

# UHEAA Board of Directors

## Quarterly Meeting, March 5, 2020

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### 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





## Experienced financial management team

Years of service at UHEAA

**David A. Feitz, MBA** 32 years

Executive Director of UHEAA  
Associate Commissioner for Student Financial Aid

**David Schwanke, CPA** 25 years

Deputy Executive Director

**Michael Nemelka** 13 years

Senior Director, Operations

**Nathan Swensen, MBA** 11 years

Senior Director of Product & Business Development

**Debbie Phillips** 19 years

Director of Technology and Innovation

**Sasha VanOrman** 25 years

Director of Federal Contracts & Relationships

**Teri Vig** 25 years

Director of Risk Management & Quality Assurance

**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

The logo for Fitch Ratings. The word "Fitch" is written in a red, bold, serif font. The word "Ratings" is written in a larger, dark gray, sans-serif font below it, with a thin horizontal line separating the two words.

Fitch  
Ratings

## Bond rating confirmations: AAA

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



## 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.



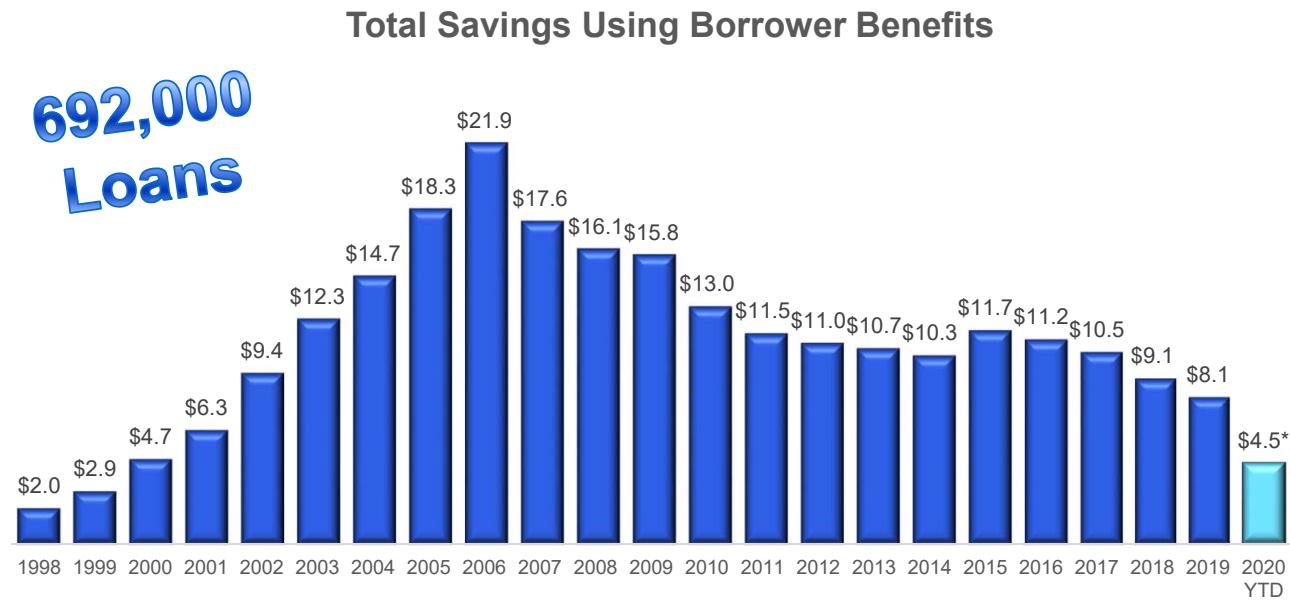
## UHEAA bonding

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



\*As of January 31, 2020

## UHEAA Grants since FY 2000

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

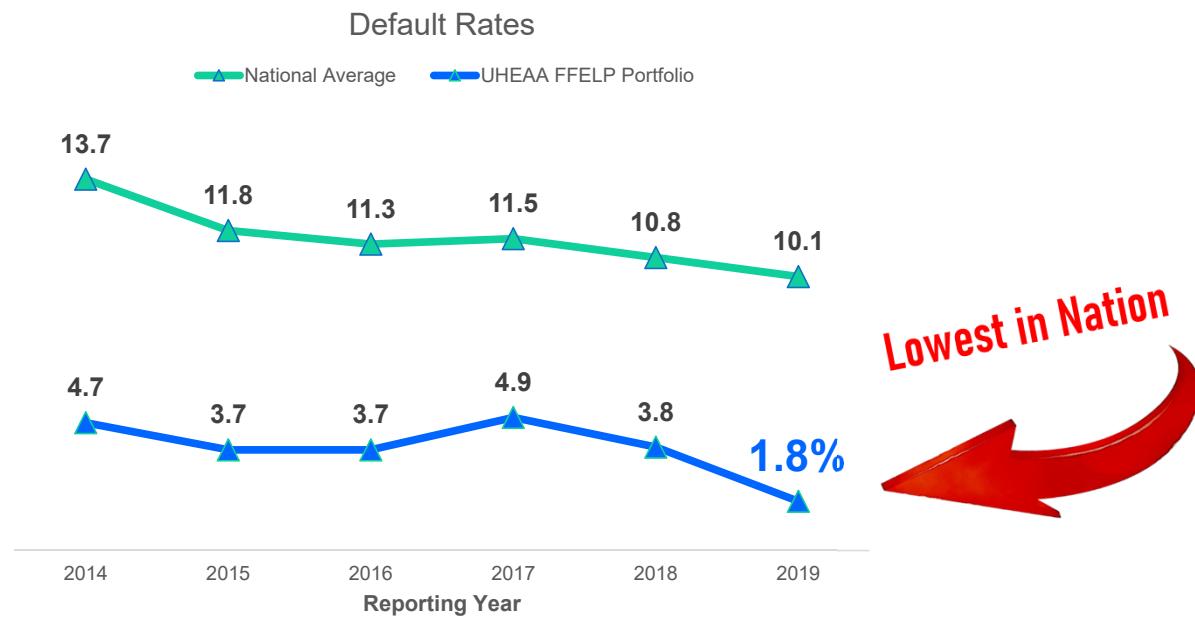
**\$12 million**

**13,200 students**



## UHEAA: Lowest default rate in nation

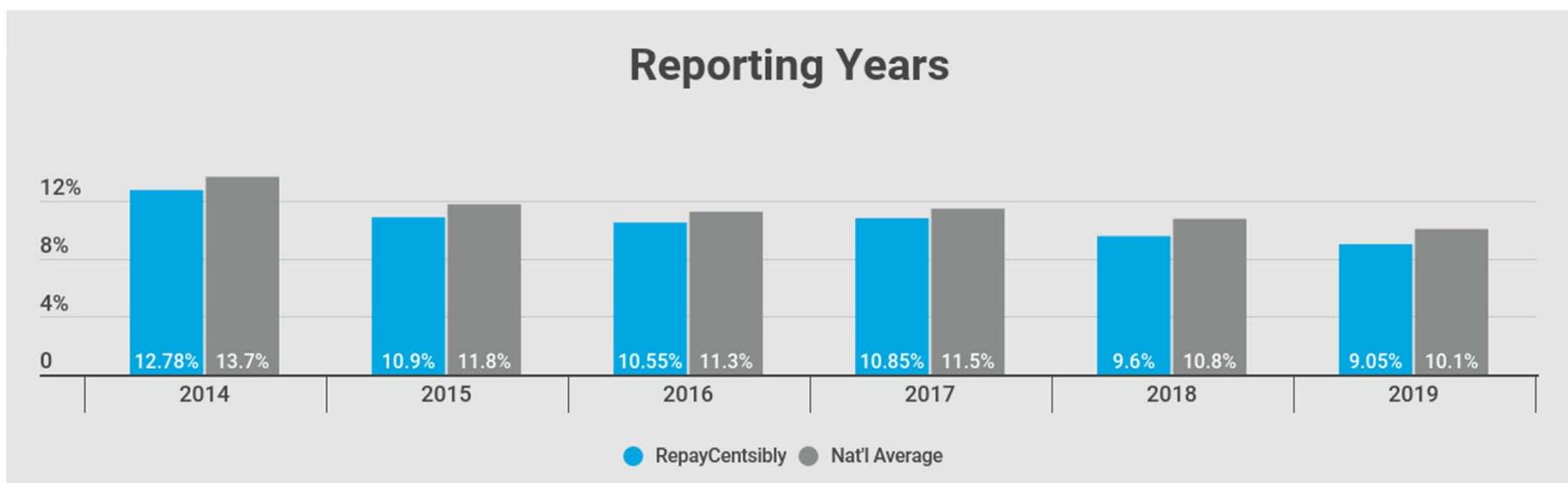
- Lowest default rate in the nation on legacy FFELP portfolio
- Five times lower than national average



