

**TOPIC: FINANCIAL NEED FUND MOU**

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**I. SUMMARY**

The passage of the Student Aid and Fiscal Responsibility Act (SAFRA) repealed private lenders ability to originate issue or guarantee new student loans. As a result, CollegeInvest sold the majority of its student loans to NelNet, Inc. which will generate up to \$35 million dollars. Subsequently, the legislature passed HB10-1428, a bill that provides provisions for the Department of Higher Education to develop processes to address the funds generated from a sale. A portion of the funds will be used to for costs associated with the transition of services; a portion of funds will remain in the College Invest scholarship trust fund. On January 1<sup>st</sup>, 2011 remaining funds will be transferred into a need based scholarship fund or used to back fill General Fund reductions in need based aid. If additional funds are available for financial aid, the Commission will determine how the funds will be awarded to students and the Department staff with work with the CollegeInvest staff to access the funding as outlined in the Memorandum of Understanding (Attachment A).

**II. STAFF RECOMMENDATIONS**

**For the Commission to approve the MOU and for the Chairman to sign the Memorandum of Understanding.**

**STATUTORY AUTHORITY**

23-3.1-206.2