

UHEAA Board of Directors

Quarterly Meeting, March 5, 2020

Executive Director's Report

David A. Feitz, Executive Director



Utah Higher Education Assistance Authority
David A. Feitz, Executive Director
60 South 400 West ♦ Salt Lake City, UT 84101

Welcome Michael Nemelka

UHEAA's new Senior Director for Operations

- 35+ years of customer service experience in large-volume service centers
- 11 years as UHEAA's Associate Executive Director from 2002-2013
- Former President & CEO of the New Mexico Educational Assistance Foundation from 2013-2020



March 5, 2020

Board of Directors

December 6, 2012

3

Board of Directors' Meeting

UHEAA Executive Director's Report

December 6, 2012

uheaa
UTAH HIGHER EDUCATION
ASSOCIATION

CornerStone
CONSULTANTS



Experienced financial management team

	Years of service at UHEAA
David A. Feitz, MBA Executive Director of UHEAA Associate Commissioner for Student Financial Aid	32 years
David Schwanke, CPA Deputy Executive Director	25 years
Michael Nemelka Senior Director, Operations	13 years
Nathan Swensen, MBA Senior Director of Product & Business Development	11 years
Debbie Phillips Director of Technology and Innovation	19 years
Sasha VanOrman Director of Federal Contracts & Relationships	25 years
Teri Vig Director of Risk Management & Quality Assurance	25 years
Total experience at UHEAA	150 years



UHEAA's strategic business priorities for 2020

- Monitor existing federal contract and NextGen opportunities
- Manage UHEAA bonds
- Grow *Complete Student Loan* program
- Manage guarantor operations for successful conclusion over time
- Manage six state financial aid programs
- Expand outreach and business development efforts
 - Evolving educational landscape
 - Supporting nontraditional and under-privileged students

UHEAA bonding

- Total bonds outstanding: \$1.13 billion*
- Six trusts
- Full compliance with all debt covenants and principal and interest payments

*As of January 31, 2020



Bond rating confirmations: AAA

- November 2019: three UHEAA bond indentures confirmed at AAA
 - 2012
 - 2014
 - 2016
- Investment-grade indebtedness
- AAA is the top financial rating – the highest level of creditworthiness

Fitch
Ratings

Bond rating confirmations: AAA

- February 28, 2020: two UHEAA bond indentures reaffirmed at AAA
 - 2012-1
 - 2014-1

S&P Global
Ratings

UHEAA bonding

- Blake K. Wade
- UHEAA Bond Counsel
- Gilmore Bell
- 30+ years of experience
- Started his practice in public finance in 1988 on the Utah State Board of Regents student loan bonds.