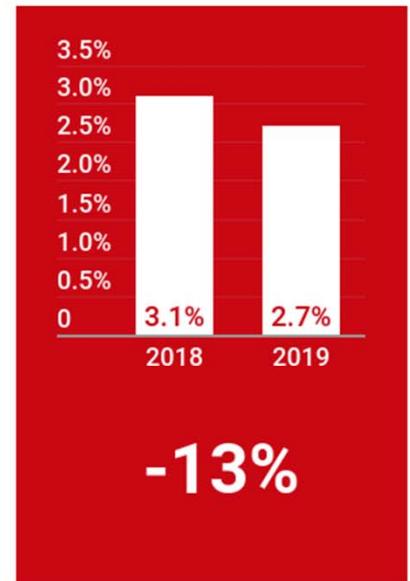
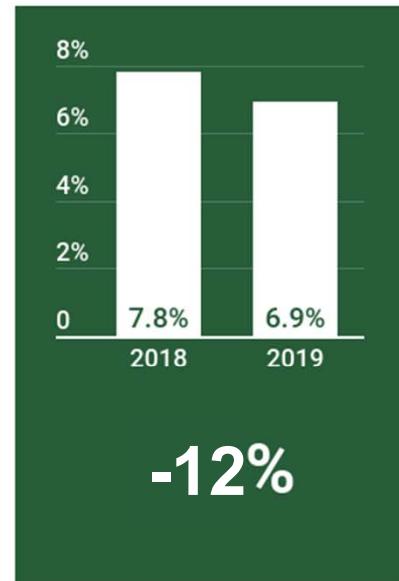
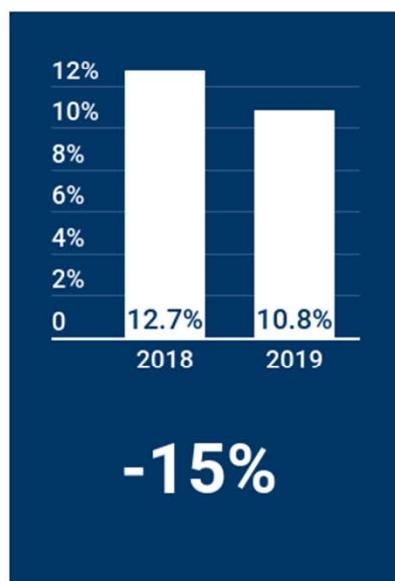
**UHEAA has consistently reduced institution Cohort Default Rates (CDRs).**

