



UTAH SYSTEM OF  
HIGHER EDUCATION

# MEMORANDUM

TAB E

May 21, 2021

## UHEAA Update

### Overview

The Utah Higher Education Assistance Authority is the financial aid and student loan organization of the Utah Board of Higher Education. Formed in 1977, UHEAA's public service mission has supported the students and institutions in Utah by:

- Disbursing nearly \$7 billion in student loans to 1.7 million students between 1977 and 2010
- Reducing student borrowing cost by \$261 million in borrower benefits on 692,000 loans
- Providing \$12 million of UHEAA Grants for 13,000 underserved students
- Committing \$6 million in funds for UCAC advising FY 2022 – FY 2024
- Providing annual paying-for-college training to high school counselors and access advisors for 20 years
- Providing 20,000 students at 600 events paying for college guidance in the past five years
- Administering state financial aid grant and scholarship programs

As an organization, UHEAA has a long history of serving the students and institutions of Utah.

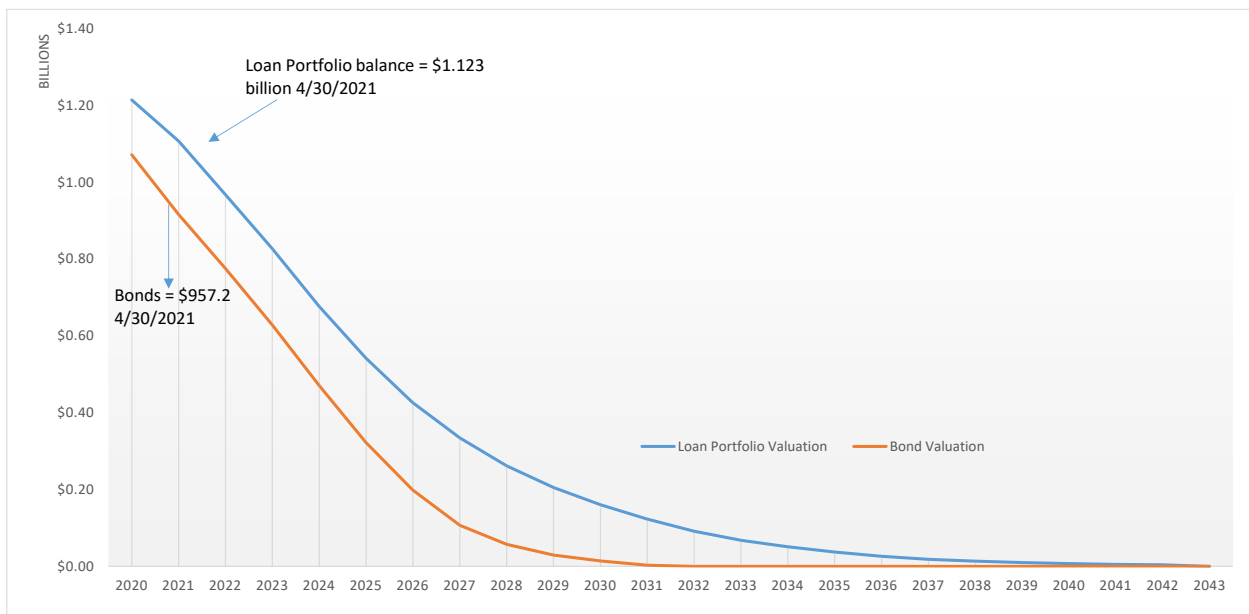
UHEAA:

- Owns and services a \$1.1 billion portfolio of FFELP student loans
- Utilizes bonding authority to finance student loan portfolios
- Provided FFELP loan guarantees in partnership with ED until 2010
- Collects defaulted loans for ED
- Provides FAFSA completion and paying-for-college education statewide
- Administers several state financial aid programs at no cost to Utah taxpayers
- Offers low-cost, state-based student loans
- Counsels students on loan delinquency and default
- Provides financial literacy and default prevention services to institutions
- Conducts fee-for-service business process outsourcing (BPO) for national servicers
- Serviced 1 million Direct Loan borrowers representing \$18.8 billion for ED until 2021

