

IOWA STUDENT LOAN® *Insights*
 News and information for financial aid professionals. Winter 2009

Dear Colleagues:

In the good old days, explaining how most families paid for the costs of college was pretty straightforward. In concept, depending largely on their socioeconomic status, families utilized some combination of funds they accumulated before college (savings), acquired during college (earnings from work and financial aid received) and paid back after college (loans). However, those days are now, for the most part, only a fond memory, and paying for college has become a much more complex concept. Indeed, doing so is a challenging reality that is becoming more and more difficult for an increasing number of families.



John Parker
 Director, Community Services
 and Educational Research

From that perspective, this research edition of *Insights* presents the results of a recently completed internal Iowa Student Loan® research project on how families pay for college, as well as reviews of two recent research reports by the Institute of Higher Education Policy (IHEP) on related topics. These are:

- ▶ **“Paying for College – Fall 2008,”** a brief review of an Iowa Student Loan study regarding how previous Iowa Student Loan private loan borrowers approached paying for college in the fall of 2008. The survey was conducted by Marc Hendel.

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- ▶ A review of the IHEP study of **“Student Aversion to Borrowing: Who Borrows and Who Doesn’t,”** which examined how aversion to borrowing among certain student groups may influence and limit college enrollment choices.
- ▶ A summary of IHEP’s study titled **“Promise Lost: College-Qualified Students Who Do Not Enroll in College.”**

In addition to these articles, this edition features a policy analysis article on Teacher Education and Assistance for College and Higher Education (TEACH) Grants and a review on the study of student engagement at community colleges. I trust all this information will be useful to you in your role as a higher education professional.

Best wishes,



John Parker
Director, Community Services
and Educational Research



Did you know?

- ▶ Students annually spend from \$921 to \$988 on textbooks and supplies, according to the National Association of College Stores’ 2007-2008 estimates. The average rise in textbook costs is 6% per year since 1987, twice the rate of inflation, according to a Government Accountability Office 2005 report.

Source: http://www.hometownannapolis.com/cgi-bin/read/2009/02_14-03/REG

- ▶ The world’s three wealthiest people have more wealth (\$180 billion in 2008) than the combined wealth of the 66 poorest countries.

Source: www.forbes.com/worldsrichest and <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNI.pdf>

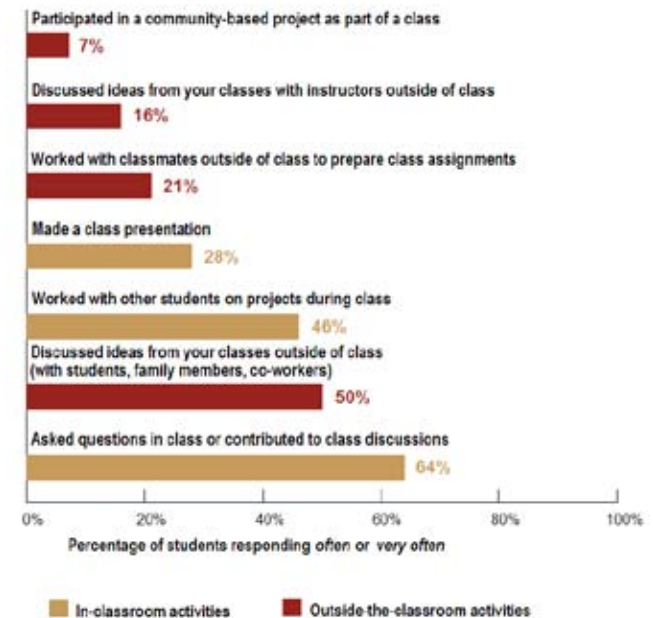
High Expectations and High Support – The 2008 National Community College Survey of Student Engagement

The November 2008 National Community College Survey of Student Engagement (CCSSE) focuses on the need for community college students to be held to high expectations while receiving a high level of support. Community colleges with these two aspects provide two major tools to help community college students succeed.

Services Key to Student Success

Engaging students at a community college is a challenge because many students spend a minimal amount of time on campus and do not take advantage of services offered. Research shows, however, that the use of certain key services has a positive influence on student success. Because colleges may find it difficult to address this challenge, the report suggests making the services “inescapable” by, for example, making them a normal part of classroom activities. As seen in the graph below, which is reproduced from the report, the 2008 survey shows students tend to be more engaged in the classroom than anywhere else.

Engagement In and Out of the Classroom



Source: 2008 CCSSE Cohort Data

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The data collected from CCSSE's companion survey, the Community College Faculty Survey of Student Engagement (CCFSSE), can help community colleges address the issues of high expectations and high levels of support with their faculty. Colleges are encouraged to compare faculty perceptions with student responses to the CCSSE survey to see how well they align. Many times, large discrepancies can be identified and researched further. Results from the 2008 faculty survey indicate large proportions of faculty dedicate little or no class time to anything other than lecturing. Small-group activities, writing, computer usage and other interactions with students in the classroom are examples of areas for improvement.