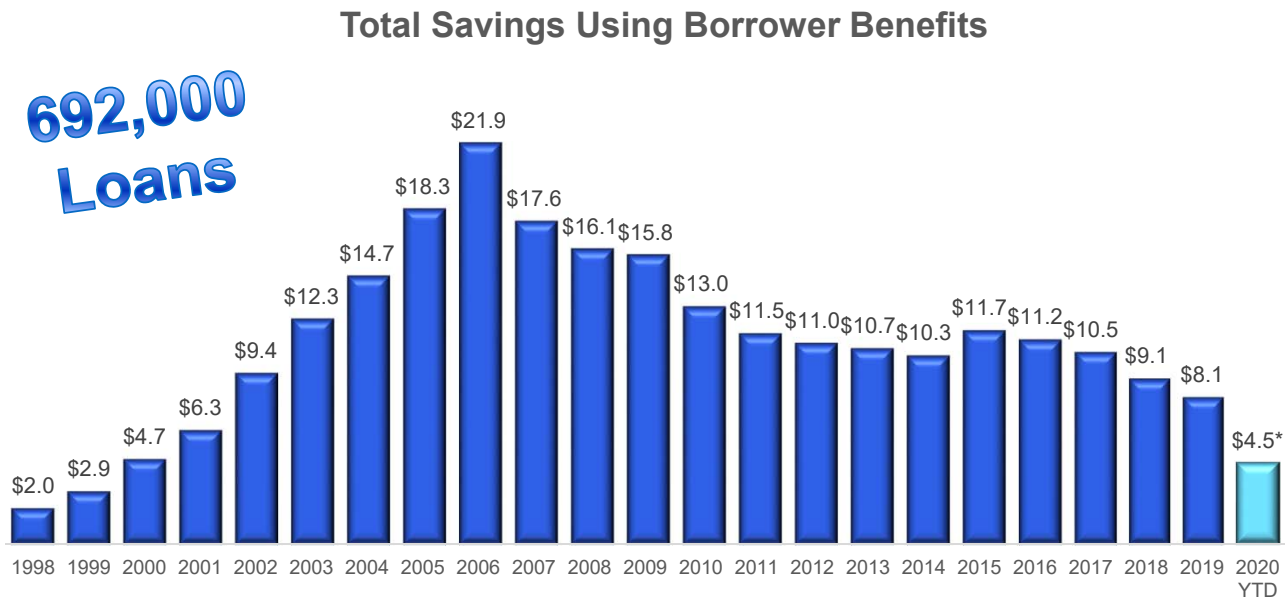
UHEAA bonding

Two bond-related discussion items

1. Legislative consideration of higher education governance structure
(see article under Tab 4.1)
2. Refinancing opportunity

\$254 million in borrower benefits

Public service mission: UHEAA's revenues benefit students



UHEAA Grants since FY 2000

UHEAA revenues: support for students with high need through the UHEAA Grant program.