## Inflection Point

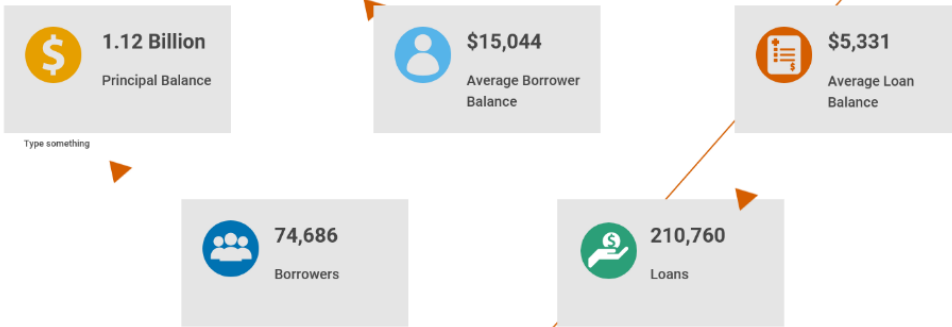
UHEAA's two main revenue sources over the past 10 years has been interest from its \$1.1 billion legacy FFELP portfolio and Direct Loan servicing fees from the Department of Education. The majority of the existing legacy student loans and related bonds will amortize by 2027 (see graph below). UHEAA also received fees from ED to service 1 million Direct Loan borrowers, representing \$18.8 billion in loans. This contract with ED was discontinued in 2021 because revenues were not sufficient to support the cost structure.

The following table and graph provide a view of UHEAA's FFELP loan portfolio and the amortization pattern of the student loans and supporting bonds:



UHEAA has built a strong balance sheet and is positioned to transition into a new strategic plan and support the development of additional business lines to further benefit the students of Utah over time. The following three charts summarize UHEAA's financial position.