CCSSE Benchmark Results

Student effort, academic challenge and support for learners are three of the five CCSSE benchmarks. The report notes that results from these three benchmarks can help a community college assess whether they are setting high expectations and offering high levels of support. For example, 67% of the students surveyed reported spending 10 hours or fewer preparing for class each week.

The academic challenge benchmark attempts to measure the rigor of the class work, including the quantity and quality of assignments and the standards used to evaluate students. Fifty-eight percent of students reported being required to synthesize and organize information in new ways "quite a bit" or "very much" at their school. As a counter to this statistic, 64% of the respondents indicated that their work consists of memorizing and repeating facts "quite a bit" or "very much."

The benchmark that relates to support for learners asks respondents to rate the importance and utilization of various services considered to be key for student success. Fewer than half the students (45%) reported that their college provides the financial support they need to afford their education "quite a bit" or "very much"; 28% said their colleges provide this support "very little." Support for helping students cope with nonacademic requirements such as family or work appears to be lacking, as 41% of respondents indicated that their school provides "very little" of this type of support. Aside from these specific examples, 71% stated their school provides the support they need to succeed "quite a bit" or "very much."

Many of the specific services for which data was collected on the survey indicated the same pattern of response: Students see them as important but do not use them as much as they should. Academic advising, financial aid advising and computer labs all ranked high in importance

but had very low utilization rates (13% for academic advising, 17% for financial aid advising and 32% for computer lab).

Special Financial Aid Topic

Each year the CCSSE includes a special topic selected from a rotating list in addition to the core questions that do not change from year to year. This year's survey asked questions about financial aid as its special topic. Only 56% of respondents had filed a Free Application for Federal Student Aid (FAFSA) to help them locate funds for their education. Of those indicating they did not file a FAFSA, more than half (53%) indicated that they felt that their family income was too high to get any federal aid and 39% received no student aid.

The full report and an executive summary are available at www.ccsse.org.

Promise Lost: College-Qualified Students Who Do Not Enroll in College

Numerous barriers prevent qualified students from enrolling in college. Among them, the cost of attendance paired with the availability of sufficient student aid was the top barrier reported by high school counselors and college-eligible students in a national study. In November 2008, the Institute for Higher Education Policy (IHEP), with support from The Education Resources Institute, Inc. (TERI), published results from a study titled "Promise Lost: College-Qualified Students Who Do Not Enroll in College."

The study interviewed two groups of stakeholders in the college enrollment process: college-eligible students and high school counselors. The students had earned at least a 2.5 grade point average in high school, had followed a college preparatory curriculum and had completed a mathematics class at the Algebra I level or higher. Students were asked about their reasons for enrollment or non-enrollment in college along with a range of other demographic questions. The counselors were asked to identify characteristics that they use to quantify a student's qualification for college enrollment.

College-Qualified Student Differences

Among college-qualified students, differences between those who enrolled and those who did not fall into two main categories: financial and academic. Both groups placed relatively similar levels of importance on personal motivation and parent and counselor encouragement, and nearly identical proportions took college entrance exams.

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The price of college and the availability of grants and scholarships had a larger effect on those who decided not to enroll. Similarly, non-college-goers felt less prepared to face the academic challenges of college and had an average grade point that was lower than those who attended college.

In addition to the overall differences, the study noted that certain groups of college-eligible students enrolled less frequently than others. According to the study, non-college-goers were more likely to be black and were more likely to have parents with less educational attainment than their college-going peers. The race numbers may be under-reporting the differences as the authors note that non-college-goers were more likely to refuse to answer the question about race/ethnicity.

In contrast to their study on students' aversion to borrowing released a month after this one (and reviewed elsewhere in this issue), IHEP reports in "Promise Lost" that an equal proportion of non-college-goers indicated an aversion to borrowing to support a postsecondary education. This study could not identify a sub-group by race/ethnicity or other characteristic that appeared to be more debt-averse than others.

Another point of interest is the survey results show many students in the group of non-college-goers did not complete the necessary steps to attend college, such as taking the SAT or ACT tests, applying to colleges, or applying for financial aid. This indicates that many students made the decision to not enroll long before graduation day.

School Counselor Viewpoint

The results of the survey of high school counselors are preceded with a warning of potential biases identified in other studies of this type. The main bias identified is counselors' perceptions differ when looking at students from different socioeconomic backgrounds who otherwise appear to be similar. Counselors were asked to identify, within certain parameters, characteristics that identified a student as "college-eligible," defined as capable of completing the minimum academic requirements of a four-year college or university program.

The four characteristics that received the highest proportion of "extremely important" responses from high school counselors when asked to identify characteristics of "college-eligible" students were:

- ▶ Rigor of coursework taken.
- ▶ Study habits.
- ▶ Highest level of class taken.
- ▶ Grade point average.



