

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
Minutes of Authority Board Meeting
January 23, 2020

The State of Connecticut Higher Education Supplemental Loan Authority met at 11:30 a.m. on Thursday, January 23, 2020.

The meeting was called to order at 11:34 a.m. by Peter W. Lisi, Chairman of the Board of Directors of the Authority.

Those present and absent were as follows:

Present: Peter W. Lisi
Martin L. Budd¹
Andrew A. Foster
Steven Kitowicz (*Designee for Connecticut OPM Secretary*)
Sheree Mailhot (*Designee for Connecticut State Treasurer*)²
Julie B. Savino
Jeanette W. Weldon, Executive Director

Absent: Benjamin Barnes (*Designee for CT State Colleges and Universities President*)

Also Present: Debrah Galli, Manager of Administrative Services, CHEFA
Joshua Hurlock, Assistant Director, CHESLA
Carlee Levin, Sr. Accountant, CHEFA/CHESLA
JoAnne Mackewicz, Controller, CHEFA
Cynthia Peoples, Managing Director, CHEFA
Shannon Reynolds, Portfolio Assistant, CHESLA
Natalia Rozio, Portfolio Administrative Assistant, CHESLA
Kara Stuart, Administrative Services Assistant, CHEFA
Betty Sugerman Weintraub, Grant Program Manager
of Connecticut Health and Educational Facilities Authority, CHEFA

Guests: Judith Blank, Esq., Day Pitney LLP
Joseph Santoro, Director-Education Finance Team Leader,
BofA Securities, Inc.³
Terri Taylor, J.D., Strategy Director for Postsecondary Finance,
Lumina Foundation⁴
Thomas H. Webb, Vice President, Hilltop Securities N. A.⁵
Gary Wolf, Director, RBC Capital Markets⁶
Jeff Wagner, Managing Director, RBC Capital Markets⁷
David Welsh, CHESLA Advisory Committee

¹ Martin Budd joined the meeting at 11:49 a.m. via conference telephone that permitted all parties to hear each other.

² Sheree Mailhot joined the meeting at 11:49 a.m. via conference telephone that permitted all parties to hear each other

³ Joseph Santoro joined the meeting at 11:49 a.m. via conference telephone that permitted all parties to hear each other

⁴ Terri Taylor participated in the meeting via conference telephone that permitted all parties to hear each other

⁵ Thomas H. Webb joined the meeting at 11:49 a.m. via conference telephone that permitted all parties to hear each other

⁶ Gary Wolf joined the meeting at 11:49 a.m. via conference telephone that permitted all parties to hear each other

⁷ Jeff Wagner joined the meeting at 11:49 a.m. via conference telephone that permitted all parties to hear each other

MINUTES

Mr. Lisi requested a motion to approve the meeting minutes of the November 7, 2019 Board of Directors meeting. Mr. Kitowicz moved to approve the board meeting minutes and Mr. Foster seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Andrew A. Foster		
Steven Kitowicz		
Julie B. Savino		
Jeanette W. Weldon		

INCOME SHARE AGREEMENTS – AN OVERVIEW

Terri Taylor, J.D., Strategy Director for Postsecondary Finance, Lumina Foundation

At 11:36 a.m., Ms. Taylor provided a presentation via video conference displayed on the screen in the Board Room, “Intro to Income Share Agreements: Briefing for the CHESLA Board”. The presentation included an overview of the following topics:

- ISA Basics & Key Features
- Key Questions on ISAs: Foundational, Money, Context
- Examples of Lumina grantees
- San Diego Workforce Partnership ISA
- “ISA-able” Workforce Credentials
- ISA Sustainability Forecast
- ISA Student Protection Act (2019)
- State Policy Development: Illinois
- ISA Consumer Protection

Upon completion of the presentation, Ms. Taylor asked if there were any questions. A discussion ensued regarding the multiple facets of Income Share Agreements.

Mr. Budd stated that perhaps this is a program for CHEFA and not for CHESLA. Ms. Weldon said that while it would be possible for CHEFA to consider making a grant into an income share fund, outreach to other funders seeking their participation would be key to establishing the fund. CHESLA would administer the program and it would be a CHESLA program. A discussion ensued.

Mr. Lisi stated that this meeting is primarily an introduction to the concept and idea of Income Share Agreements and that a fair amount of work still needs to be done before it is considered.

Ms. Taylor encouraged the Board members to contact her if they had any additional questions.

Ms. Taylor left the video conference line at 12:40 p.m.

At 12:40 p.m. Mr. Lisi stated a break for refreshments would be taken until 12:45 p.m.

SCHOLARSHIP PROGRAM MEMO & ALLOCATIONS

Mr. Hurlock referred to page 10 of the Board Package to give a Review of the First Year Takeaways:

- The first year of the CHESLA administered need-based scholarship program was very successful. At the June 2019 meeting, three takeaways were provided to build on the first-year experience moving forward:
 - A secure online portal for applications is preferable to requiring mailed responses.
 - A scholarship management system will support growth of the program going forward.
 - Requiring an EFC (Expected Family Contribution) score limited the number of certificate program applications, as many of those programs do not require use of the FAFSA.

Mr. Hurlock stated that the Authority has contracted with Foundant, the vendor for CHEFA's grant management system. Foundant has a scholarship program module. CHESLA Staff have been working with Foundant over the last few months to develop the online application system, and it is near final form for applications.

Mr. Hurlock reported that after discussion with Julie Savino and Dave Welsh of CHESLA's Advisory Board, the determination was made that while non-credit certificate programs are not eligible for Title IV aid (and thus do not require filing of the FAFSA) that CHESLA can still require FAFSA submission to apply for the scholarship. The plan is to continue to require an EFC of less than 6,000 for certificate program applications.