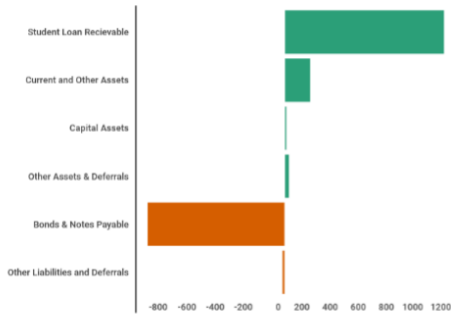
# UHEAA Student Loan Portfolio



Information as of March 31, 2021

## UHEAA

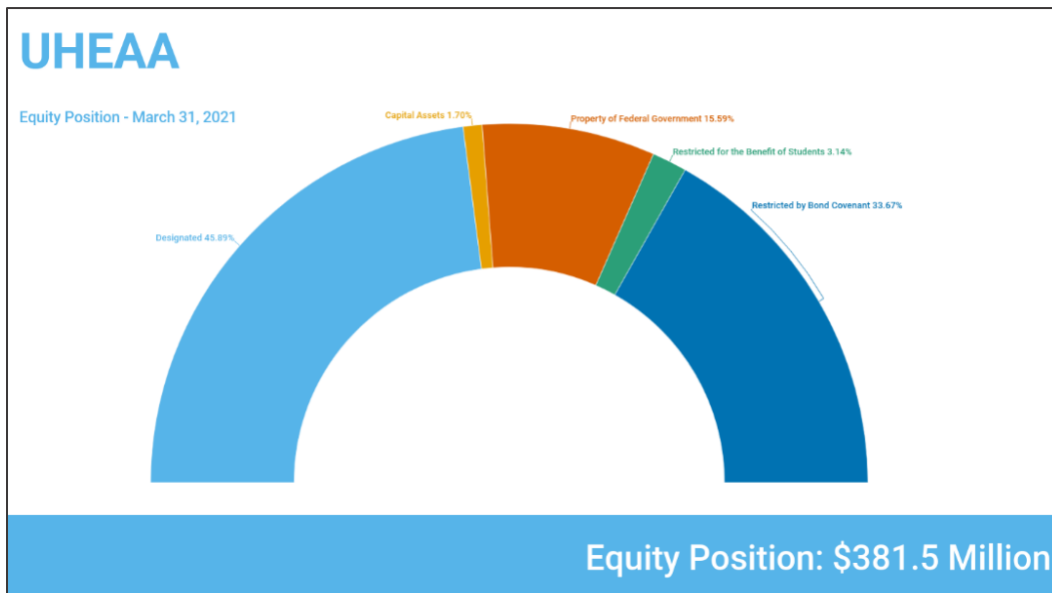
Combined Balance Sheet - March 31, 2021



Student Loan Receivable \$1.12 Billion  
Current and Other Assets \$177 Million  
Capital Assets \$7.8 Million

Bonds & Notes Payable \$964 Million  
Other Liabilities and Deferrals \$12.9 Million

Equity Position: \$381.5 Million



UHEAA is developing a strategic plan to define its mission, vision, and values; align its efforts with the UBHE mission; and chart a business course for the future.

### Planning Process

The strategic planning process involved discussions with the UHEAA Board, senior staff, and employees.



The result of this strategic planning process yielded a proposed mission and vision statement, company values, and a set of strategic priorities. The structure of these strategic priorities includes the following:



A detailed description of the strategic plan and its components can be found in the attached draft strategic plan.

### Attachment



## Strategic Plan

**Mission** We are your State not-for-profit partner committed to guiding Utah students through the financing of their educational pursuits and achieving statewide higher education strategic priorities of access, completion, and affordability.

**Vision** All Utah families, regardless of circumstance, will have the financial tools necessary to access and complete their education. In alignment with the Utah Board of Higher Education, our products and services promote financial success and personal fulfillment.

**Values** Six action-based values describing who we are and who we want to be. UHEAA employees strive to uphold this DIRECT mentality through everything we do.

- **Do it right**: We do the right thing for students, customers, employees, and families in the state of Utah.
- **Innovative**: We learn from the experiences of the past and use those insights to invent a future that is more fair, productive, and consistent.
- **Results-driven**: We believe that what gets measured, gets done.
- **Equity**: We commit to an environment of inclusivity where all customers and employees feel a sense of belonging.
- **Customer-focused**: We are champions of our customers and strive to never lose sight of their needs.
- **Transparency**: We communicate clearly, hold ourselves accountable, and act with integrity across all levels of our organization.

## How UHEAA Impacts Higher Education Financing in Utah

- Servicing
- Lending
- Financial literacy
- Collaboration
- Advocacy
- FAFSA education
- Bonding
- State financial aid administration

### Strategic Priorities

**Priority:** Profitability

**Goal:** Create and right-size all business lines to achieve profitability and within three years in order to reinvest in Utah higher education (e.g. grants, scholarships, financial literacy, and initiatives to help underserved Utah students).

**Strategy:** Maximize legacy FFELP portfolio profitability and maintain compliance. Market and expand UHEAA's state-based loan program. Perform fee-for-service business process outsourcing, default aversion services, and debt letter communications for clients.

**Tactics:**

1. Identify and evaluate opportunities to purchase remaining Federal Family Education Loan Program (FFELP) portfolios.
2. Identify and evaluate opportunities to purchase loans from the federal balance sheet.
3. Perform fee-for-service, 3rd party business process outsourcing.
4. Perform enterprise cost analysis to reduce non-value generating expenditures.
5. Utilize balance sheet funding, as well as taxable and tax-exempt bonding capability, to provide loans and other financial products to students.
6. Expand state-based loan market to a broader set of Utahans including underserved and underrepresented populations.

7. Explore the viability of additional financing products, including parent loans, certificate program lending, income-sharing agreements, and residency refinance.
8. Further expand fee-for-service default aversion services and debt letter communications for colleges and universities.

**Priority:** **Community Partnerships**

**Goal:** Expand, leverage, and develop partnerships at the local, state, federal, and industry levels to fulfill the UHEAA and Utah Board of Higher Education missions. Measure and report the impact of collaborative efforts to the UHEAA Board of Directors.

**Strategy:** Engage families, students, institutions, business leadership, and state and federal representatives to promote higher education financing with an emphasis on underrepresented populations.