Counselors at private schools attributed more importance to grade point average than the group of all counselors did, and private school counselors felt that the rigor of coursework was less important. Counselors who worked at schools with a high percentage of students receiving free or reduced lunch believed that test scores, self-confidence and study habits were important more frequently than the whole group.

The report also quantified counselors as being from low-access, medium-access or high-access schools based on the proportion of graduates that enroll in a four-year college or university. Although the top three reasons counselors named for college-eligible students not attending college were the same across all groups, the low-access and medium-access groups (which were usually combined when reporting results) tended to have stronger beliefs in the reasons. For example, the top three reasons (as judged by the percentage of counselors that gave "almost always" or "frequently" as a response) counselors listed as to why college-eligible students do not attend college were: not enough financial aid (74%), tuition is too high (72%) and unwilling to borrow (45%).

Counselors from low-access and medium-access schools, as a group, had much higher proportions of "almost always" or "frequently" responses to these same three categories, with not enough financial aid receiving those responses 81% of the time, tuition is too high 82% of the time and unwilling to borrow 61% of the time.

Conclusions Not Comparable

Although the report attempts to produce conclusions based on both surveys together, the survey of students and the survey of counselors are not correlated in this reviewer's opinion. The definition of a "college-goer" for the student survey is attendance at a two-year or four-year college or university. The counselors, on the other hand, were asked to consider characteristics that identified "college-eligible" students based on a definition that required attendance at a four-year college or university. The separation of the four-year college in the counselor survey might be defended based on the belief that certain characteristics that define readiness for a two-year college may not be the same as those for a four-year college. However, the same type of argument can be made with the group of students – perhaps the inclusion of two-year and four-year college students in the "college-goer" group is masking differential characteristics of each group and the two should be separated. Certainly the group of students called "college-goers" in the student survey is not comparable to the group of students described by the counselors.

The full report can be found at www.ihep.org/publications/view-all-publications.cfm.



Student Aversion to Borrowing: Who Borrows and Who Doesn't

Many financial barriers to achieving a college education exist in the United States. Much has been written about the need to borrow to pay for college and the eventual hardships that borrowing ever-growing sums places on students and their families. Very little has been written about students who have an aversion to borrowing. These students may need to limit their choice of college, and they possibly have lower chances of completing or even attending college because of their debt aversion.

A report released in December 2008 detailed a study of the population of students who are unwilling to borrow for college expenses. The study was funded by the Institute for Higher Education Policy (IHEP) and Excelencia in Education, a group dedicated to improving educational success among the Latino population in the United States. The study attempted to describe the population of students who have an aversion to borrowing and to understand how this aversion may be limiting their college enrollment choices.

Respondent Data Limitations

The authors point out that the limitations of their data prohibit any distinction between those students with unmet need (after grants) who do not borrow because they are debt-averse and those who do not borrow for other reasons. Also, being unwilling to accept loans to fund a college education is just one characteristic that may be noted when a student is debt-averse. Some debt-averse students never enroll and do not receive a loan offer or may delay entry because of their desire to avoid financing college expenses.

Report Conclusions

Using data from 2003-2004, the report reached three main conclusions about the population of students with unmet financial need (after grants) who do not borrow for college.

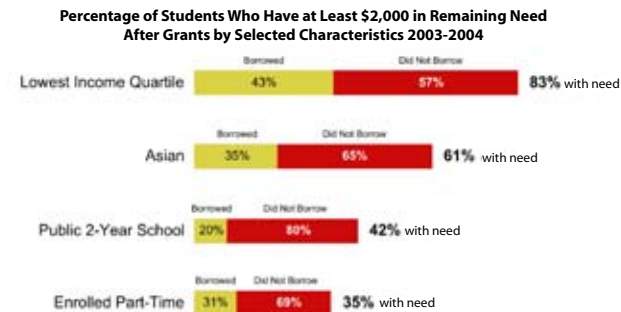
1. To avoid borrowing, many students may attend lower cost colleges or lower their attendance status.
2. Some students are able to find other sources of funding to avoid borrowing. These other sources include current income and savings for older, independent students, while younger, dependent students utilize their parents' income and, possibly, savings.
3. Even when controlling for other characteristics, the study found that certain racial and ethnic groups tend to have a cultural or familial aversion to borrowing, even if they have unmet need. This cultural debt aversion may be connected to the time it takes to "get a return on the investment" of a postsecondary education.

Student Behaviors

Students who did not borrow even though they had more than \$2,000 of unmet need after grants exhibited certain behaviors that differed from the behavior of their peers who decided to borrow. More non-borrowers were enrolled part-time than borrowers (30% for the non-borrowers and 14% for the borrowers), indicating that a reduction in attendance status may be one strategy non-borrowers use to avoid borrowing. Only 16% of borrowers lived with their parents, while 27% of non-borrowers lived with their parents, possibly indicating another cost-saving strategy used to avoid borrowing.

