

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of CHESLA Advisory Committee Meeting

August 23, 2022

The State of Connecticut Higher Education Supplemental Loan Authority held a videoconference meeting of the Advisory Committee at 11:30 a.m. on Tuesday, August 23, 2022.¹

The meeting was called to order at 11:30 a.m. by Ms. Jeanette W. Weldon, Executive Director of CHESLA. Those present and absent were as follows:

Present: Lewis J. DeLuca, Head of Student Financial Literacy, SCSU
Wilson Luna, retired Dean of Students, Gateway Community College.

Absent: Richard Bishop, retired Financial Aid Director, CCSU
Matthew Rosen, High School Counselor, Wilton High School

Also Present: Jeanette W. Weldon Executive Director, CHEFA and CHESLA
Rebecca Abblett, Administrative Services Assistant, CHEFA
Denise Aguilera, General Counsel, CHEFA
Daniel Giungi, Communication and Legislative Affairs Specialist, CHEFA
Josh Hurlock, Assistant Director, CHESLA

APPROVAL OF MINUTES

Ms. Weldon requested a motion to approve the meeting minutes of the August 30,2021 Advisory Committee Meeting. Mr. Luna moved to approve the minutes and Mr. DeLuca seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Lewis J. DeLuca	None	None
Wilson Luna		

EMPLOYER STUDENT LOAN REPAYMENT PROGRAM OVERVIEW

Ms. Weldon introduced the Employer Student Loan Repayment Program and stated that the goal was to support the Governor’s workforce development efforts by providing employers with

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

products that they can use to recruit and retain talented staff. Ms. Weldon reported that the program was further supported by Public Act 19-68, which provided for a state tax credit for employers' paydowns on CHESLA refinanced loans. This law was augmented by Public Act 22-118, which expanded the state tax credit to apply to any type of CHESLA loan and provides a refundable tax credit useful for small business with limited tax liability.

Ms. Weldon noted that CHESLA entered into an arrangement with its Rhode Island counterpart, the Rhode Island Student Loan Association (RISLA), to develop this employer paydown product and provide a comprehensive package to Connecticut employers.

Mr. Hurlock provided the following overview on the Employer Student Loan Repayment Program:

- This program allows CHESLA to offer its refinancing product to employees for lower interest rates and monthly payments.
- The employee will have an employee dashboard to select the loan towards which the employer can make payments. The employer will have an employer dashboard to provide a roster of employees with which to make payments, contribution amounts, and frequency.
- The cost to the employer is minimal and includes the contribution to the student loan, as well as a \$4.00 transaction fee per student loan payment.
- For federal benefits, the employer can contribute annually up to a maximum of \$5,250 per employee. This contribution is a tax-free payment for the employer and is not considered income to the employee.
- For state benefits, there is a State of Connecticut tax credit on payments towards CHESLA in-school or refinance loans.
- Marketing for this program is in-progress that will target small to mid-sized businesses, assuming that larger businesses have an employer paydown program already in place.

Ms. Weldon and Mr. Hurlock noted the flexibility of the Employer Student Loan Repayment Program for the employer to customize the payment amount towards student loans and eligibility of its employees (e.g., new employees only, tenured employees, all employees). Mr. Luna inquired about State of Connecticut employee eligibility, which Ms. Weldon clarified that the program is open to any eligible employer.

ALLIANCE DISTRICT PROGRAM OVERVIEW

Ms. Weldon stated that the Alliance District Teacher Loan Subsidy (ADTLS) Program was

included in CHESLA's 2021 legislative agenda to further expand on the State's workforce development goals with CHESLA programs and products. Ms. Weldon stated that the focus of the program is teacher recruitment and retention within Alliance Districts, which are districts that have underperformed according to State measures.

Ms. Weldon reported that the ADTLS Program offers an interest rate subsidy on Alliance District Teacher Refinance Loans to refinance existing private student loan debt, also known as non-federal loans. Ms. Weldon stated that the program is offered to any teachers who commit to teaching in any of the Alliance Districts and is designed to attract, support, and retain high-quality educators.

Mr. Hurlock presented the eligibility criteria, program parameters, and frequently asked questions regarding the ADTLS program. The floor was opened to questions and a brief discussion ensued. Mr. DeLuca inquired about the list of districts classified as Alliance Districts. Mr. Hurlock stated that information is posted on CHESLA's website and offered to email directly to the committee.

Ms. Weldon noted the development and organizational efforts that have already been put towards this program and that these efforts are now focused on outreach to school districts. Ms. Weldon stated that the ADTLS program is currently in the roll-out stage.

IN-SCHOOL LOAN PROGRAM

Mr. Hurlock reported that the current interest rate for the In-School Loan Program is a fixed, single interest rate at 5.49%. CHESLA offers a competitive advantage with one interest rate compared to lenders that offer a wide range of fixed rates, that often range greater than 10%. Any CHESLA applicant knows exactly what interest rate they will be offered, if approved. Mr. Hurlock stated that the committed loan volume seems to be going well, as CHESLA currently has \$4 million less on hand than in the prior 3 years. Mr. Hurlock also stated that most of the applications are committed and pending disbursement. First disbursements are typically between August and September 2022, with the second round of disbursement dates expected approximately January 2023.

Ms. Weldon stated that CHESLA annually issues bonds in the public debt market in late Spring. Ms. Weldon noted that the conditions of the bond market in the previous Spring allowed for the favorable 5.49% interest rate currently available.

LEGISLATIVE AND OTHER UPDATES

Mr. Giungi provided a legislative update regarding Senate Bill 103, which passed in the most recent legislative session. Mr. Giungi reported that the bill allows CHESLA to provide financial assistance to students who are enrolled in post-secondary educational programs. The bill received strong bipartisan support and was signed by the Governor on May 17, 2022.

Mr. Giungi noted that the next legislative session will follow a general election of both Senate and House of Representatives candidates, which may result in a notable turnover of representatives. Staff is preparing an aggressive outreach campaign to launch after the general election for newly elected officials who may not be familiar with CHESLA programs and products.

OTHER BUSINESS

Ms. Weldon reported on the successful ceremony regarding the CHESLA Scholarship Awards. Ms. Weldon stated that the ceremony was in-person and that Ms. Thea Montañez, Chief Operating Officer for the City of Hartford, gave a resonating keynote speech to the scholarship recipients. Mr. Hurlock stated that 171 recipients were given a total of \$489,000.

Ms. Weldon reminded the Advisory Committee of the upcoming Board meeting on September 22, 2022 and invited the Advisory Committee members to attend.

ADJOURNMENT

There being no further business, at 12:04 p.m., Mr. Luna moved to adjourn the meeting and Mr. DeLuca seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Lewis J. DeLuca	None	None
Wilson Luna		

The meeting adjourned at 12:05 p.m.

Respectfully submitted

DRAFT

Jeanette W. Weldon
Executive Director