

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY  
Special Audit-Finance/Human Resources Committee Meeting Minutes  
June 17, 2022

The State of Connecticut Higher Education Supplemental Loan Authority (CHESLA) Audit-Finance/Human Resources Committee held a special videoconference meeting at 9:30 a.m. on Friday, June 17, 2022.<sup>1</sup>

The special videoconference meeting was called to order at 9:30 a.m. by Mr. Martin Budd, Chair of the Audit-Finance/Human Resources Committee. Those present were as follows:

Present:                   Martin Budd, Committee Chair  
                                  Andrew Foster  
                                  Peter Lisi, Board Chair  
                                  Julie Savino  
                                  Jeanette W. Weldon (*Executive Director for CHEFA/CHESLA*)

Absent:                     Michael Izadi (*Designee for Connecticut OPM Acting Secretary*)

Also Present:            Rebecca Abblett, Administrative Services Assistant, CHEFA  
                                  Denise E. Aguilera, General Counsel, CHEFA  
                                  Josh Hurlock, Assistant Director, CHESLA  
                                  Carlee Levin, Senior Accountant, CHEFA  
                                  JoAnne Mackewicz, Controller, CHEFA  
                                  Cynthia Peoples-H., Managing Director, Operations & Finance, CHEFA  
                                  Kara Stuart, Manager of Administrative Services, CHEFA  
                                  Yesenia Torres-Rivera, Program Coordinator, CHESLA

### **APPROVAL OF MINUTES**

Mr. Budd requested a motion to approve the minutes from the June 25, 2020 Audit-Finance/Human Resources Committee meeting. Mr. Lisi moved to approve the minutes and Ms. Savino seconded the motion.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Marty Budd	None	Andrew Foster <sup>2</sup>
Peter Lisi		
Julie Savino		
Jeanette W. Weldon		

### **FY 2023 PROPOSED OPERATING BUDGET**

Ms. Weldon reported that the FY 2023 proposed operating budget will be presented by Mr. Hurlock, Ms. Levin, and herself.

<sup>1</sup> All attendees participated in the meeting via conference telephone that permitted all parties to hear each other

<sup>2</sup> Mr. Andrew Foster abstained from voting as he did not attend the June 25, 2020 CHESLA Audit-Finance/Human Resources Committee meeting.

Ms. Levin reported that the total revenues for the FY 2023 proposed operating budget are estimated at \$1.31 million, representing a 38.4% increase from the budgeted FY 2022 levels. Ms. Levin stated that this increase is largely the result of the increase in the administrative fee rate, which was approved by the Board as part of its approval of the Series 2022 bonds. Ms. Levin reported that the In-School loan program is budgeted to generate \$1.2 million in administrative fees, representing a 35.8% increase from the budgeted FY 2022 levels. Ms. Levin reported that the Refinance loan program is budgeted to generate \$79,833 in administrative fees, representing a 51% increase from the budgeted FY 2022 levels. The Refi loans will be funded from CHESLA's Refinance Loan Fund, which is held outside of the Trust.

Mr. Budd inquired about the 600% increase in investment income and how the investment income reflects an assumed return of 0.73%. Ms. Levin clarified that the investment income is based on the increasing interest rates presented on the STIF website, and only \$3,000 was budgeted in FY 2022. Ms. Levin stated that \$21,000 was budgeted for FY 2023 due to the interest rates based on STIF.

Mr. Hurlock reported that the year-to-date disbursement for in-school loan volume is approximately \$15.8 million, representing a 10% decrease through the third quarter of FY 2021 and is partially attributed to the COVID-19 pandemic. Mr. Hurlock stated that the projected loan volume for FY 2023 is \$18.1 million, representing an increase that also reflects the loan volume experienced in FY 2021. Mr. Hurlock stated that the fee revenue has been impacted by the COVID-19 pandemic, payoffs of older loans, and higher rate of pre-payment speed since the pandemic began. Mr. Hurlock reported that the Refi program has experienced a rebound in FY 2022, with a year-to-date refinance volume at \$1.9 million, representing a 94% increase from the third quarter of FY 2021. Mr. Hurlock stated that the projected refinance volume for the FY 2023 is \$1.9 million, representing a 3-year average for the first three quarters and a two-year average for the fourth quarter, since FY 2022 has not yet completed the 4<sup>th</sup> quarter.