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

**24%**



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



## 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

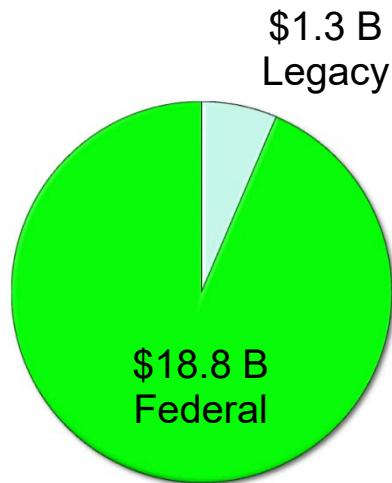
**Over 400**

comments/questions fielded

## UHEAA portfolio: Highest in history topping \$20 billion

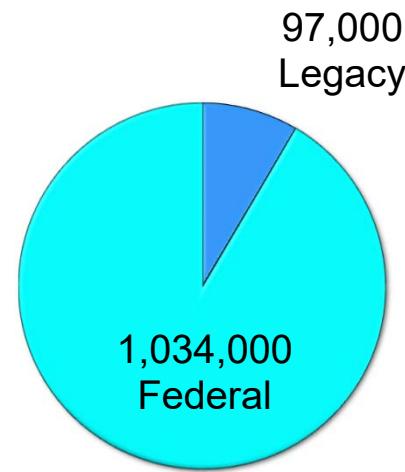
**\$20.1 billion**

**Portfolio Dollar Volume**



**1.1 million accounts**

**Number of Accounts**



As of January 31, 2020

## UHEAA student loan portfolio

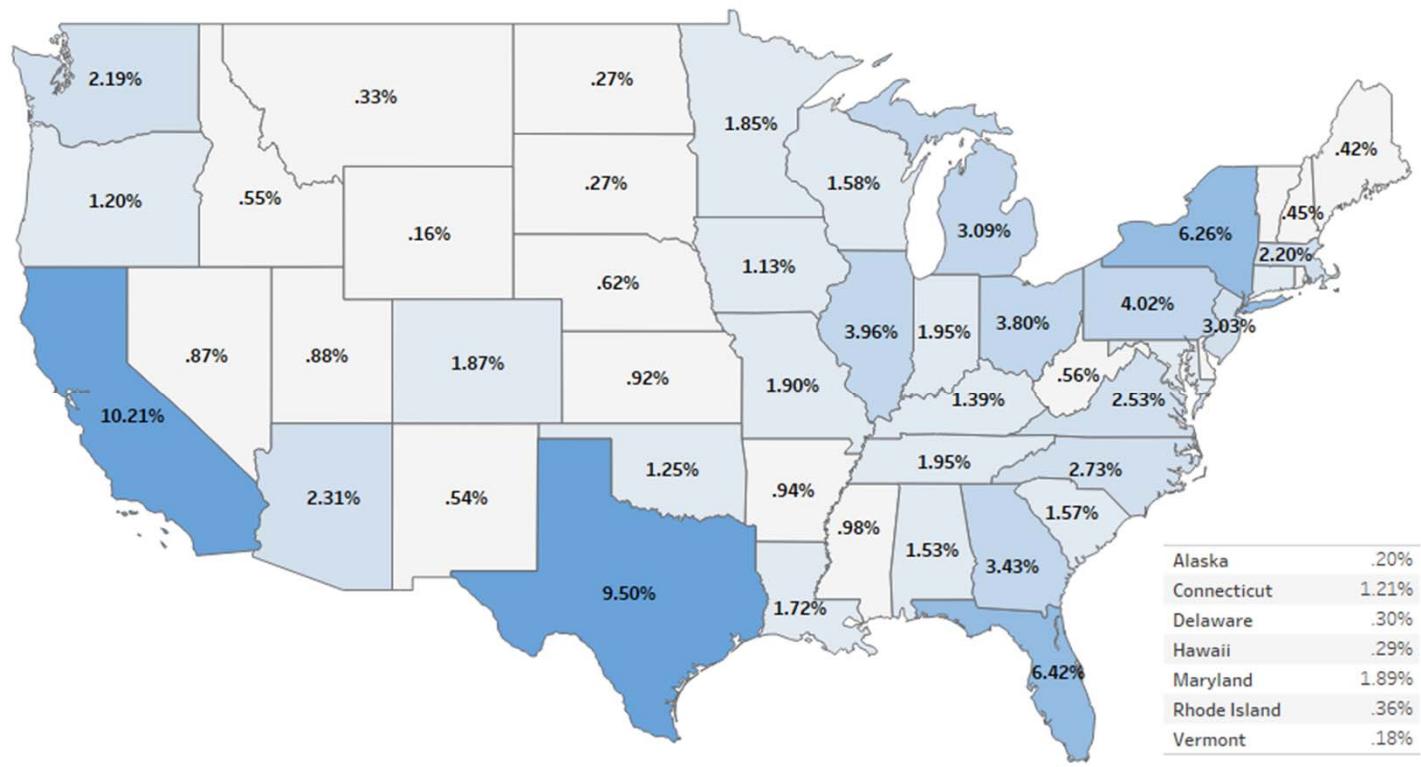
- UHEAA portfolio: 1.1 million accounts
- 4<sup>th</sup> largest of Utah-headquartered lenders

