling from the Inspector General. Ms. Small explained that resources are limited to do such work, that most complaints have been related to federal student aid management and that she requested Ashford University submit their financial aid policies for review and revision as needed during the registration application review process. Ms. Small stated that the Federal Department of Education has no timeline for a final ruling of sanctions and that there is no guarantee the ruling will be to limit, suspend, or terminate the university's eligibility to participate in the federal student aid programs. Ms. Small said the only defensible option at this time is to recommend approval because the university meets all of the registration criteria.

Senator Quirnbach asked if there is any language in the Code that states schools that register must comply with federal requirements. Ms. Small responded by saying that there is no provision that addresses federal student aid compliance, other than the Administrative Rule prohibiting the Commission from registering a school that has been subject to a limitation, suspension, or termination order by the Federal Department of Education. Senator Quirnbach would like to see specific language in the Code, but if Ashford University has not been sanctioned by the federal government he doesn't see a basis for turning them down. He would like to know if it is an option to approve the registration with language stating that it would be revoked if they are sanctioned.

Commissioner Moore said the Commission recognizes that there are adverse allegations against Ashford but that there is not a reason not to approve the postsecondary registration at this time, but that the registration can be revoked.

Commissioner Winckler asked if the Commission's action on Ashford University's registration would have any impact on the Federal Department of Education's ruling concerning sanctions against Ashford University. Ms. Small said that it was her belief that the Federal Department of Education is working independently on their investigation and that this registration request should have no impact on that decision. However, if the Commission acted to deny Ashford's registration in Iowa, it is possible that the Federal Department of Education would move to terminate the university's ability to continue participating in the federal student aid programs.

Senator Quirnbach would like the Commission be able to readdress this registration should the federal government make the school ineligible.

Motion: Commissioner Shull moved to approve Ashford University's voluntary application for postsecondary registration in Iowa. Commissioner Utman seconded the motion. Motion was withdrawn.

Motion: Commissioner Denson moved that Commission recognizes that there are allegations against Ashford University by the Federal Department of Education. At this time, Ashford University meets all requirements for postsecondary registration in the state of Iowa, therefore the Commission approves the University's registration in Iowa. Should the Federal Department of Education rule to limit, suspend, or terminate Ashford University's participation in the Federal Student Aid Programs, the Commission will immediately reconsider the University's registration for possible revocation under Administrative Rule. Commissioner Moore seconded the motion which passed unanimously.

Postsecondary Registration- South University

Motion: Commissioner Utman moved to approve South University's application for postsecondary registration in Iowa. Commissioner Shull seconded the motion which passed unanimously.

Postsecondary Registration- Western Governors University

Motion: Commissioner Utman moved to approve the application for postsecondary registration in Iowa for Western Governors University to include their Practitioner Preparation Programs with a waiver of the full-time, Iowa-resident faculty member or program coordinator requirement of administrative rule. Commissioner Ford seconded the motion which passed unanimously.

Postsecondary Registration- Nebraska Wesleyan University

Ms. Small said Nebraska Wesleyan University requests that Commissioners give Ms. Small the authority to approve the final registration once the University is able to secure approval through the Higher Learning Commission and meet all of the provisional registration requirements. Senator Quirnbach said this decision should come back to the Commission when all of the provisions are met although staff could do so in a special conference call meeting. Commissioners agreed with Senator Quirnbach and Nebraska Wesleyan University will be brought before the Commission for decision once all requirements of the Provisional Registration are met.

Motion: Commissioner Utman moved to approve Nebraska Wesleyan University for a provisional registration period of 18 months in order to permit the University to secure approval through the Higher Learning Commission to establish a site in Iowa. Commissioner Shull seconded the motion which passed unanimously.

Postsecondary Registration- Grand Canyon University

Motion: Commissioner Shull moved to approve Grand Canyon University's application for an amendment to its Iowa registration to add its practitioner preparation programs. Commissioner Ford seconded the motion which passed unanimously.

Postsecondary Registration Discussion

Ms. Small said staff is requesting that the Commission authorize her to approve all registration exemption claims under Iowa Code Chapter 261 B.11. With federal regulatory changes, staff has been contacted by over 450 out-of-state colleges and universities requesting guidance on Iowa's registration requirements.

Representative Winckler asked if it would be appropriate for the Commission to create a new committee so this information may be passed through, so when it comes to the board it will be supported by Ms. Small and the committee. Commissioner Moore questioned as to whether or not it would be an appropriate use of Commissioner time and how effective it would be.

Mr. Van Compernelle recommended that no action be taken today so that more clarification can be made. He believes that these schools are still required to register and that the Commission needs to find a way to get the registrations done.

Senator Quirnbach asked what the authority was for online offerings and suggests revisiting the statute, saying if the Commission does not have an effective way to track them then we need to make changes. Ms. Small said that the Commission has proposed Code changes and said that the Commission could wait to take action and see if the agency bill goes through during the legislative session. Mr. VanCompernelle said a statutory change or increased staffing would be welcomed. No action was taken.

Representative Winckler said the responsibilities to meet the Iowa Code requirements that are performed by the Commission have been underfunded by the state. The Commission as a state agency is given directives from the Governor's office for a status quo budget, however the

Commissioners could act independently and advocate for additional funding or staffing and even Code changes. Representative Winckler continued that even though you advocate for a solution it does not mean that it passes through the legislators. Representative Winckler said that all Commissioners need to take the responsibility to assist in the passing of this legislation. Commissioner Moore said this same issue is happening in every state, and that there has to be other states that are moving in this direction which may help support the case.