Some characteristics did not differ between the two groups. For example, an equal proportion of non-borrowers and borrowers held a job, received financial help from their parents and used credit cards to help with college expenses.

The article stratifies the data by certain student characteristics to assess differences across groups. Certain subgroups had large proportions of students with at least \$2,000 in remaining need after grants. Sometimes rather large proportions of these subgroups did not borrow, as shown in the graph below.



[View the Report](#)

The full report is available at www.ihep.org.

The desired outcome from matriculation in college is degree attainment. Unfortunately, the study found that non-borrowers who had at least \$2,000 of remaining need after grants had a higher probability of leaving college after three years without a degree. The subgroups of non-borrowers who attempted to reduce costs by attending part-time or a lower-priced school than their original choice also tended to be less likely to persist.

Report Recommendations

The report concludes with a list of recommendations to help students who do not want to borrow to attend college achieve their educational goals. Basic suggestions include:

- ▶ Expanding financial literacy efforts at postsecondary institutions.
- ▶ Educating high school counselors about issues related to debt-aversion.
- ▶ Addressing the need to borrow by looking for ways to expand grant and scholarship programs.

Paying for College – Fall 2008

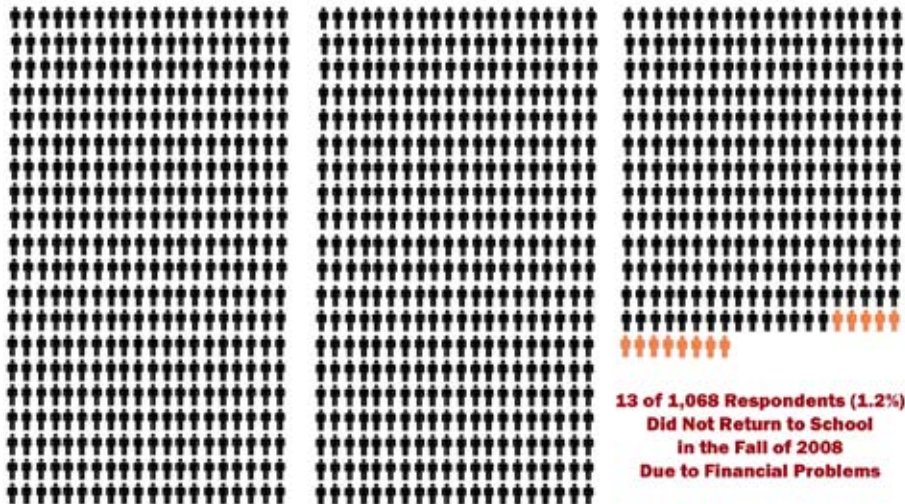
by Marc Hendel, Senior Research Analyst

In September 2008, the Iowa Student Loan research team surveyed previous private loan borrowers to better understand the challenges possibly faced by borrowers when seeking a private student loan for the 2008-2009 academic year and how they paid for college in the fall of 2008.

Previous Iowa Student Loan private loan borrowers still in school who did not take out a private loan with the company in fall 2008 were surveyed. There were 1,068 completed responses. Given the large number of responses, the results of this survey can be generalized to the sample frame with a high level of confidence. With 95% confidence, a $\pm 3.0\%$ standard error of a given measure is expected.

Lack of Private Loans Not Keeping Students From School

Despite predictions that many students would not be able to return to school because of the credit crisis, only a small number of students in the Iowa Student Loan sample indicated this was their situation. **Only 13 respondents (1.2%) indicated they did not return to school for financial reasons.** The lack of funds cannot be correlated to an inability to get a private student loan or other aid because of the credit crisis. Approximately twice as many respondents ($n=30$, 2.8%) indicated they did not return to school for nonfinancial reasons.



Sources of College Funding

Nearly 60% of respondents indicated their parents contributed 0% of their college expenses in the current year, with **81.7% indicating parents paid 20% or less of their expenses.** As expected, a larger proportion of independent students (78.5%) reported a 0% contribution to expenses than dependent students (56.5%), and this difference is statistically significant at the $p=0.05$ level. Only 2.1%, or 21 respondents, indicated that their parents paid 100% of their college expenses.

The 419 respondents who indicated that their parents contributed some money to their 2008-2009 college expenses were asked to indicate the sources of the funds. Nearly two-thirds of the respondents (63.2%) indicated that their parents' earnings were one source of funds. A Federal PLUS Loan was the next frequently cited source (24.6%), followed by a private parent educational loan (15.3%) and a personal loan other than a federal or private parent educational loan (12.4%).