<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

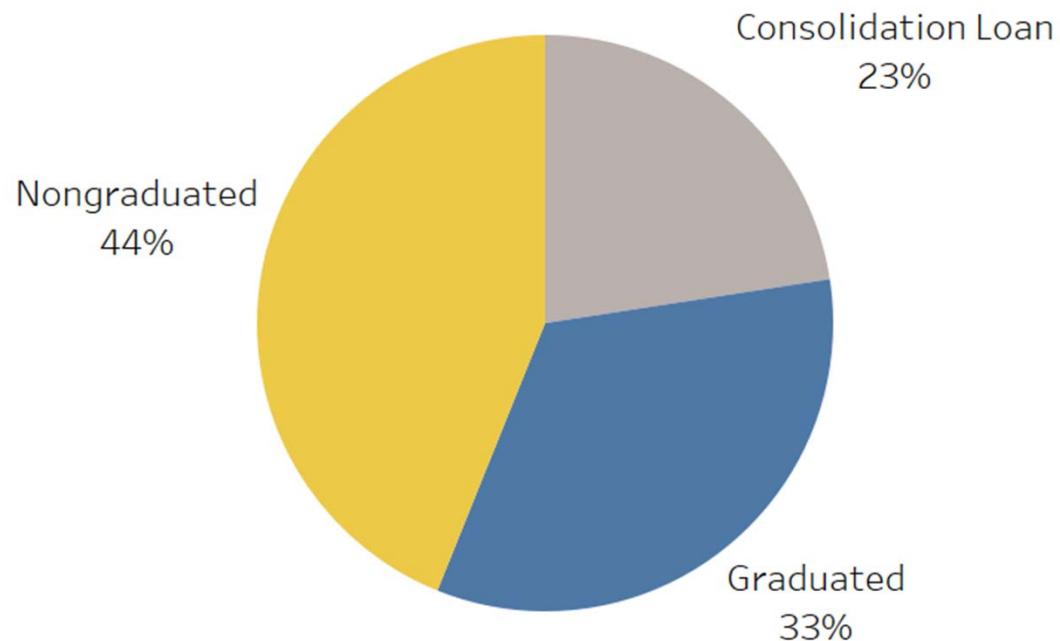


Source: Depositaccounts.com by Lending Tree <https://www.depositaccounts.com/banks/assets.aspx>

## Percent of CornerStone borrowers by state



## 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

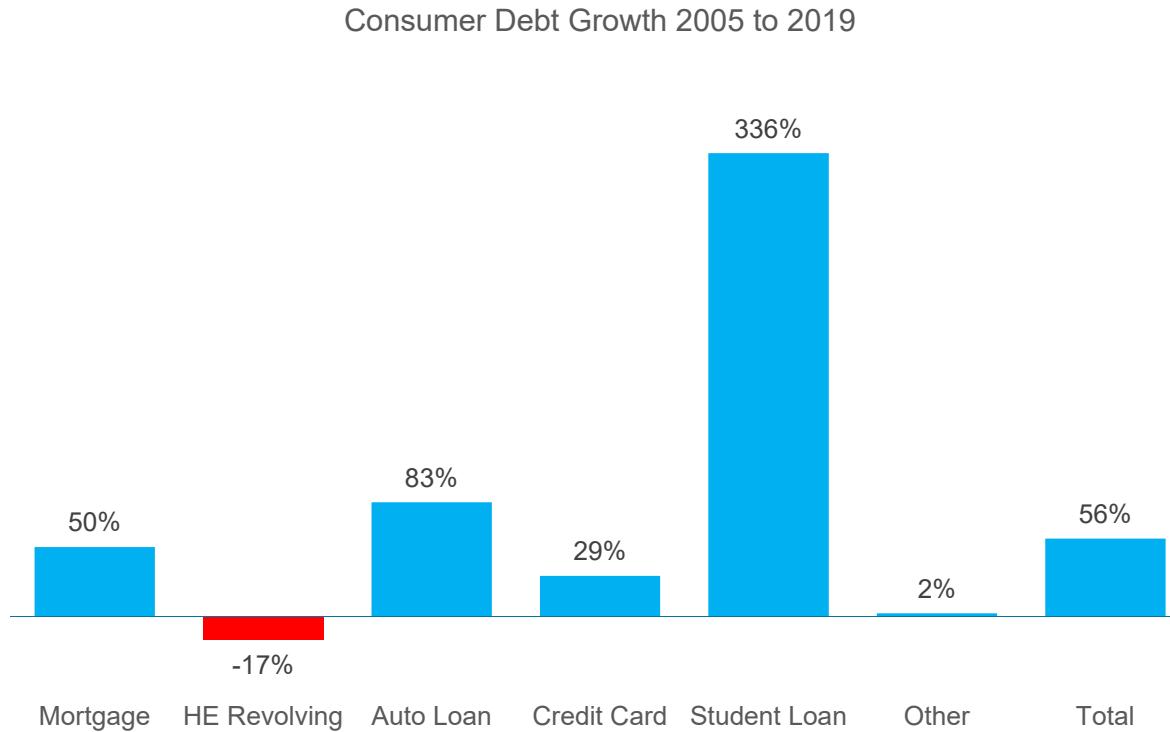
**47 million** Americans have student loan debt

