

# CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

## Minutes of Authority

### Audit-Finance/Human Resources Committee Meeting

June 20, 2019

The State of Connecticut Higher Education Supplemental Loan Authority (CHESLA)

Audit-Finance/Human Resources Committee met at 10:30 a.m. on June 20, 2019.

Those present and absent were as follows:

Present: Steven Kitowicz  
Dr. Peter Lisi

Absent: Julie Savino

Also Present: Denise Aguilera, General Counsel, CHEFA  
Debrah Galli, Manager, Administrative Services, CHEFA  
Joshua Hurlock, Assistant Director, CHESLA  
Carlee Levin, Sr. Accountant, CHEFA  
JoAnne Mackewicz, Controller, CHEFA  
Eileen MacDonald, Senior Transaction Specialist, CHEFA  
Kelli Petrone, Administrative Assistant, CHEFA  
Jeanette W. Weldon, Executive Director, CHESLA

## **Call to Order**

The meeting was called to order by Mr. Steven Kitowicz, Committee Chair, at 10:35 a.m.

## **Review and Approval – FY 2020 Proposed Operating Budget**

Ms. Weldon stated the budget process was a collaborative one. The overall goal of the budget was to develop a budget that could provide ongoing support of CHESLA, including the areas of marketing, customer outreach and staffing as a way to position CHESLA for continued growth. The goal was to prudently fund some additional initiatives. Ms. Weldon turned the floor over to Ms. Carlee Levin and Mr. Joshua Hurlock to report on revenue and expenses.

Ms. Levin reported that the overall revenue for FY 2020 is estimated to be \$1,036,000 and this represents an increase over the budget for FY 2019. She stated that for the In-School Loan Program the budget is \$930,000 for administrative fees and that is 2.4% over FY 2019. The year to date loan value through March 31, 2019 exceeds all of FY 2018 by \$2 million. She stated marketing initiatives throughout FY 2019 helped to grow the Refi CT program, evidenced by 11 month loan volume in 2019 exceeding all of FY 2018 by \$178,000. She reported that for budgeted FY 2020 revenue is just over \$53,000 which is an increase of 26.5% for FY 2019.

Ms. Levin reported in fiscal FY 2020 it is expected that CHESLA will disburse \$2.2 million in loans from the 2018 Series A bonds, \$19.8 million for the 2019 Series B

bonds, and \$2.6 million in the Refi CT program. Investment income reflects an assumed return of 1.67% on the two agency investments.

Ms. Levin stated that under non-operating income, which is a transfer from the non-trust Refi Program to the operating account, there is \$50,000 dollars in that line item. The Refi Program revenue fund is not Trustee held, therefore, borrower payments received are not restricted and there is no restriction on the use of these funds. CHESLA staff proposes to transfer \$50,000 from that fund to the operating account to offset consulting service fees.

Ms. Weldon reported that budgeted expenses for FY 2020 are \$864,870, approximately at 17% increase over FY 2019. Ms. Weldon handed the floor to Mr. Hurlock to review some of the higher level expenses.

Mr. Hurlock stated that management is proposing a compensation budget of \$190,613 for FY 2020, a 19.1% decrease over budgeted FY 2019 levels, reflective of the retirement of the Deputy Director in FY 2019. He stated that in order for CHESLA to continue to grow and develop its product offerings, further investment must be made in staff. Management is proposing to add a full-time position for Portfolio Administrative Assistant. This position will work closely with CHESLA's Assistant Director regarding administrative tasks and projects. The Portfolio Administrative Assistant will administer the CHESLA Scholarship Program and support day-to-day interactions with borrowers, loan originators, and loan servicers. This support will free up management to spend

increased time building relationships with financial aid officers and school guidance counselors. Ms. Weldon stated that the Administrative Intern position would be replaced by the Portfolio Administrative Assistant which would be occupied by the same employee.

Mr. Hurlock reported that the merit increase range for permanent full-time staff is 0 - 3.75%, with the increase determined based on a performance evaluation. This is consistent with the CHEFA merit increase scale for CHEFA staff.

