

IMPACTFUL FORGIVENESS

Loan Program Part of a Brain Gain

By Rebecca Patrick

A quality education is the surest path to break cycles of poverty, transform lives and lift up communities by attracting the best employers and jobs.

That’s why the Indiana Chamber lists as a key goal in its *Indiana Vision 2025* plan to “increase to 60% the proportion of Indiana residents with high quality postsecondary credentials.”

Currently, less than 41% of Hoosiers are there. And in the Indiana Chamber’s 2016 employer workforce survey, 45% of respondents indicated they had left jobs open in the past year due to under-qualified applicants.

One region is tackling this issue in a substantial way and setting an example for not only the state but the country.

In northeast Indiana, the Questa Education Foundation is assisting Hoosiers’ pursuit of a college degree or industry certification with a generous forgivable loan program.

The origin

Fort Wayne’s tradition of supporting students capable of further education, but with financial barriers, dates back 80 years to R. Nelson Snider, for whom Snider High School is named. Snider loaned money out of his own pocket and gradually tapped into local philanthropists.

“So it’s been around for a long time and has evolved. It moved from that to being the Fort Wayne Education Fund to more for all of Allen County. Then about 15 years ago, the board really looked at what it had in terms of resources and said, ‘We ought to spend it out or do something bolder,’ ” tells Marc R. Levy, Questa’s executive director for the past five years.

Bolder won the day and set the stage for present-day Questa to bring “gap funding” to more area students.

“The timing of that was around a discussion taking place here in the community and statewide – the feeling there was a loss of talent. They were going to school and weren’t coming back,” Levy notes.

Since then, Questa has grown its resources while maintaining a commitment to the original mission and vision. It now serves 11 counties in the region: Adams, Allen, DeKalb, Huntington, Kosciusko, LaGrange, Noble, Steuben, Wabash, Wells and Whitley.

How it works

Qualifying full-time students receive between \$2,500 and 5,000 annually (\$3,700 on average) to assist in their education at any public or private institution of higher education in the state. Upon graduation, half of their loan is erased if they agree to stay in the area and work for five years.

That forgiveness level jumps to an astounding 75% if a student goes to one of the Questa partner institutions: Grace College, Huntington University, Indiana Tech, Indiana University-Purdue University Fort Wayne (engineering program only), Ivy Tech Community College, Manchester University, Trine University and the University of Saint Francis.

“The money is not just given to them; it’s released on a semester-by-semester basis. After each semester, they get us their grades and demonstrate they’ve completed those courses and show us they’re registered for the next semester,” Levy explains.

“The check is then sent to the school and the money released to help with students’ gap funding for their education.”

Students must maintain a minimum 2.75 grade point average, which is the same criteria for applying to become a Questa scholar (the term for someone receiving one of the loans).

Because it’s a loan, rather than a scholarship, there is more flexibility in how those dollars can be used. From room and board to course fees to textbooks – whatever is needed.

Levy also stresses the accountability of the program.

“Our individuals all have some skin in the game. If we give 50%,”



Eight institutions of higher learning in Indiana – including (from left) Indiana Tech, Huntington University and University of Saint Francis – have partnered with the Questa Foundation to provide additional loan forgiveness to qualifying students.

they have to complete their degree (or certification). If they go for a year or two and don't complete, they're responsible to pay back 100% of what was loaned to them."

While the goal is for students to complete their certification or degree in the recommended timeframe – most often two or four years, that doesn't mean Questa scholars are necessarily tied to that typical span; they simply get four years of gap funding overall.

"If they had to take a break because something happened in their life or their family's life, and as long as they're committed and have an education plan and can tell us why they had to take a semester or a year off, we will fulfill our part of the commitment up to the \$20,000 total," Levy states.

When students graduate, they have 90 days to come to Questa and work out a payment plan; the process enables the foundation to know if the scholars have yet secured local employment.

"Students see a column of what they're going to pay, and we start with it as if the 50% (or 75%) is forgiven. They also see another column that shows what they would be paying at any point in time if they choose to leave (the region)," Levy shares.

"We want to keep the talent here. We don't push them to have to start paying aggressively after that 90 days when they haven't gotten the job they wanted (locally). It's a relationship; we work with them to help them be successful."

Beneficiaries and results

Questa has more than 350 students currently in the four-year and two-year education cycles. The most recent term saw 75 to 80 students come into the program; 100 the year prior. Six graduating classes have gone through the current loan model.