Nearly half the borrowers (44.6%) indicated that they paid 100% of their expenses. This response category and the partner category of 0% contributed by parents have some measurement error associated with them, indicated by the fact that the two measures did not yield equal proportions.

The 962 respondents who indicated that they contributed some money to their 2008-2009 college expenses were asked to indicate the sources of the funds. More than three-fourths of the respondents (78.0%) indicated federal student loans as a source of funds. Student earnings were the next frequently cited source (68.7%), followed by grants, scholarships and other aid that does not need to be repaid (63.9%) and private student loans (58.9%). Other suggested sources were mentioned infrequently (less than 15% of the time).

Future Fund Availability

Overall, it **does not appear that more parents or students than expected were forced to go to nontraditional sources** (such as mortgages, personal loans or liquidation of assets) this year than any other year even though the credit crisis may have made it more difficult to get private student loans. However, the survey respondents indicated that the funds they used to pay expenses for the fall 2008 term may not be sustainable in the future.

A total of 41.8% of respondents indicated they know the funding sources they used this year would not be available next year. It is not clear what the meaning may be for the 42.4% that responded with "I do not know." If only one in five of those eventually realize that their funding sources will not be available next year, the overall percentage would be more than 50%. Only 15.8% know their current funding sources will certainly be available next year; this is a very low level of certainty within the group and may foreshadow a college funding crisis in the near future.

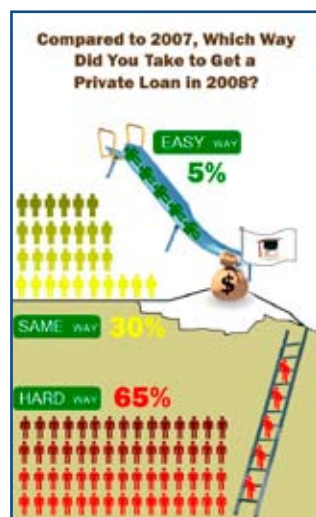
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Difficulties Obtaining Funding

Eight hundred forty-six respondents (82.5%) indicated they were working during the 2008-2009 academic year. Nearly the same number (n=849, 82.8%) indicated they also worked a job the previous year, with approximately 75% of the respondents indicating that they worked during both academic years. The number working this year that did not work last year (n=80, 7.8%) is “washed out” by the number who worked last year but are not working this year (n=83, 8.1%). This indicates that the need to work is no more apparent for 2008-2009 than the previous year. Although 46.7% indicated that they are working the same number of hours this year as last year, more than one-third (37.3%) indicated that they were working more hours this year than last year.

A larger proportion of dependent respondents (68.1%) used a cosigner on their private loan this year than independent respondents (48.7%); even with a small sample size the difference is statistically significant. Of those who had a cosigner this year, 85.4% were dependent students.

The majority of respondents (64.9%) who obtained private student loans this year indicated they had a more difficult time obtaining a private student loan this year due to the current situation in the credit markets. One respondent wrote, “Finding a student loan was almost impossible for me as my parents were not able to cosign (they tried but were denied based on their credit).” Another said, “Searching for student loans has never been harder. It is very difficult to find a loan without elevated interest rates and origination fees. This goes even more for those without a cosigner.”



Those indicating they had more difficulty securing a private student loan this year were asked to indicate one or more reasons for the increased level of difficulty. The most frequent response, cited by 53.1% of the respondents who had more difficulty, was the inability to find reasonable terms. Of the 405 respondents, **44.0% said that the overall process was more difficult and 38.3% listed having to find a cosigner as the reason.**

Of the 624 respondents who obtained a private student loan this year, 410 respondents (65.7%) used a cosigner for a private student loan this year. This is an increase compared to the proportion using cosigners last year (44.7%); a statistically significant increase. Last year 91.1% of those using a cosigner had their parent(s) as cosigner; this year 85.9% used their parent(s) as cosigner; a statistically significant decrease, with grandparents and other relatives used with equally increased frequency this year.

White Paper Provides Additional Information

The Iowa Student Loan research team is currently writing “College Affordability: Growth of an American Dilemma,” a white paper providing additional information on the difficulties faced by students and families when funding college. The paper will look at college affordability at a high level across the country. It will include a discussion of the factors influencing affordability, how families pay for college (including the Iowa Student Loan survey and a similar national survey by Gallup for Sallie Mae) and the issue of sustainability of funds used for fall 2008. The release of the white paper will coincide with its presentation at the Iowa College Access & Success Conference on April 8-9, 2009, in Des Moines, Iowa. The paper and the associated presentation will be posted to the Iowa Student Loan Community Services and Educational Research Web site soon after its release.

Without a cosigner, students found terms of their private loans to be less favorable than in the past. “My parents could not cosign for me and therefore I was denied by several lenders,” one respondent wrote. “There was only one company that let me take out a loan without a cosigner, and their terms are much more severe than previous lenders’ terms.” Obtaining a cosigner did not always allow students to get better terms on their private loans in the fall of 2008. “There were no loan companies I could find that would give me a loan for less than a 10% variable interest rate,” stated one respondent to the Iowa Student Loan survey.