Ms. Levin reported that the expenses for the FY 2023 proposed operating budget are \$882,997, representing a 5.1% increase from the budgeted FY 2022 levels. Ms. Levin stated that this increase reflects the increases in compensation, employee benefits, general and administration expenses, and membership dues. Ms. Levin also stated that certain operating expenses have been split between CHESLA and CHEFA, which is outlined in the presented report.

Ms. Weldon presented the breakdown of employee compensation budgeted for FY 2023. Ms. Weldon noted that salaries are budgeted at \$248,622 for FY 2023, representing an increase of \$13,517 above base salaries at fiscal year-end to accommodate merit increases and any labor-grade adjustments. Ms. Weldon also noted the addition of discretionary awards to be given to staff that complete extraordinary efforts, as it is standard in the CHEFA Operating Budget. A brief discussion ensued.

Ms. Weldon presented the breakdown of employee benefits budgeted for FY 2023, which mirror the CHEFA benefit plan and require no additional negotiations for CHESLA employees. Ms. Weldon noted that this year is the first full year for the Connecticut Paid Family Medical Leave, which is funded through payroll deductions. A brief discussion ensued.

Ms. Levin reported on the general and administrative expenses, stating that certain expenses have been split between CHESLA and CHEFA. Allocations to CHESLA are 13.6% based on a pro rata per person allocation. Ms. Levin then gave an overview of the following items relating to general and administrative expenses:

- Lease and storage expense



- Business insurance
- Office Supplies and Non-Capital Equipment
- Communications: Telephone and Internet
- Postage
- Maintenance contracts

Mr. Hurlock reported that the marketing costs for the FY 2023 Operating Budget are \$265,000, representing an increase of \$40,000 from FY 2022. Mr. Hurlock analyzed in-school loan applications from May 2021 to April 2022 and reported that approximately 56% of in-school loan applicants and 83% of refinance loan applicants found CHESLA through CHESLA’s various marketing channels. Mr. Hurlock stated that increasing the investment in marketing should translate to increased loan volume and ultimately increased revenue via administration fees. Based on recommendations from various marketing consultants, CHESLA’s marketing plan will include the following additions for FY 2023:

- A new television station;
- Television spots, running on cable TV;
- A direct mail marketing campaign;
- An increase in targeted email blasts;
- An increase in college fair exposure;
- A new radio station, with opportunities to market during podcasts; and
- A CHESLA podcast episode.

A discussion ensued. Mr. Budd inquired about tracking the impact of each marketing origin. Mr. Hurlock clarified that Ms. Shannon Reynolds and himself have been working with the loan originator, Campus Door, to integrate tracking of Google Analytics from CHESLA to completed application.

Mr. Budd requested a motion to recommend the FY 2023 Proposed Operating Budget to the CHESLA Board for approval. Mr. Budd moved for approval, and Mr. Lisi seconded the motion.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u><b>AYES</b></u>	<u><b>NAYS</b></u>	<u><b>ABSTENTIONS</b></u>
Marty Budd	None	None
Andrew Foster		
Peter Lisi		
Julie Savino		
Jeanette W. Weldon		

**OTHER BUSINESS**

Mr. Budd inquired about the hiring of a consultant to conduct an Economic Impact Study that was proposed in previous meeting minutes. Ms. Weldon stated that an RFP for a consultant was released, a consultant was engaged to conduct the study, and a report will be given at the Board of Directors Meeting scheduled for September.

**ADJOURNMENT**

Mr. Budd moved to adjourn the meeting and Ms. Savino seconded the motion.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u><b>AYES</b></u>	<u><b>NAYS</b></u>	<u><b>ABSTENTIONS</b></u>
--------------------	--------------------	---------------------------

Martin L. Budd  
Andrew Foster  
Peter Lisi  
Julie Savino  
Jeanette W. Weldon

None

None

The meeting adjourned at 10:01 a.m.

Respectfully submitted,



Jeanette W. Weldon  
Executive Director