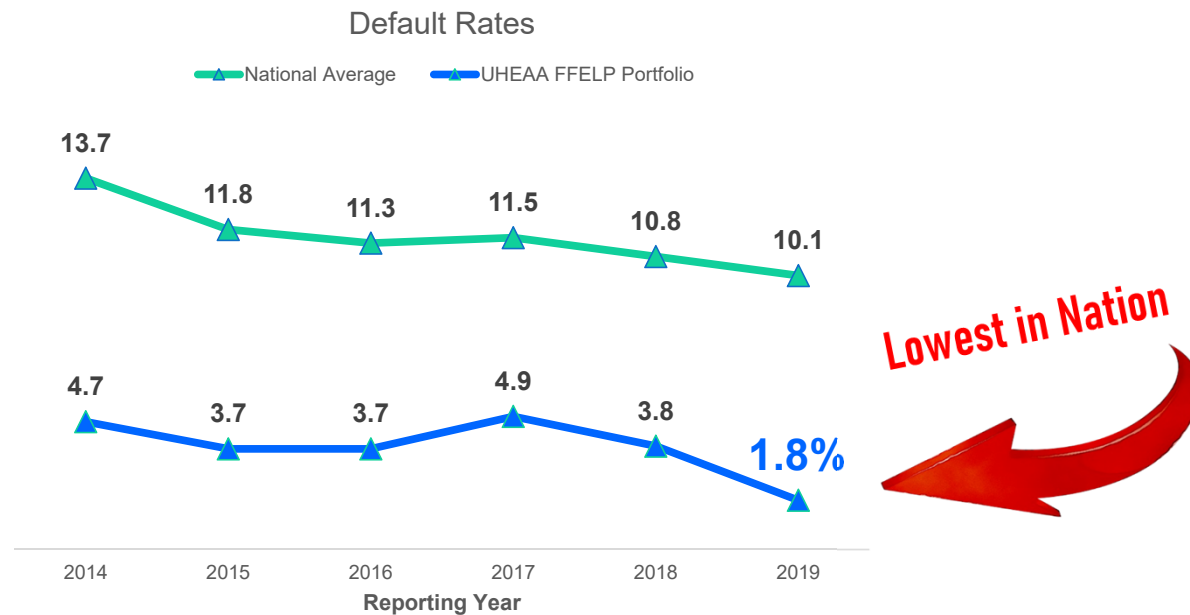
\$12 million

13,200 students



UHEAA: Lowest default rate in nation

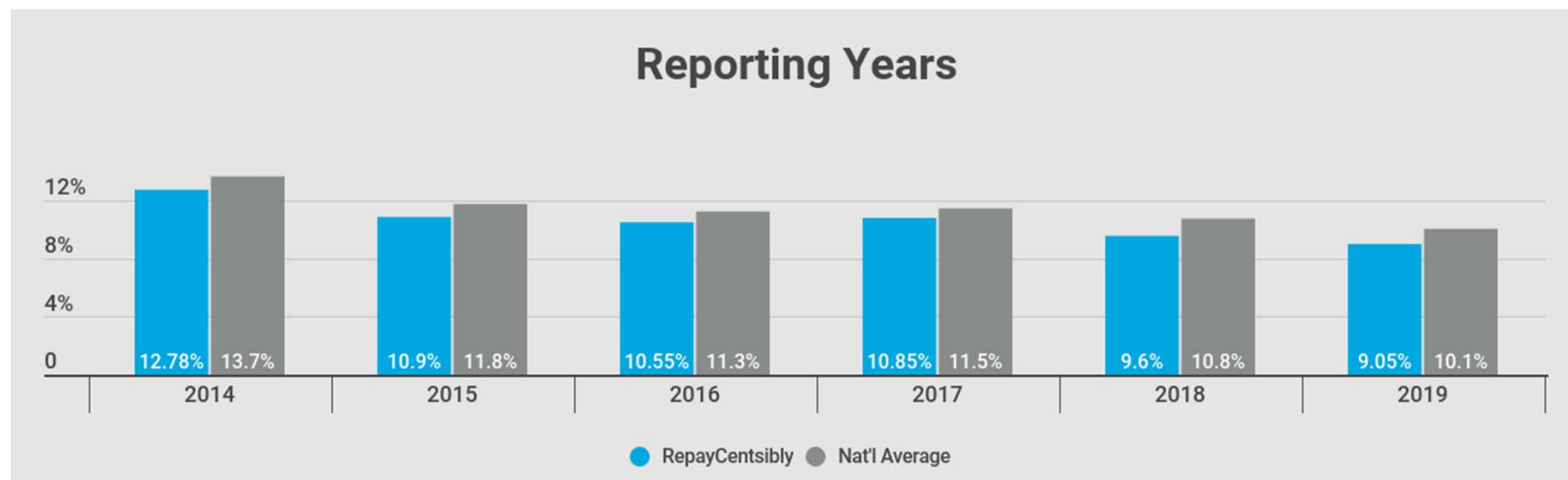
- Lowest default rate in the nation on legacy FFELP portfolio
- Five times lower than national average



**UHEAA has consistently reduced
institution Cohort Default Rates
(CDRs).**

On average, institutions see their CDRs
reduced by...

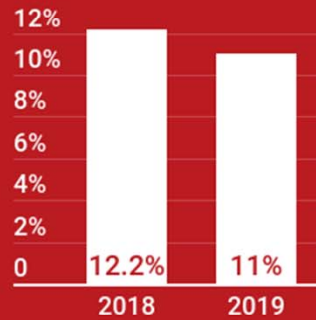
24%



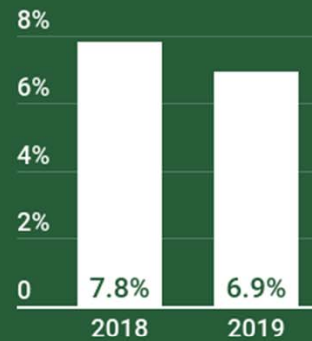
RepayCentsibly institutions' default rates are consistently below the national average.



-15%



-10%



-12%



-13%

Outreach Services: New FAFSA season

Since the 2020-21 FAFSA launched October 1, 2019:

131 schools

hosted a UHEAA-Sponsored
FAFSA Completion Open
House

2,158 families

attended a FAFSA Completion
Open House through
12/15/19

35%

of students who attended a
FAFSA Completion Open
House identify as first-
generation college students

