


UTAH HIGHER EDUCATION
ASSISTANCE AUTHORITY

EXECUTIVE DIRECTOR'S REPORT

UHEAA Board of Directors
February 19, 2015

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UHEAA's successful navigation through troubled waters


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- Past five years: Most challenging in UHEAA's 38-year history
- Student loan providers hit with a double punch
 - *Meltdown of the financial markets*
 - *Federalization of student loans*
- UHEAA has weathered the storm
 - *Moved bonds to firm financial footing*
 - *Built stable organization despite shifting sands*
 - *Increased staying power with improved financial strength*
 - *Achieved operational efficiencies*



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UHEAA's anchor business: Legacy FFELP portfolio

Anchor business

- FFELP legacy portfolio
- Ownership and servicing
- **Current legacy portfolio**
(including Wyoming)
\$1.34 Billion
104,000 borrowers
- **After portfolio acquisition**
\$3.12 Billion
261,000 borrowers

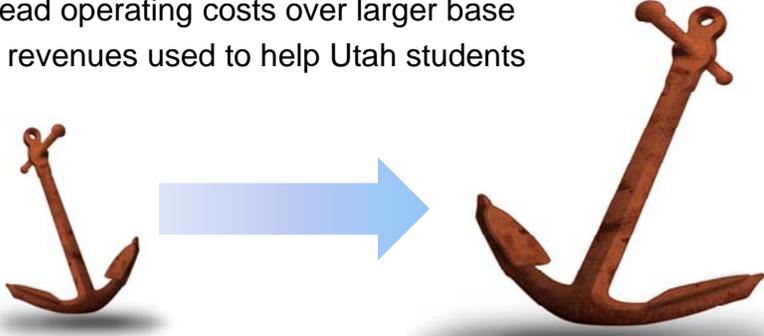


The slide features a large, detailed wooden anchor on the right side. The anchor is brown with a textured surface and a prominent shank and flukes. It is set against a white background with a subtle shadow beneath it.

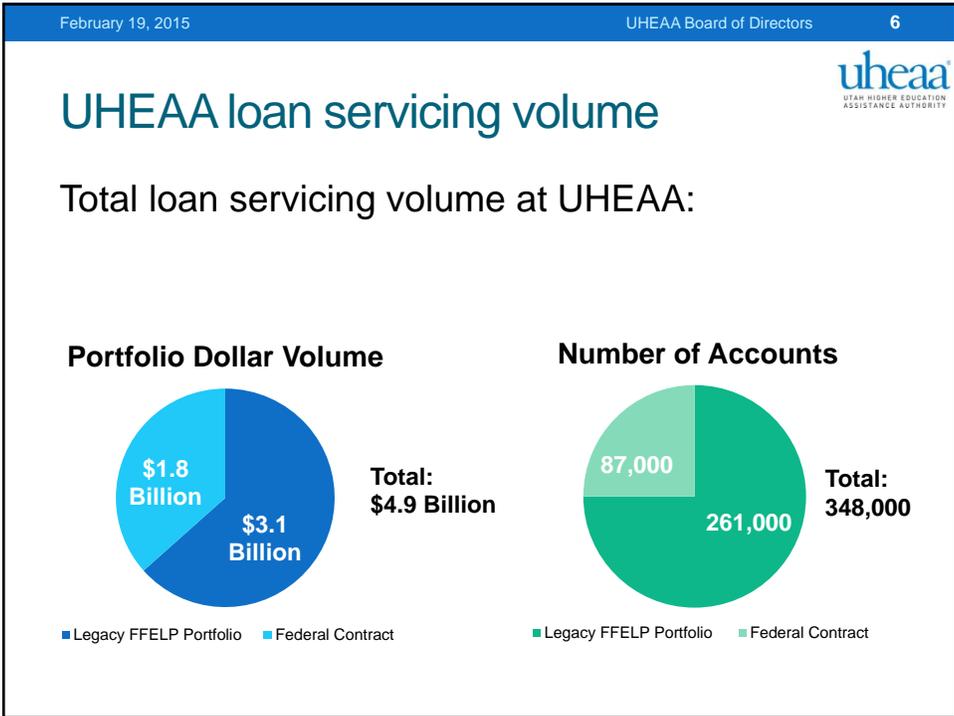
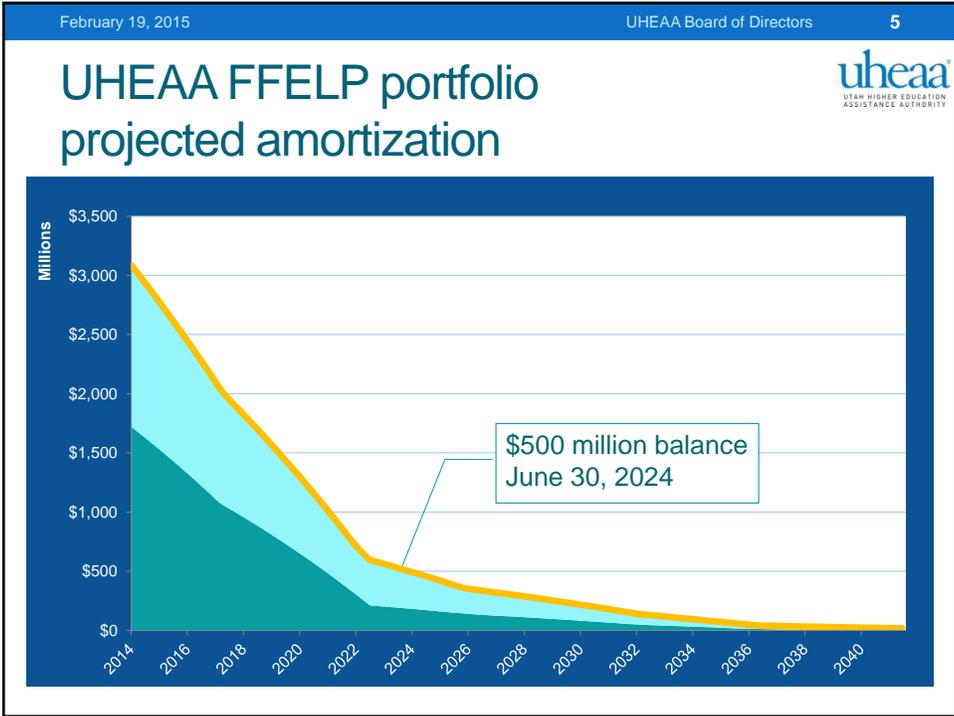
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Larger anchor business: Legacy FFELP portfolio acquisition

