

Chart 1
USA Funds' Kansas Loan Volume
by Loan Type

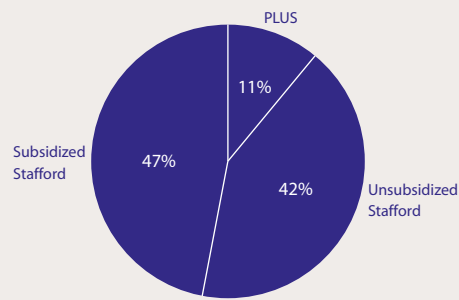
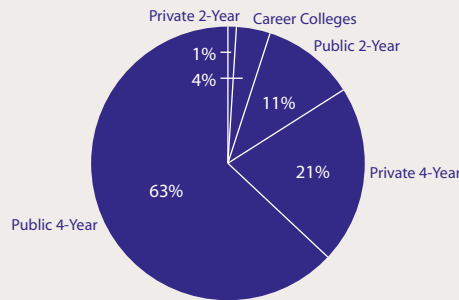


Chart 2
USA Funds' Kansas Loan Volume
by Institution Type



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.



USA Funds® has served Kansas as its designated guarantor of federal education loans since 1991. As Kansas' 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 more than \$415 million in new education loans to nearly 64,000 Kansas borrowers — including 57,944 students and 5,729 parents — and served 57 postsecondary institutions in Kansas.

USA Funds works with Kansas schools and lenders to help reduce student-loan-default rates. During the last 10 years, Kansas' default rate has dropped more than 76 percent. The most-recent default measure, the 2003 cohort-default rate, fell to 3.9 percent — a decline of more than 15 percent from the previous year in the default rate among Kansas 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 Kansas, including the following:

- ◇ USA Funds’ debt-management consultants assisted 24 Kansas 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 Kansas stands at 41.
- ◇ Sixteen schools in Kansas 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.
- ◇ 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 two debt-management workshops in Kansas to help schools learn more about USA Funds Life Skills, and about student retention and its role in default prevention. A total of 198 higher-education professionals took part in workshops in Chanute, Garden City and Topeka.

USA Funds also supported a variety of other programs for Kansas schools and lenders, and the students and families they serve, to enhance preparation for, access to and success in higher education in 2005.

Kansas advisory council

To ensure that its services meet the needs of postsecondary education in Kansas, USA Funds hosts regular meetings of its Kansas financial-aid advisory council. The council includes financial-aid administrators for Kansas colleges and universities, as well as representatives of lending institutions.

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 Kansas. During fiscal 2005 USA Funds conducted four financial-aid workshops, in Kansas City and Wichita, for a total of 139 participants.

Scholarship funding

The USA Funds Access to Education Scholarships® program awarded 365 new and renewal scholarships totaling \$538,125 to deserving college-bound students in Kansas 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 \$31,500 in scholarships to graduating seniors from 19 Kansas 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 offers at no cost to Kansas schools and community- and faith-based organizations its USA Funds Unlock the Future® early awareness program. Twelve 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 Kansas College Answer. The Web site, located at www.kansas.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. The event provides high-school seniors and their parents free help in completing the application necessary to qualify for federal aid for college. A total of 1,466 students and parents in Kansas received assistance at 20 College Goal Sunday sites during 2005. For the third-consecutive year, USA Funds also sponsored a “USA Funds Countdown to College” supplement to the *Topeka Capital-Journal* and *Wichita Eagle* newspapers. The publication promotes College Goal Sunday and provides higher-education admissions and financial-aid information.

College-and-career hotline

The toll-free USA Funds Career and Education Hotline for Kansas — (866) 897-8111 — provides students and parents information about hundreds of careers, postsecondary institutions in Kansas and nationwide, college majors, training programs and financial aid.

Young-entrepreneurs training

USA Funds supported Youth Entrepreneurs of Kansas, a classroom program that provides students with business and entrepreneurial education and experiences to help them become contributing members of society.

Academic decathlon

To encourage academic competition and the early introduction of students to higher education, USA Funds provided a grant to the Kansas Academic Decathlon Association.

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

Kansas State University
Wichita State University
Washburn University
Emporia State University
Baker University
Friends University
Pittsburg State University
Fort Hays State University
Johnson County Community College
Butler Community College
MidAmerica Nazarene University
Brown Mackie College
Benedictine College
Kansas City Kansas Community College
Ottawa University
Wichita Technical Institute
Wright Business School
Newman University
Tabor College
Southwestern College
Bethel College
McPherson College
University of Saint Mary
Neosho County Community College
Pratt Community College

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

Kansas State Bank
Bank of America
U.S. Bank
Commerce Bank of St. Louis
Kansas State University
Commerce Bank & Trust
J.P. Morgan Chase
Emprise Bank
College Board Education Loan Program/College Credit Bank One