Respondents who indicated that obtaining a private student loan this year was more difficult than in the past were given the opportunity to share their stories and 225 (55.5%) did so. The stories are consistent with the responses given in the closed-ended question about reasons for difficulty this year. Four recurring themes in the stories are:

1. Terms of loans obtained this year were not as favorable as in previous years.
2. The process of obtaining a loan was harder than they had previously experienced.
3. Finding a cosigner presented problems for many borrowers.
4. The uncertainty in obtaining funding this year put a great deal of stress on borrowers and their families.



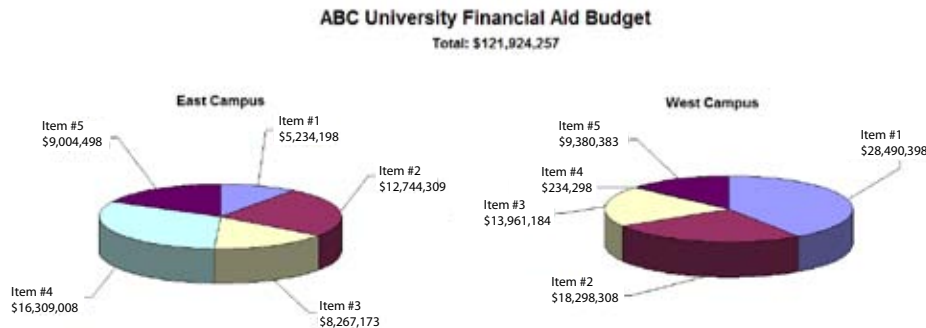
Research Tips

This issue of *Insights* introduces a new section, Research Tips. In research issues, this section will provide useful information on various aspects of the research process (data collection, analysis, information display, etc.) with examples of where you might implement the suggestions. This concept will extend to the Community Services and Educational Research Web site over the next several months with a Research Tip section that archives all tips.

Rethinking the Pie Chart

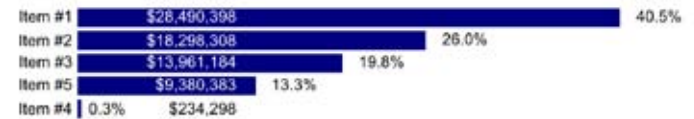
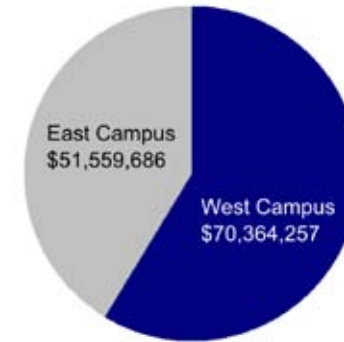
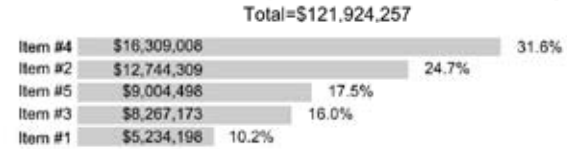
This inaugural Research Tips offering addresses a commonly used form of information display – pie charts. Although many information display software packages like to tout their ability to produce colorful and three-dimensional pie charts, the general consensus among information display experts is that pie charts should be avoided whenever possible. The most common reason for this sentiment is that there is usually a more elegant method available to display the information.

The pie chart's major shortcoming is that it is very difficult to make comparisons based on the area of the slices of the pie; it is even more difficult to compare data across pie charts. For example, it is not possible to understand the message in the pie charts below; there is no order to the pie charts and comparisons of percentages across charts are not possible, especially given the exaggerations of a three-dimensional graph and the orientation of the pies.

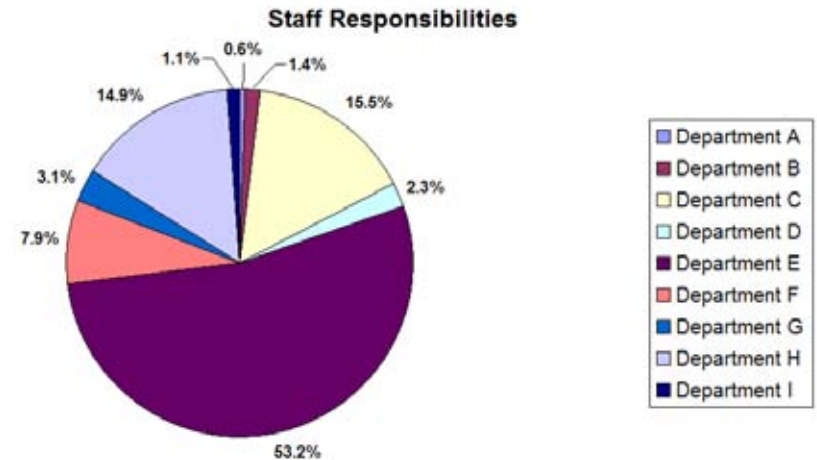


A combination pie chart and bar graph (as shown on the next page) makes the two sets of data much easier to compare. Also note the small percentage of the almost invisible pie slice for Item #4 on the West Campus is now visible and comparable to the other items.