Legislative Committee Report

Ms. Leeper said the Commission's recommended changes to the Code for postsecondary registration have been approved by the Governor's office. Similar recommended changes had to go through the Appropriation Committee last year and did not make it out of Committee largely due to administrative funding which was addressed in the language. The current language does not include administrative funding which may assist in getting the language passed during the 2012 Legislative session. This bill has been submitted to the Legislative Services Agency for drafting.

The proposed language includes a requirement that registration of postsecondary schools occur every two years rather than every four years. The Governor's office requested the change to a two-year cycle be accompanied by an Administrative Rule change lowering the registration fee from \$4,000 to \$2,000. Ms. Leeper said staff has informed the Governor's office that it is difficult to administer the program with only one person handling it and asked if it was acceptable to move current staff into a position to help with the postsecondary registration process. The Governor's office agreed that the Commission may reassign staff to administer postsecondary registration. Senator Quirnbach asked if a two-year review would be as thorough as a four-year review, and if moving to a two-year registration would double the work associated with administration while allowing the schools to continue to pay the same amount of money. He noted this is a separate issue from the allocation of revenues from the registration to the general fund rather than to the Commission. Senator Quirnbach said fees charged to postsecondary institutions for registration should cover the associated cost to the state.

Commissioners requested that, during the upcoming legislative session, Ms. Leeper follow actions of the U.S. Department of Education with respect to not-for-profit institutions and state funding; monitor the budget, and stay up to date with issues regarding the Iowa Department of Education. Ms. Leeper told Commissioners to contact her with any questions during the legislative session.

Ms. Leeper said Commission staff will be presenting the Commission's budget to the Governor during an open meeting on December 16, 2011. A briefing has been prepared reporting a status quo budget and including supporting documentation on students served and their award amounts. Commissioner Moore said he understands that the Governor's office has asked for a no-growth budget and that staff must follow this directive. However, he feels the Commission should support increases in program funding. Commissioner Moore reiterated that he does not support a no-growth budget. Senator Quirnbach said that Commissioners are free to make an independent judgment on the budget recommendation and to take their own position on budget issues.

Commissioner Moore said the Commission needs to provide research that shows the increased need for funding of postsecondary education and that state financial aid is underfunded. Commissioner Moore said the Commission should advocate strongly for students.

Senator Quirnbach suggested that the agency needs additional staff to meet its increased responsibilities and the state should find a way to increase need-based assistance for Iowa students. Senator Quirnbach suggested that, during its meeting in January, the Commission could pass a resolution advising the Legislature that Commissioners do not agree with a no-growth budget. Commissioner Moore said it would be beneficial to have Commissioners present during the budget meeting with the Governor and shared that a study by the Department of Economic Development shows abundant support for the requirements of two- and four-year degrees and indicates that the State of Iowa is not prepared to meet this challenge. Iowa trails all states in the percentage of citizens with college degrees. Representative Jorgensen noted that the Commission may need additional staff to handle programs, and, while the Governor's recommendation is that no new staff be hired, the Commission may reallocate current staff. Ms. Leeper said the Commission currently pays for a lot of the staff out of the operating fund. Because there is no additional funding from the state, any new staff would have to be paid for out of the operating fund. Representative Winckler noted that if the Commission didn't have the operating fund, the state would have to find a way to fund the Commission for administration of state requirements.

Chair Adams said the Legislative Committee will meet by telephone prior to the Governor's budget meeting to prepare a message concerning the needs of the students and Commission. This information will be sent to all Commissioners for review prior to the budget meeting. Commissioner Moore stated that Commissioners should be prepared to answer the question of why the operating fund is not being used to fund students. Senator Quirnbach requested that staff distribute what the operating funds can and cannot be used for to all Commissioners. Representative Winckler said the employees of the state are required to follow the Governor's recommendation, and that Commissioners can attend the budget meeting to advocate for the needs of Iowa's students and the Commission. Commissioner Moore requests that the Commission Chair be the person that represents the Commission, if it becomes necessary to speak formally against the recommendations of the Governor.

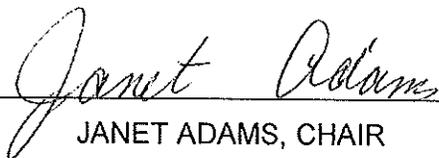
Motion: Commissioner Utman moved to approve the Legislative Committee Report. Commissioner Ford seconded the motion which passed unanimously.

Staff Reports

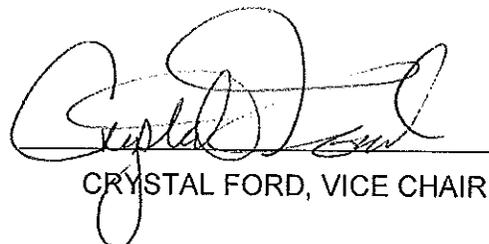
Ms. Krueger presented the FY 2012 Revenue and Expenditure Summary.

Mr. Brown presented a report on NASSGAP survey.

Commission adjourned at 12:16 p.m.



JANET ADAMS, CHAIR



CRYSTAL FORD, VICE CHAIR