



USA Funds® has served Indiana as its designated guarantor of federal education loans since 1995. As Indiana's designated guarantor, USA Funds links colleges, universities, career colleges, private lenders, students and parents to promote financial access to college. USA Funds supports critical education-loan services, including loan-application processing, customer assistance, and default prevention and recovery, as well as policy guidance and training of school and lender staff.

During the fiscal year ending Sept. 30, 2005, USA Funds guaranteed nearly \$1.2 billion in new education loans to nearly 159,000 Indiana borrowers — including 143,071 students and 15,533 parents — and served 69 postsecondary institutions in Indiana.

USA Funds works with Indiana schools and lenders to help reduce student-loan-default rates. During the last 10 years, Indiana's default rate has dropped nearly 63 percent. The most-recent default measure, the 2003 cohort-default rate, fell to 4 percent — a decline of more than 9 percent from the previous year in the default rate among all Indiana student-loan borrowers. The cohort-default rate measures the percentage of students who entered repayment on their education loans during a given federal fiscal year and defaulted on their loans prior to the end of the following fiscal year.

Debt-management initiatives

To partner with postsecondary institutions in their debt-management efforts, USA Funds in 2005 provided a broad spectrum of services in Indiana, including the following:

- ◇ USA Funds' debt-management consultants assisted 24 Indiana schools in their work to curb student-loan defaults.
- ◇ To equip postsecondary institutions to teach their students to manage their time and money wisely while they are on campus and after graduation, USA Funds offers the USA Funds Life Skills® financial-literacy course. The number of schools in various stages of implementing USA Funds Life Skills in Indiana stands at 23.
- ◇ Nine schools in Indiana use USA Funds-provided tools that help students and graduates stay on the path to successful repayment. The new, Web-based USA Funds Debt ManagerSM assists with call or letter campaigns to borrowers experiencing repayment difficulties.

Chart 1
USA Funds' Indiana Loan Volume
by Loan Type

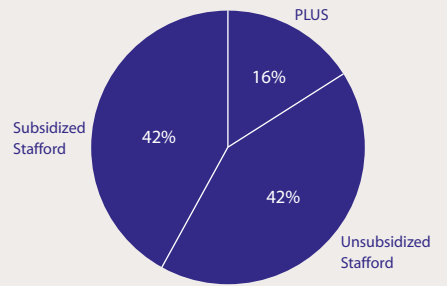
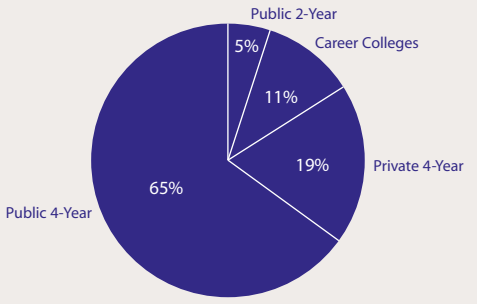


Chart 2
USA Funds' Indiana Loan Volume
by Institution Type



USA Funds® is the nation's leading education-loan guarantor. A nonprofit corporation, USA Funds works to enhance postsecondary-education preparedness, access and success by providing and supporting financial and other valued services.



www.usafunds.org

◇ To give schools greater flexibility as they help students track their education loans, USA Funds supports the Borrower Debt Management Information Service. Schools often use the service during student-loan exit counseling with borrowers.

◇ USA Funds conducted six debt-management workshops in Indiana to help schools learn more about USA Funds Life Skills, and about student retention and its role in default prevention. A total of 80 higher-education professionals took part in workshops in Bloomington, Indianapolis, West Lafayette and Whiting.

USA Funds also supports a variety of other programs for Indiana schools, lenders, students and families — and their communities — to enhance preparation for, access to and success in higher education. The following are some highlights from 2005:

Indiana advisory council

To ensure that its services meet the needs of postsecondary education in Indiana, USA Funds hosts regular meetings of its Indiana financial-aid advisory council. The council includes financial-aid administrators for Indiana colleges and universities, as well as representatives of lending institutions. In addition, Indiana financial-aid professionals and education lenders are represented on USA Funds' national advisory council.

Staff-training opportunities

USA Funds helps colleges and lenders comply with program regulations and keeps them informed of policy developments and improved services through a wide array of training opportunities, including free workshops in Indiana. During fiscal 2005 USA Funds conducted four financial-aid workshops, in Indianapolis and South Bend, for a total of 119 participants.

Scholarship funding

The USA Funds Access to Education Scholarships® program awarded 416 new and renewal scholarships totaling \$606,750 to deserving college-bound students in Indiana for the 2005-2006 academic year. These scholarships assist students in financial need — particularly those who are either members of ethnic-minority groups or are physically disabled — as they finance their higher education.

Under the USA Funds Scholars program, USA Funds awarded \$111,000 in scholarships to graduating seniors from 28 Indiana high schools. USA Funds Scholars are outstanding students in USA Funds' designated states and in communities in which USA Funds has offices.

Early awareness program

USA Funds provides at no cost to Indiana schools and community- and faith-based organizations its USA Funds Unlock the Future® early awareness program. Fourteen schools and organizations took advantage of the program, which introduces students and their families to the benefits of and options for education after high school.