Ms. Levin stated CHESLA's budgeted fringe benefits to compensation, for FY 2020, equates to 34.3% as compared to 31.3% in FY 2019. CHESLA's benefit package mirrors CHEFA's and continues to be separate and distinct from the State's benefit package and does not include any post-retirement health benefits.

Mr. Hurlock stated that the budget proposal requests a line item increase in the marketing line item for FY 2020. CHESLA has a number of programs and products to market including the in-school loan program, Refi CT, CT Dollars and Sense and the newly rebranded Scholarship Program. Prior marketing expenses for Refi CT had been paid out of the remaining "Refinance Program Costs Funded at Start-up". He stated CHESLA has a need for an additional line item for the marketing of the Refi program.

CHESLA has reached historic volume highs this year for both the in-school and Refi CT loan programs. The successful year can be contributed to the low finance rates but also

to several marketing initiatives and programs. CHESLA's Portfolio Assistant was essential to increasing the visibility, creativity, and brand awareness of CHESLA on social media outlets. Mr. Hurlock stated that in order to continue the momentum CHESLA has seen the last few years, management believes that these marketing approaches need to continue and be further enhanced so that CHESLA can continue to grow and achieve its mission and vision. FY 2020 marketing costs include advertisement (focus on TV, digital, and radio), flyers, exhibitor/sponsorship fees, promotional items/awards and web site hosting fees. Marketing costs are budgeted at \$178,317 which is a significant increase over the \$85,000 budgeted in the previous year.

Mr. Kitowicz asked if there were any other questions or comments. Mr. Lisi asked if this was a one-time increase or an ongoing increase. A discussion ensued.

Mr. Lisi asked if there is data that supports the marketing to the success of the programs. Mr. Hurlock stated that CHESLA staff does ask applicants where they hear about CHESLA programs. He stated that this informal feedback shows CHESLA is becoming more visible and that seems to be linked to marketing efforts. Mr. Lisi asked Mr. Hurlock for the next FY to provide quantitative data on how we get referrals or how applicants hear about CHESLA programs.

Ms. Levin stated that CHEFA charges are based on projected time allocations and costs of CHEFA personnel to CHESLA activities. This includes legal, management, accounting and administrative services. Since FY 2014 a fringe benefit allocation has

also been included. CHEFA service fees total \$238,355 for FY 2020, a 14.0% increase over FY 2019 levels. This increase is primarily due to increased activities undertaken by accounting and legal services (general counsel) and also reflects the impact of salary increases for CHEFA staff. Actual charges to CHESLA will be based on actual time spent by CHEFA staff on CHESLA activities. Ms. Weldon stated that this is a change from previous years, instead of estimated time, actual time will be used by CHEFA for the charges.

Ms. Weldon stated that the new line item of \$50,000 is for an outside communications strategy consultant for services that may span one or two years. The consultant will assist CHESLA in developing a consistent brand and messaging across all platforms with the goal of increasing overall awareness of CHESLA products and services. This will include CHESLA logo and tagline development, and updated marketing materials such as brochures, flyers, folders and video. Management believes this approach is critical to awareness of CHESLA and ultimately increasing loan volume.

Mr. Kitowicz requested a motion to approve the proposed FY 2020 Operating Budget. Dr. Lisi moved to approve the proposed FY 2020 Operating Budget. Mr. Kitowicz seconded the motion.

Upon roll call, the “Ayes,” “Nays,” and “Abstentions” were as follows:

**AYES**

**NAYS**

**ABSTENTIONS**

Steve Kitowicz

Peter Lisi

**ADJOURNMENT**

Mr. Kitowicz requested a motion to adjourn the meeting. Dr. Lisi moved to adjourn the meeting. Mr. Kitowicz seconded the motion.

Upon roll call, the “Ayes,” “Nays,” and “Abstentions” were as follows:

**AYES**

**NAYS**

**ABSTENTIONS**

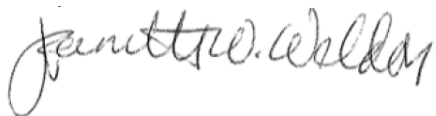
Steven Kitowicz  
Peter Lisi

None

None

The meeting adjourned at 11:04 a.m.

Respectfully Submitted



Jeanette W. Weldon  
Executive Director