Over 50,000 views

of the 20-21 FAFSA Walk-
Through video

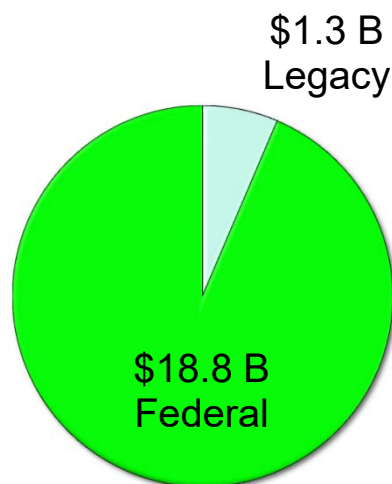
Over 400
comments/questions fielded

UHEAA portfolio: Highest in history topping \$20 billion

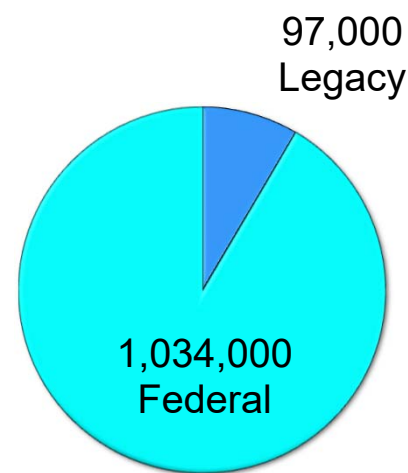
\$20.1 billion

1.1 million accounts

Portfolio Dollar Volume



Number of Accounts



As of January 31, 2020

UHEAA student loan portfolio

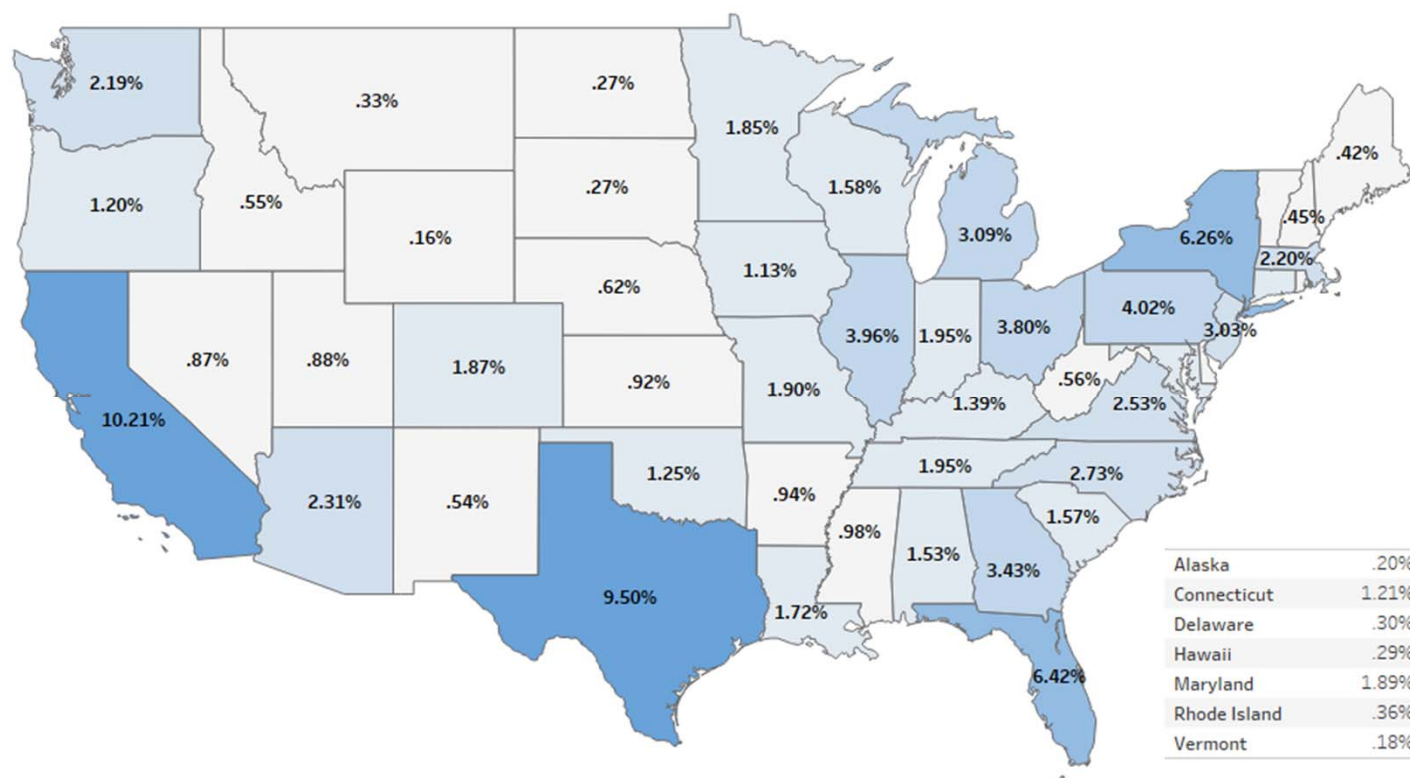
- UHEAA portfolio: 1.1 million accounts
- 4th largest of Utah-headquartered lenders

<u>Lender</u>	<u>Accounts</u>
America First Credit Union	2.2 million
Mountain America Credit Union	1.9 million
Zions Bank	1.5 million
UHEAA	1.1 million