College-planning Web site

USA Funds partners with College Answer®, the foremost online resource for “going-to-college” information, to present Indiana College Answer. The Web site, located at www.indiana.collegeanswer.com, offers students and families information to assist in planning and paying for higher education, plus free access to a database of billions of dollars in scholarships.

College Goal Sunday

USA Funds supports College Goal Sunday in Indiana. The event provides high-school seniors and their parents free help in completing the application necessary to qualify for federal aid for college. More than 3,700 students and parents in Indiana received assistance at 34 College Goal Sunday sites during 2005. USA Funds also sponsored for the fifth-consecutive year the “USA Funds Countdown to College” supplement to the *Indianapolis Star*. The publication promotes Indiana's College Goal Sunday and provides higher-education admissions and financial-aid information.

College- and career-preparation guides

Serving as corporate sponsor for the fourth-consecutive year, USA Funds supported the 2005-2006 edition of *Next Indiana: A Guide to Life After High School*. Targeted to high-school juniors and seniors, the magazine explains the options available to students after high school and includes information about topics such as handling finances and choosing a career.

For the third year, USA Funds also was corporate sponsor of the 2005-2006 edition of *GRAD*, a magazine for Indiana college seniors that focuses on graduate-study opportunities, employment prospects and quality of life in Indiana.

Learning Communities

USA Funds joined a coalition of organizations that are focusing services on six pilot communities — including Washington Community School in Indianapolis — in a bid to improve access to postsecondary education for low-income students. The Learning Communities Coalition is partnering with local leaders across the nation to significantly increase the number of youths in the selected communities who complete high school and successfully pursue postsecondary education.

ScholarShop

As part of its involvement in the Learning Communities Coalition, USA Funds provided a grant for developing a ScholarShop site at Washington Community School. A program of Scholarship America, ScholarShop is a curriculum and resource center designed to motivate and prepare students for postsecondary education.

USA Parents

The USA Funds initiative USA Parents continued to offer various programs for parents, to build stronger family relationships, enhance the home environment, and increase the probability of success in Science

Bound. An initiative of Indianapolis Public Schools, Purdue University and the Indianapolis business community, Science Bound encourages underrepresented IPS students to enroll in college and graduate in the fields of science, technology and engineering.

Support for Latino students

USA Funds awarded grants totaling \$100,000 to four projects designed to boost the college-going rates of members of Indiana's Latino community. USA Funds supported initiatives of the Central Indiana Community Foundation, La Plaza, the Indiana Latino Institute and the National Society of Hispanic MBAs.

AVID

A USA Funds grant to Lawrence Township Schools in Indianapolis supported Advancement Via Individual Determination, a program that places academically average students in a rigorous curriculum and encourages them to pursue postsecondary education.

Indiana Black Expo initiatives

USA Funds contributed to an annual Indiana Black Expo event in Indianapolis that teaches students about the importance of education and community involvement, and supported back-to-school rallies across the state, as well as school kits and workshops that help students prepare for college-admissions tests and conduct scholarship searches.

Riley Hospital school program

USA Funds assisted with the costs of a teacher and educational supplies — including a laptop computer — for the school program of Riley Hospital for Children in Indianapolis. The funding helps ensure that hospitalization does not interrupt the schoolwork of Riley's patients.

PAL efforts

A USA Funds grant to the Police Athletic League in Indianapolis funded mentoring and leadership opportunities for local youth. PAL's efforts involve youth in educational, cultural and fitness activities that deter crime, increase self-esteem and promote a positive relationship with police.

Starfish Initiative

A program that provides mentors to low-income students to broaden their educational options received support from USA Funds. The Starfish Initiative aims to make college-preparatory education a viable choice for more inner-city students in Indianapolis.

Y Teen Achievers

USA Funds supported Y Teen Achievers and its work to provide social and financial access to education for low-income youth. The grant to YMCA of Greater Indianapolis' Urban Mission branch assists with connecting youth to adult mentor-coaches and providing placement and tuition assistance.

Table 1 25 Largest Indiana Schools By Loan Volume Served by USA Funds

Indiana University Bloomington
Indiana University-Purdue University Indianapolis
Purdue University
Ivy Tech State College
Indiana State University
University of Notre Dame
Indiana University-Purdue University Fort Wayne
ITT Technical Institute
Indiana Business College
Indiana University Northwest
Indiana University South Bend
University of Indianapolis
Brown Mackie College
Butler University
Indiana University Southeast
Anderson University
Lincoln Technical Institute
University of Evansville
Taylor University
Indiana Institute of Technology
Purdue University North Central
Marian College
Tri-State University
International Business College
Indiana University East

Table 2 10 Largest Lenders By Loan Volume Served by USA Funds in Indiana

Bank One
First National Bank in Sioux Falls
Purdue Employees Federal Credit Union
Fifth Third Bank
Indiana Secondary Market for Education Loans
Sallie Mae Education Trust
Citibank Student Loans
Nelnet
National City Bank
J.P. Morgan Chase