- Acquisition of other FFELP portfolios
- Build a bigger anchor
- Student loan servicing: an economies of scale business
- Spread operating costs over larger base
- Net revenues used to help Utah students



The diagram consists of two wooden anchors of different sizes. On the left is a smaller anchor, and on the right is a significantly larger anchor. A thick, light blue arrow points from the smaller anchor to the larger one, indicating a process of growth or acquisition.



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Re-engineering UHEAA

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Business development:

- Federal loan servicing 
- Supplemental loans 
- PHEAA – Income Driven Repayment processing 
- Default prevention 

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CornerStone: Top metric score

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2014 Final Metric-Score Rankings
for the four quarters ending June 30, 2014
Maximum of 35 points possible



Entity	Score
CornerStone Utah	29
MOHELA Missouri	29
Aspire Iowa	22
ESA Tennessee	19
Granite New Hampshire	14
VSAC Vermont	14
OSLA Oklahoma	13

Four federal NFP servicing developments

1. Written confirmation from U.S. Department of Education that teams will not be considered in future allocations*
2. New fee schedule with 33% increase for in-repayment accounts



* Q&A VII Final NFP-RFP-2010 – posted September 5, 2014

Four federal NFP servicing developments

3. Renewed Authorization to Operate January 14, 2015
 - 223 employee hours over 4.5 months
 - 1,000 pages of documentation conforming to over 800 regulatory controls
 - UHEAA received high recommendation for 3-year ATO
 - 3-year ATO is the longest provided by Department of Education.
 - Some organizations receive 6-month or 1-year ATOs due to issues that must be resolved.



Four federal NFP servicing developments

4. COD (Common Origination and Disbursement)

- New loan volume
- Began December 16, 2014
- Important step in right direction
 - \$16.7 million
 - 3,900 borrowers



Political solution needed

What's needed:

- *More volume now*
- *Clear path to future allocations for reasonable business planning*
- *Balance between exiting at optimal time versus preserving UHEAA infrastructure*



Political solution needed

Within last 90 days

- *Visits to all Utah Congressional offices have been made*
- *Joint Utah Congressional delegation letter to U.S. Department of Education Secretary Arnie Duncan*
- *Visits to chief staffers for education committees in House and Senate*



Washington update

- **Recently revealed: \$21.8 billion shortfall last year in Direct Student Loan Program**
 - Largest shortfall ever recorded for a government credit program
 - See article under Tab II-A
- **Mac Haddow**
 - Washington consultant
 - Partner at Upstream Consulting





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