
COLORADO DEPARTMENT OF



HIGHER EDUCATION

ACCESS TO HIGH-QUALITY, AFFORDABLE EDUCATION FOR ALL COLORADANS

COLLEGE INVEST

CHANGES IN STUDENT LOAN ADMINISTRATION

August 2012 Report

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STUDENT LOAN ADMINISTRATION

Statutory Background

In May 2010, the Colorado General Assembly amended Title 23, Colorado Revised Statutes by adding Article 3.1 (2), Restructuring Plan to Deal with Changes in Administering Student Loans, after the sale of CollegenInvest's FFELP Student Loan Portfolio.

Per statute, the CollegenInvest Plan shall address, but need not be limited to, the following issues:

- a) Any ongoing or future role for the Colorado Student Obligation Bond Authority (CSOBA);
- b) Whether the division should continue to originate, disburse, service, guarantee, and administer student loans;
- c) If the division does not continue administering student loans, the entity that should be responsible for such administration and the authority that entity may need;
- d) The number of employees necessary to administer student loans: and
- e) Address the employment of person who formerly were responsible for administering student loans guaranteed by the federal government.

Evaluations and Outcomes

Issues (a) and (b):

In 2011 CollegenInvest conducted an in-depth study to evaluate of the long-term possibilities and viability of CSOBA originating, disbursing, servicing, guaranteeing and administering a private student loan program. While there may be opportunities in the future, we do not recommend COSBA or the Division pursuing the creation of a private student loan program at this time.

Issue (c):

After the elimination of the Federal Family Education Loan Program (FFELP), the US Department of Education has provided a Direct Loan Program through colleges and universities. Funds for the loans come directly from the US Department of Education, which in turn gets the funds from the US Treasury. No State authority is required.

Issue (d):

N/A

Issue (e):

Following the sale of CollegenInvest's FFELP Student Loan Portfolio, the following 17.5 FTE positions were eliminated:

- CollegenInvest CFO
- 5.5 FTE Financial & Accounting staff
- Chief Operations Officer
- 1 FTE Operations support staff
- Chief Outreach Officer
- 6 FTE Community Outreach & School Relationship staff
- 2 FTE Software Engineers / IT