Levy is proud of what the program is accomplishing and characterizes the results as "phenomenal!"

"We are close to 80% of our students graduating in four years, which is double – almost triple – what the national average is. We are

over 90% for five years."

As for the retention part of the equation, that is going better than even expected. "Two-thirds of our students are staying or returning to northeast Indiana. (We) thought doing well would be 50%, so we think we're doing fairly good at retaining talent," Levy declares.

Auburn native Hayley Martin is in the latter stages of her education career at Trine University; she's a junior majoring in criminal justice and psychology while also playing basketball for the school.

She says her Questa loan is what enabled her to attend Trine, and she is grateful. "Not only do I have peace of mind from the opportunity that Questa allows me, but it also provides the financial assistance that my parents cannot provide."

Word of mouth from a friend led Martin to seek out Questa and apply for a loan.

"I've met adults who have a substantial amount of loan debt that requires them to make large payments each month. (Thankfully,) I will not have to be in the same position.

"Having 75% of my loan forgiven within five years (of graduating) makes things less stressful! This will give me the opportunity to worry less about paying off my debt and more about beginning a new chapter of my life."

For her part, Martin is looking forward to fulfilling her commitment to stay in the



Hayley Martin (No. 14) is a DeKalb High School graduate and Questa scholar at Trine University.

area with an employer.

"This will give me an opportunity to focus on giving back to the community that invested in me."

Funding and growing

Making sure Questa funding is sustainable – so students like Martin can fulfill their dreams – is a balancing act for Levy and the board.

"Our model is relatively new, and it's a business model that most people don't have," he begins.

"If we're successful, we will lose 50%. So the good news is that if we're successful, we still get back 50%. And then if we have sustainable funding, that ends up being a growth in what we're doing."

The trick to that is getting funders to give at a certain level each year and to secure more four-year commitments that follow students, which has been Levy's goal since his arrival.

The Olive B. Cole Foundation has chosen the path of providing funding for two students for their four years of school.

Maclyn Parker, a longtime community leader in Fort Wayne, is president of the Cole Foundation.

"We supported (Questa) to start the project in DeKalb County. Then a similar grant was made in Steuben County and we've made some smaller grants too," he offers.

"We think they are a very good organization and have been very pleased with the results. They have better graduation rates than a lot of scholarship students. And that's impressed us. It's a good program and we will probably support them again."

In fact, Parker was so impressed, he says, that he joined the Questa board.

Even though the organization has been steadily growing its funding, the reality is that a much larger financial need exists in the region than the resources Questa has available.

"We're funding right now about one out of every four individuals (who apply), so we're having to make tough decisions. We can't fund



everybody (in need) at this point in time,” Levy reports.

Employer connection

One way Questa is looking to expand its reach is through area employers. This new concept centers on routing dollars earmarked for tuition reimbursement to Questa for loans.

“I’m talking more with employers because the conversation we all hear is, ‘I’m having trouble finding the talent’ – whether that’s HVAC, welders, plumbers or even IT. My response is, ‘Do you have somebody who comes to work every day and with further education might be that talent you’re looking for?’

“Generally they look at me, and say, ‘Now that you mention it, I do,’ ” Levy recounts.

A scenario he describes could be a loan for \$2,500 to an employee. “They would sign a document that authorizes the employer to pay us tuition reimbursement to pay off the 50% (taking the place of a traditional funder for Questa). When they do traditional tuition reimbursement, usually there is some implications for staying with an employer for a period of time anyway, so this blends into that and makes a natural commitment.”

The appealing part for the employee is that the money coming through Questa is now a loan and can also be used for things like child care or transportation costs – things not allowed under strict tuition reimbursement initiatives.

Parkview Health is the first to begin to develop and then pilot a program with Questa.

Adds Levy: “Several other employers like the idea and are reaching out to county economic development directors to talk about partnering with manufacturing in key areas where people are finding they have talent gaps.”

Challenge issued

Amazingly, it seems Questa is the only group of its kind in the state and nation – at least that’s what Levy has been told.

But there’s no reason it should be that way, he contends.

“If there’s really a commitment at the state level to that 60% (education attainment) goal, just think about what another four of us around the state could do. If every public or private (institution) in the state would be willing to discount their education by 25% as a partnership in this and if we’re able to get

local businesses in combination and employers with new donors to say we’re committed to this, this could be taken to scale across the state.