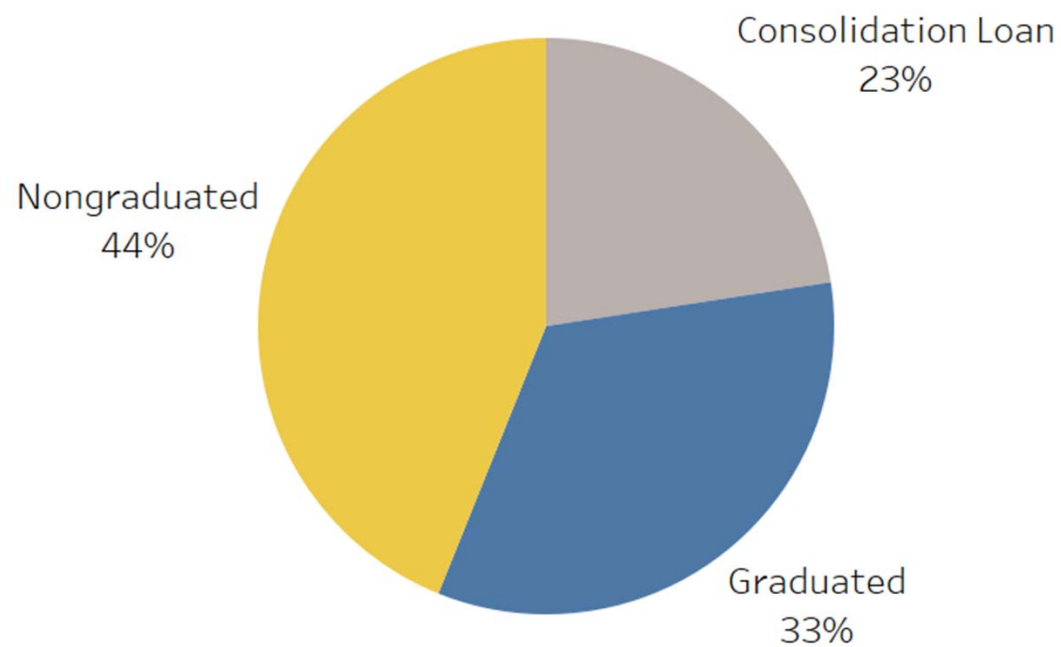
Source: Depositaccounts.com by Lending Tree <https://www.depositaccounts.com/banks/assets.aspx>

Percent of CornerStone borrowers by state



As of February 24, 2020

In-repayment borrowers by graduation status – CornerStone



Federal contract two-year extension

- Extended through March 2022
- Keeps UHEAA in consideration for NextGen
- Extension goes beyond the 2020 presidential election
- Management continues to push for significant contract reforms



Federal contract reforms needed

- Stagnant contract revenues
- Escalating costs
 - Labor
 - Systems
 - Training
 - Compliance
 - Security



World's longest solicitation process

Concept I

- Single system used by multiple servicers
- Request for proposal withdrawn 05/17

Concept II

- Single system with a single servicer
- Request for proposal withdrawn 08/17

Concept III

- Next generation servicing
- Ongoing as of March 2020

UHEAA was selected as NextGen finalist

UHEAA: one of six selected in September 2018

- **Utah Higher Education Assistance Authority (UHEAA)**
- Edfinancial Services, LLC
- General Dynamics Information Technology, Inc.
- Missouri Higher Education Loan Authority (MOHELA)
- Nelnet Diversified Solutions, LLC
- Trellis Company

NextGen proposal submitted

- Despite legal challenges and protests, the U.S. Department of Education moved ahead with its new NextGen procurement.
- UHEAA's new proposal submitted by the August 2, 2019 deadline
- UHEAA's strong submission: 564-page response
- Follow-up submitted January 31, 2020
- Selection timeline unknown



U.S. Department of Education visit to UHEAA



- Three senior officials from the U.S. Department of Education's Federal Student Aid Office (FSA) visited UHEAA February 13, 2020
- Risk and Quality Assurance site meeting
- Excellent presentations from UHEAA staff
- A 'win' for UHEAA

Washington, DC advocacy

- Congressional visits in early February 2020
- Visibility in DC: crucial part of UHEAA's overall strategy
- Recent example: preservation of Account Maintenance Fees – over \$600,000 annually