**\$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



Source: New York Fed  
Consumer Credit Panel

## 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
<b>TOTAL</b>	<b>316</b>	<b>\$4,339,016</b>



82%

loans  
with  
cosigners

783

cosigner  
average  
credit  
score

710

borrower  
average  
credit  
score

\$13,731

average  
balance

## Experienced financial management team

Years of service at UHEAA

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# Complete Scholarships

UHEAA Outreach

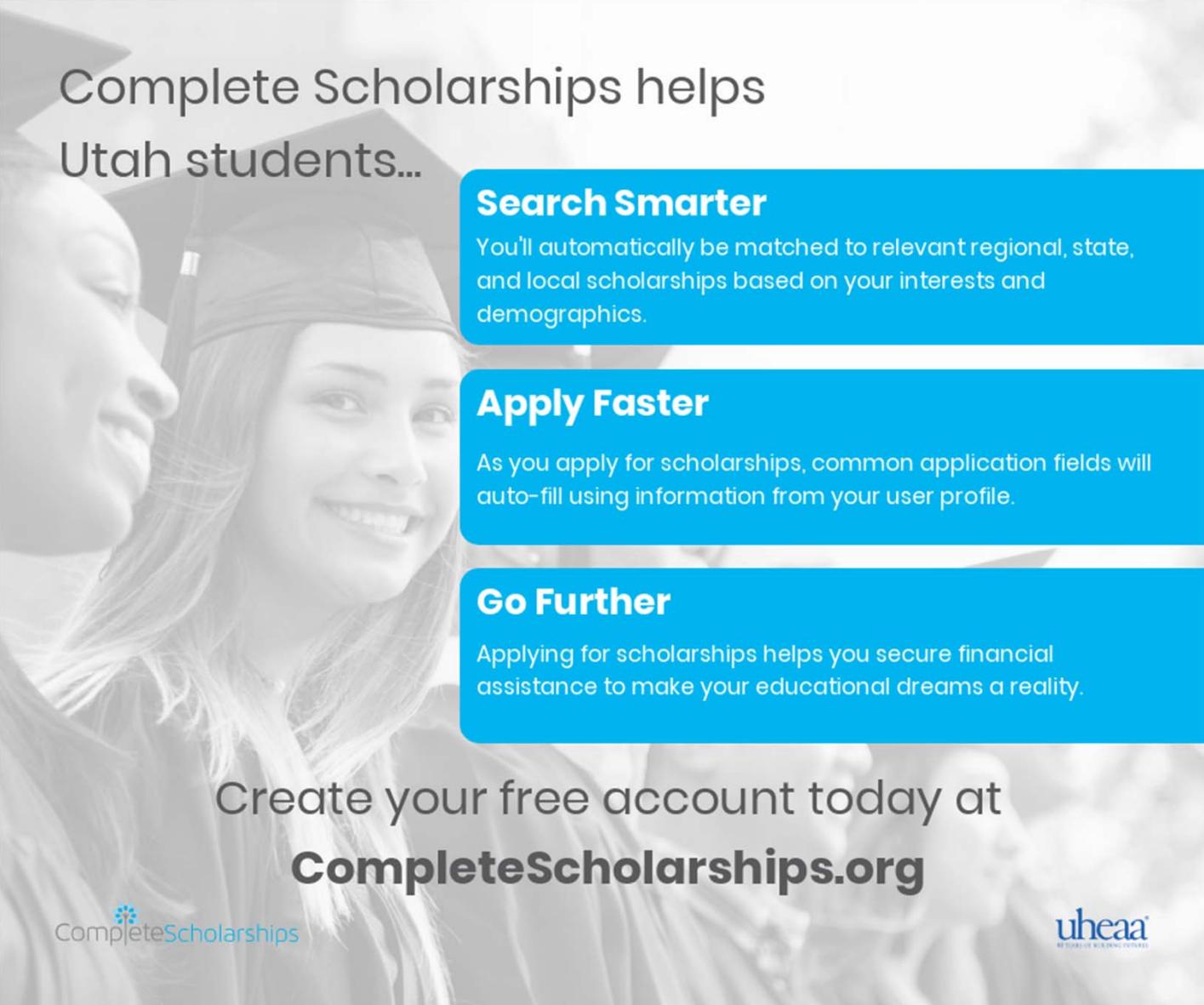




Your scholarship  
experience is about  
to change  
*completely.*



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# Complete Scholarships Testimonial

James Yapias, SLEF