ABC University Financial Aid Budget



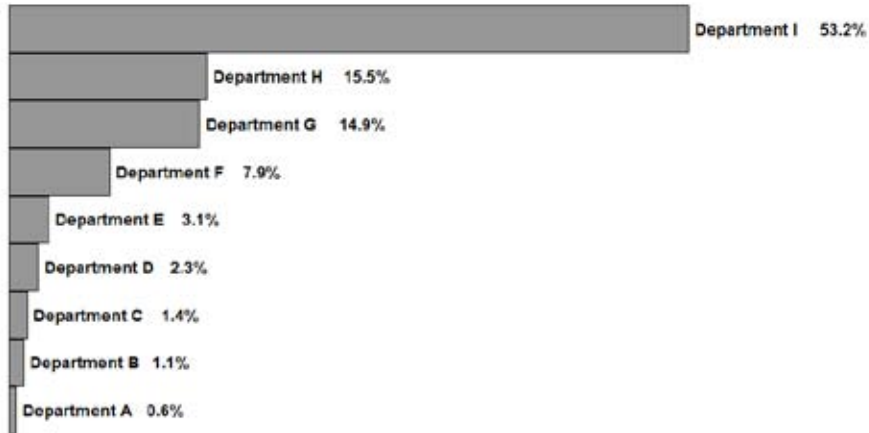
The example below illustrates another problem with a pie chart – many categories cannot be effectively displayed.



The most effective way to show data that may have gone into a pie chart in the past is with ordered horizontal bars, as shown on the next page.

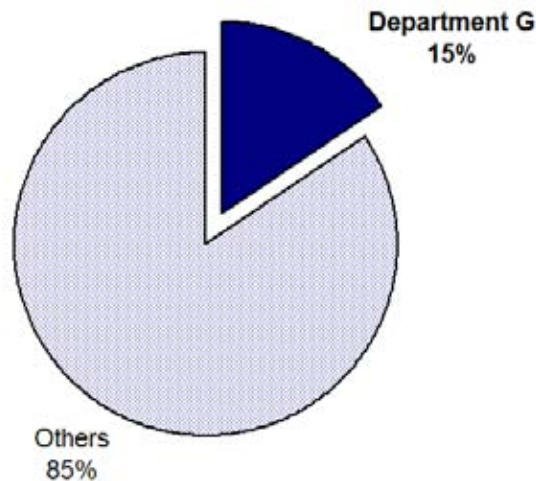
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Staff Responsibilities



Some critics of pie charts will concede to their use when comparing a single category to many others aggregated into a single category, as shown below. This is most useful when attempting to illustrate that a portion is a large or small proportion of the whole.

Staff Responsibilities



To TEACH or Not to Teach: That Is the (Potentially Expensive) Question

by Matthew Brown, Communications, Program and Research Liaison

A 2007 new grant program helps recruit and retain certain types of teachers. The Teacher Education Assistance for College and Higher Education (TEACH) Grant Program provides assistance to current education students who agree to teach in a shortage subject area and in a low-income building for four years after completing their academic program. TEACH Grants were established by the College Cost Reduction and Access Act (CCRAA) – Public Law 110-84 enacted on Sept. 27, 2007. The grants became available to students after July 1, 2008.

Like any federal program new or old, the TEACH Grant Program has its supporters and its critics. Through this new program, advocates say, undergraduate students can help themselves by obtaining up to \$16,000 for college costs while simultaneously helping our nation fill voids as shortage subject-area teachers in low-income schools. (Note: Master's degree students can receive an aggregate amount of \$8,000.)

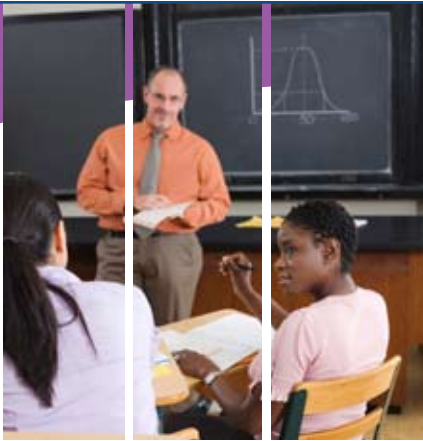
Critics of the TEACH Grant Program are ultimately concerned by an estimate by the Congressional Budget Office that 80% of TEACH Grants will revert to unsubsidized loans¹.