Application Period

Mr. Hurlock stated that the Authority plans to open applications for the degree-granting programs on March 2nd. The application window will close on May 1st. Recipients will be notified in July and a Scholarship Award Ceremony to honor the recipients will be held in August. With the Pledge to Advance Connecticut (PACT) and free community college starting in Fall 2020, the Authority was proposing not including community college students for these awards.

Mr. Hurlock said that Mr. Welsh has expressed concerns with eliminating community college students from these awards and turned the conversation over to Mr. Welsh. Mr. Welsh stated that he feels PACT is still somewhat of a work in progress, and that it would be premature to rule out community college students. Mr. Welsh also stated that PACT is limited to first time full-time college students. Mr. Kitowicz agreed. A discussion ensued. There was a consensus to continue to include community college students in the scholarship program.

Mr. Budd asked if the 2-month period for applications was adequate. Ms. Reynolds stated it is longer than the application window they had last year. Ms. Rozio explained that with their process moving online instead of paper mail, it has made the process noticeably quicker. Mr. Budd thanked the CHESLA staff for their information.

Mr. Hurlock moved on to report that after receiving very few scholarship applications for certificate programs in the first year, changes need to be made for the second year. With the understanding that many certificate programs do not have a long lead time between admission to the program and the due date for payment, and to acknowledge the varying time frames of these programs, the Authority plans to open applications for certificate programs July 1st. At that point, CHESLA will be prepared to immediately disburse funds. The plan is to have an open and rolling application process on a first come, first serve basis. Any applicant that has an EFC

below 6,000 and provides a letter of recommendation will receive a certificate program scholarship.

Ms. Sugerman Weintraub asked Mr. Hurlock how he is reaching out to the population that is seeking the certificate programs. Mr. Hurlock stated that CHESLA will reach out to schools and will also work with Ms. Weintraub to reach out to the Workforce Development Boards and American Job Centers.

Allocation for Scholarship Programs

Mr. Hurlock reported that of the \$500,000 that has been determined as a feasible level of scholarship awards annually, the Authority proposes \$450,000 earmarked for the degree granting programs and \$50,000 for certificate programs. Mr. Hurlock stated that any unused certificate program funds will roll over into the next year.

Individual Awards

Mr. Hurlock said the Authority plans to keep individual awards for degree-granting programs at \$1,500 for a half-time student and \$3,000 for a full-time student. Staff has decided that it is reasonable to provide scholarship awards of \$1,250 for certificate programs. With a \$50,000 allocation, that would result in 40 recipients.

Mr. Hurlock reported that the College Board annually provides a living expense budget. These budgets are provided to assist financial aid officers in developing living expense budgets for their independent, off-campus students. For the twelve-month Academic Year 2020-2021, the College Board has determined a "low" annual budget of \$18,949 for living expenses for Connecticut. The College Board provides an approximate breakdown of its living expense budget; Housing: 52%, Transportation: 17%, Miscellaneous: 31%.

Mr. Hurlock stated that CHESLA can reasonably assume that its scholarships fill a need and help to cover the cost of attendance even if the award exceeds tuition.

There being no further questions, Mr. Budd moved to approve the allocation for scholarship programs. Mr. Foster seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Martin L. Budd		
Andrew A. Foster		
Steven Kitowicz		
Sheree Mailhot		
Julie B. Savino		
Jeanette W. Weldon		

EXECUTIVE DIRECTOR'S REPORT

Authority Updates

CHESLA Proposed Legislative Agenda includes the following:

- STEM or other targeted loan product with reduced interest rate as a mechanism to incentivize recent graduates to work in CT. This would require state funding of the interest rate reduction.

- Allowing for funding the SCRF with a letter of credit, rather than bond proceeds. Further discussion to be had with the Treasurer’s Office.
- Possible increase in bonds outstanding to increase the current cap of \$300 million. CHESLA’s outstanding bonds are currently \$170 million. A cap of \$500 million could provide program growth and future flexibility.
- Clean up to the enabling legislation that has a limited definition of education assistance to provide more flexibility.

Mr. Budd asked about the education assistance definition as it pertains to ISA programs. A discussion ensued.

Ms. Weldon said that she and Josh Hurlock met with the Commissioner of the Department of Education, Dr. Miguel Cardona and Deputy Commissioner Charlene Russell-Tucker last week. Dr. Estela Lopez, of the CHEFA Board, made the referral for this meeting. Ms. Weldon stated that the Commissioner and Deputy Commissioner are very eager to work with CHESLA to assist in building awareness of CHESLA’s programs.

Ms. Weldon reported that there have been two follow-up meetings with the Department of Education. The first meeting was on Tuesday, January 21, 2020 with Chris Soto, Director of Innovation and Partnerships. The second meeting was Thursday January 23, 2020 involving school district representatives and other individuals active in the education community participating in the Department of Education Commissioner’s Roundtable. Ms. Weldon stated that it has been a great collaboration so far.

CHESLA Rebrand

Ms. Weldon turned the floor over to Mr. Hurlock, who provided an update on the CHESLA rebrand with a PowerPoint presentation displaying new logos for CHESLA and its products.

ADJOURNMENT

There being no further business, at 1:20 p.m., Mr. Lisi asked for a motion to adjourn the meeting. Ms. Savino moved the motion and Mr. Foster seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Martin L. Budd		
Andrew A. Foster		
Steven Kitowicz		
Sheree Mailhot		
Julie B. Savino		
Jeanette W. Weldon		

Respectfully submitted,



Jeanette W. Weldon
Executive Director