Washington, DC advocacy

- Paul Johnson, Senior Legislative Assistant
 - Congressman Rob Bishop
- February 18, 2020
- In-person meeting at UHEAA



DC developments: Nation's student loan policy

Presidential candidates student aid proposals:

- Forgive some or all student debt

Elizabeth Warren, *“On day one of my presidency . . . [I will] implement my student loan debt cancellation plan.”*

Bernie Sanders – more aggressive approach to forgive all student debt regardless of income level



DC developments: Nation's student loan policy

47 million Americans have student loan debt

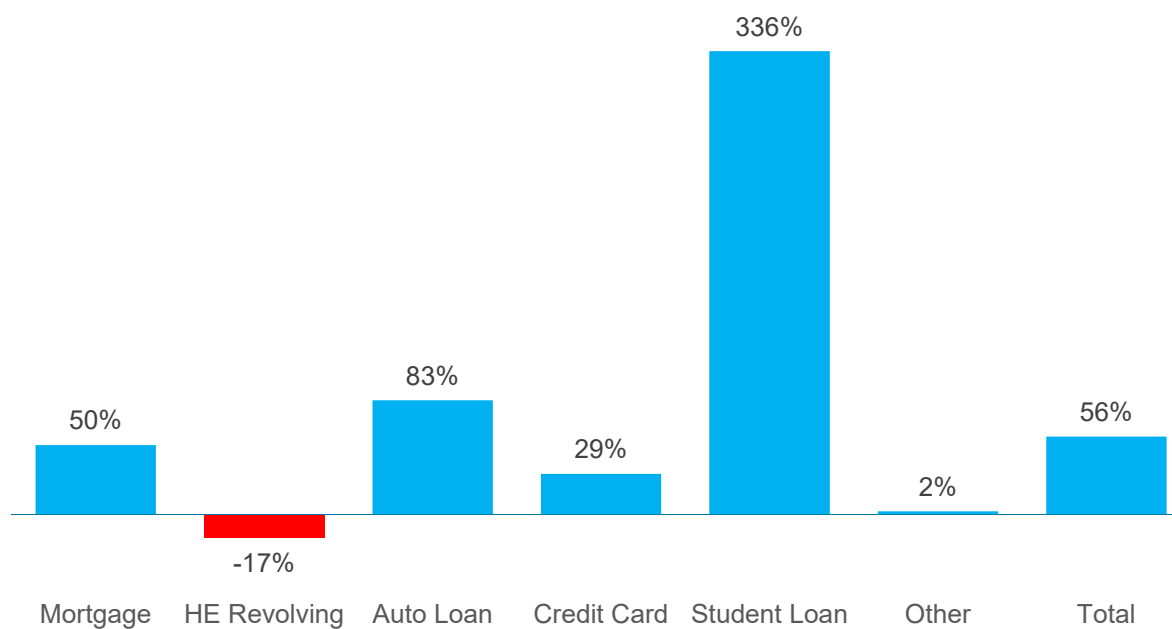
\$1.5 trillion – four times what it was in 2005

- Student loan debt is second only to the amount of mortgage debt.
- Delinquency rates for student loans are the highest of any form of household debt.

Sources: CNBC, November 1, 2019
Fox Business, November 4, 2019
Lending Tree, Student Loan Hero, October 2019
Moody's Investors Service, November 1, 2019

Consumer debt growth over past 15 years

Consumer Debt Growth 2005 to 2019



Personnel and staffing

- Tight labor market
 - At every position level
- UHEAA taking aggressive steps to recruit and retain staff
- Utah's unemployment rate at all-time low (see article under Tab 4.1)





As of December 31, 2019

School	Borrower Count	Total Disbursed
Roseman University	42	1,185,270
Southern Utah University	36	899,240
Utah State University	59	645,087
University of Utah	57	571,867
Utah Valley University	44	478,856
Westminster College	25	199,534
Salt Lake Community College	20	154,461
Brigham Young University	24	118,150
University of Chicago	1	35,000
Weber State University	4	16,551
University of Texas Medical	1	16,000
Arizona State University	1	8,000
Montreat College	1	7,500
Dixie State University	1	3,500
TOTAL	316	\$4,339,016