**Tactics**

1. Support UCAC initiative with \$2 million per year over a 3-year period.
2. Collaborate with OCHE to accomplish affordability tactics surrounding FAFSA completion.
3. Engage with OCHE and institutional equity and diversity officers to identify equity issues and brainstorm solutions.
4. In collaboration with OCHE, engage with families of underrepresented groups to educate and provide information on the value of higher education.
5. Continue FAFSA and financial literacy outreach initiatives. Develop targeted training for underserved populations.
6. Engage with State and Congressional leaders regularly to promote Utah higher education financing and equity in higher education financing.
7. Engage regularly with community groups (e.g. Neighborworks, SLC Latinos in Action, SuazoBusiness Center, Utah Division of Multicultural Affairs).
8. Collaborate with OCHE, institutional leaders, and financial aid directors to identify gaps in higher education financing, with a focus on underrepresented populations.

9. Actively engage with higher education financial industry groups to influence state and national higher education finance policy.

**Priority:**     **Culture**

**Goal:**        UHEAA will develop a culture of equity, inclusion, accountability, and excellence, and achieve an employee Net Promoter Score (NPS) of 15 or greater over the next two years. UHEAA will conduct an equity lens analysis and develop a higher education finance equity framework within Fiscal Year 2022.

**Strategy:**   Engage with UHEAA employees and community stakeholders to define and promote equity, inclusion, accountability, and excellence in the workplace and in higher education finance.

**Tactics:**

INTERNAL

1. Establish an enterprise-wide performance management system.
2. Expand employee engagement committees including an equity committee.
3. Perform an enterprise-wide compensation analysis.
4. Maintain compliance with state and federal servicing and lending regulations.
5. Establish a system for collecting and synthesizing employee feedback.
6. Develop and implement leadership training programs.
7. Target recruitment activities to underrepresented populations.

EXTERNAL

8. Engage with OCHE and institutional equity and diversity officers to identify equity issues and brainstorm solutions.
9. Engage with State and Congressional leaders regularly to promote equity in higher education financing.
10. Support UCAC initiative to promote college access for underrepresented groups.
11. Identify relevant higher education finance equity data to collect, analyze, and identify opportunities for improvement.
12. Perform an equity lens review for each of UHEAA's business lines and the state aid programs it administers.



13. In collaboration with OCHE, engage with families of underrepresented groups to educate and provide information on the value of higher education.
14. Develop a higher education finance equity framework.
15. Engage regularly with community groups (e.g. Neighborworks, SLC Latinos in Action, SuazoBusiness Center, Utah Division of Multicultural Affairs).

**Priority: Technology**

**Goal:** Acquire technology to build products and services to reduce costs by at least 10% over five years, and exceed customer expectations by achieving a customer NPS score of 70 over the next five years.

**Strategy:** Implement evolving technology and cloud services to reduce costs and support customers.

**Tactics**

1. Implement a cloud-based loan origination and servicing solution for state-based student loans.
2. Implement a Compliance Management System to improve compliance management controls.
3. Explore implementing artificial intelligence solutions into the contact centers for improved cost efficiency and consistent customer experience.
4. Engage with the U of U, or outside technology consultants, to examine UHEAA's IT and IS structures for efficiencies.
5. Implement a single sign-on (SSO) solution to securely expand UHEAA's cloud-based software options.
6. Change telephony system provider to a cloud solution right-sized for UHEAA's smaller structure.

**Priority: Brand Awareness**

**Goal:** Expand brand awareness of UHEAA products and services to Utah students, families, and customers by achieving the growth projections in the UHEAA business plans presented to the UHEAA Board of Directors.

**Strategy:** Utilize marketing support to provide broader brand awareness in the community of UHEAA's not-for-profit, public service mission and the services it provides.

## Tactics

1. Collaborate with OCHE and institutions to participate in and leverage existing marketing strategies.
2. Select a marketing firm to perform a UHEAA brand review and develop a comprehensive marketing plan.
3. Devise marketing strategies to promote equity for underserved and underrepresented communities.

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