“You would have more people graduating on time, more people going back and getting their education and then going out in the workforce – and it’s geared toward the fields in need,” Levy continues.

“You take that person making \$12 or \$15 an hour. They get that degree in HVAC, maintenance or advanced manufacturing, so they’re now making \$40,000 a year instead of \$30,000, \$20,000 or \$15,000.”

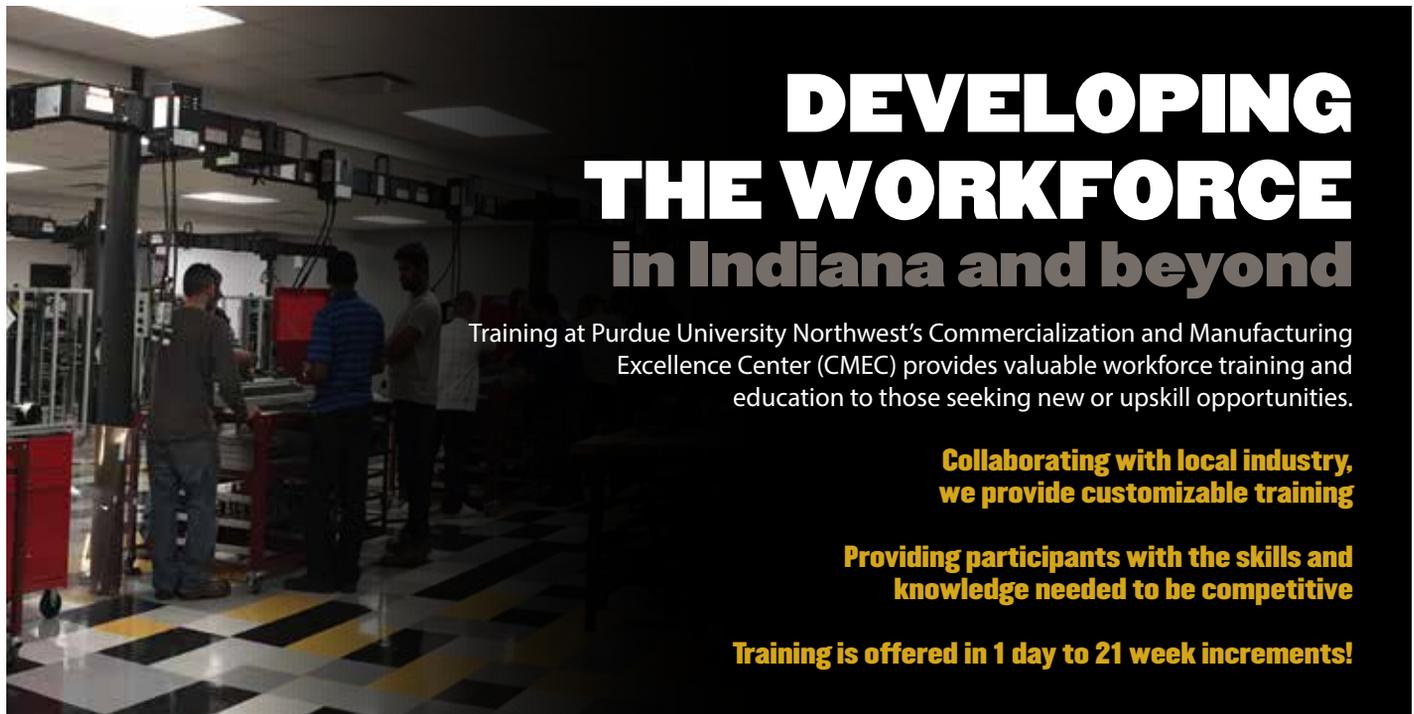
And they would graduate with less debt, which is impactful for them individually and for their community.

“They then become part of the economy right out of school. Maybe they can buy a car, buy that house, start to set up their family – and those dollars recycle like any other dollar.

“Whereas if you’re paying back a \$20,000 or \$30,000 debt, it’s going somewhere else; those dollars are not going back into the local economy,” Levy emphasizes.

“This is a win for the individual, it’s a win for the employer and it’s a win for the community.”

RESOURCE: Questa Education Foundation at www.questafoundation.org



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