82%

loans
with
cosigners

783

cosigner
average
credit
score

710

borrower
average
credit
score

\$13,731

average
balance

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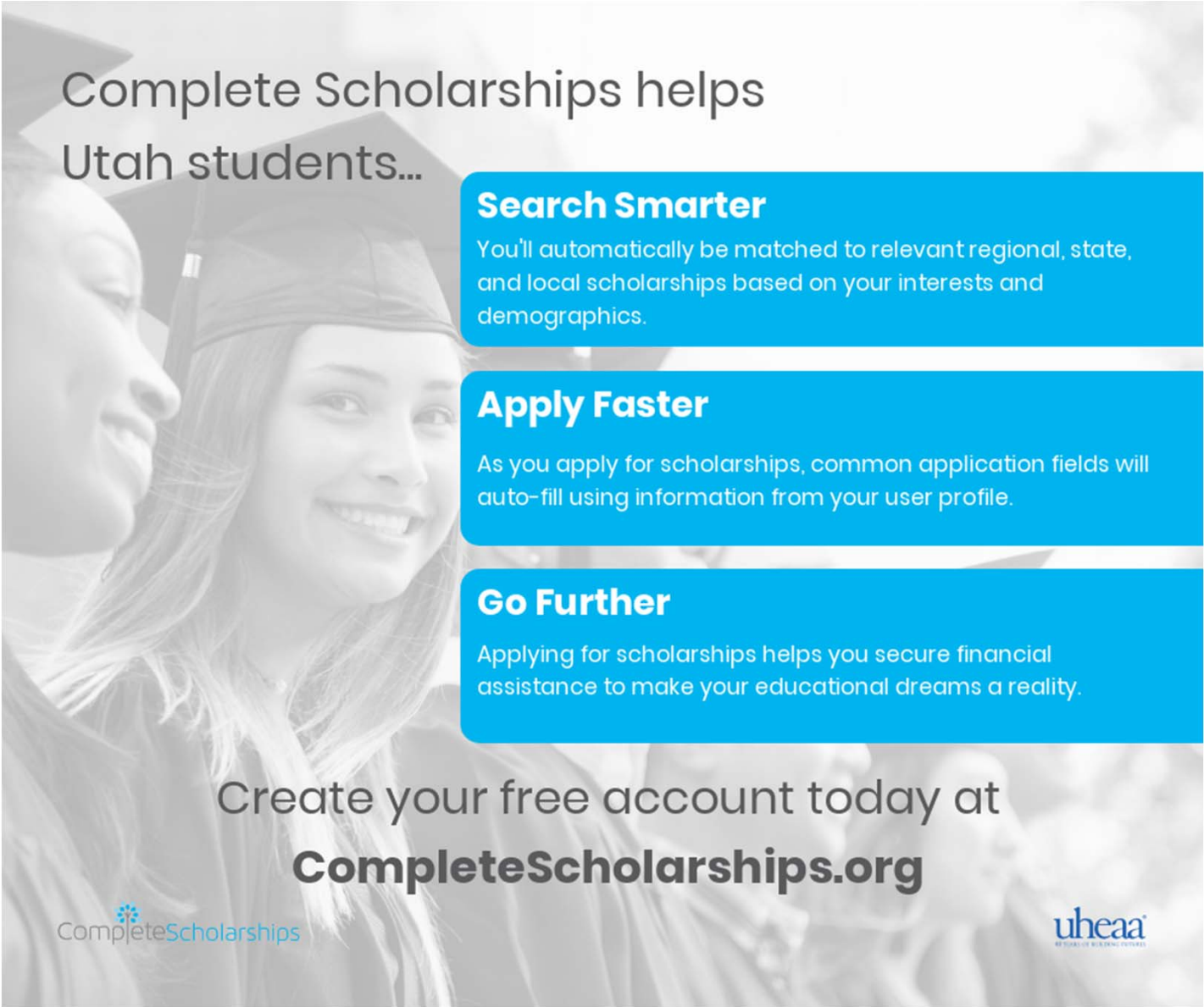
Complete Scholarships

UHEAA Outreach



Your scholarship
experience is about
to change
completely.


CompleteScholarships



Complete Scholarships helps Utah students...

Search Smarter

You'll automatically be matched to relevant regional, state, and local scholarships based on your interests and demographics.

Apply Faster

As you apply for scholarships, common application fields will auto-fill using information from your user profile.

Go Further

Applying for scholarships helps you secure financial assistance to make your educational dreams a reality.

Create your free account today at
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James Yapias, SLEF