The U.S. Department of Education (ED) Web site spells out what this means.

...As a recipient of a TEACH Grant, you must teach for at least four academic years within eight calendar years of completing the program of study for which you received a TEACH Grant. **IMPORTANT:** If you fail to complete this service obligation, all amounts of TEACH Grants that you received will be converted to a Federal Direct Unsubsidized Stafford Loan. You must then repay this loan to the U.S. Department of Education. You will be charged interest from the date the grant(s) was disbursed...²

For example, a student who receives \$4,000 in TEACH Grants for each of four academic years (\$16,000 total) would be required to repay nearly \$27,500 at the end of the eight-year service obligation. Assuming this same student then elects the standard payment plan of 10 years, the student would repay nearly \$38,000. That is \$22,000 more than the original TEACH Grants³. In combination with other student loan debt that may have been a necessary resource to pay for college expenses, a TEACH Grant turned loan can pose a repayment challenge for years to come.

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Decisions related to the TEACH Grant Program must be made at both the college/university level and at the student level. First, a college or university that meets any of the four TEACH institutional eligibility requirements⁴ must decide if it *wants* to participate. Does the school feel that the benefits of TEACH Grants outweigh the drawbacks for its students?

As of March 10, 2009, ED had approved **735** TEACH Grant Eligible Institutions. Because ED

has not released the overall number of institutions that are eligible to apply for TEACH Grant participation, any estimation of this figure must be made carefully.

Consider the following:

- ▶ The American Association of Colleges for Teacher Education (AACTE) states that “the **800** institutions holding AACTE membership represent public and private colleges and universities in every state, the District of Columbia, the Virgin Islands, Puerto Rico, and Guam.”⁵
- ▶ Although institutions that provide two-year programs may be eligible to participate in the TEACH Grant Program, it appears that just 16 of the current **735** approved TEACH Grant Eligible Institutions are two-year community colleges. That leaves **719** TEACH Grant Eligible four-year institutions that have complete teacher education programs.
- ▶ Using estimates of **800 AACTE members** and **719** approved TEACH Grant Eligible four-year institutions, the TEACH Grant Program currently has a **90%** participation rate among institutions with complete teacher education programs.
- ▶ In Iowa, 31 eligible four-year institutions have teacher education programs; **21** are TEACH Grant Eligible Institutions for a state participation rate of **68%**. To date, no Iowa two-year community colleges have been approved for TEACH Grant participation.

The Fiscal Year 2009 Budget Summary⁶ projects 41,000 recipients of TEACH Grants. To reduce the proportion of grants that revert to unsubsidized loans:

- ▶ Each student who considers accepting one of these awards should continue to be required to receive initial and subsequent counseling to help them understand the benefits and drawbacks of TEACH Grants.
- ▶ Schools awarding TEACH Grants should continue to award these grants with caution.
- ▶ Awards should be made only to students who will be able to take advantage of the grant and not have to shoulder the burden of an additional unsubsidized student loan.

Through careful awarding practices and solid counseling, the proportion of grants that revert to unsubsidized loans will shrink well below the projected level of 80%.

A recent article in *Student Aid Transcript: The Magazine of NASFAA* discusses how one university in Georgia went through the decision process of TEACH Grant participation. The article (found in volume 19, No. 3, 2008) is available online at www.nasfaa.org; select “Transcript” under the Publications side menu, and then select “article index.”

As of March 10, 2009, the list of Iowa TEACH Grant Eligible Institutions includes:

Briar Cliff University
Buena Vista University
Central College
Clarke College
Coe College
Cornell College
Dordt College
Emmaus Bible College
Graceland University
Iowa State University of Science & Technology
Loras College
Luther College
Morningside College
Mount Mercy College
Northwestern College
Simpson College
University of Dubuque
University of Iowa
University of Northern Iowa
Waldorf College
Wartburg College



¹Source: <http://www.ed.gov/about/overview/budget/budget09/summary/edlite-section2d.html#teach>

²Source: www.teachgrant.ed.gov

³Please visit Mapping Your Future's online TEACH Grant Initial and Subsequent Counseling demonstration site for a complete illustration of this example: <http://mappingyourfuture.org/oslc/counseling/index.cfm?act=Intro&OslcTypeID=33>, select “Texas” and then “MYF Demo School – Somewhere, TX.”

⁴Please review the TEACH Grants Policy Update presentation found at <http://www.nasfaa.org/publications/2008/eapresentations121608.html>.

⁵Source: <http://www.aacte.org/index.php?About-Us/Who-We-Are/who-we-are.html>

⁶Source: <http://www.ed.gov/about/overview/budget/budget09/summary/edlite-section2d.html#teach>



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News and information for financial aid professionals.

The **Special Research Edition** of *Insights* is produced by Iowa Student Loan, Ashford II Building, 6775 Vista Drive, West Des Moines, IA 50266.
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