

## CHESLA Management Planning Committee Informational Items

- The CHESLA Board did its due diligence back in March 2009 to review its options concerning the continuation of the CCIC/CHESLA personal service agreement and sublease arrangements. At that time, the board reviewed options such as merging with another agency, or going out for its own executive director and office. The end result was approval at the March 24, 2009 meeting of a renewal of the CCIC/CHESLA agreement for a three-year period ending June 30, 2012 with a possible two-year renewal through June 30, 2014.
- The attached cost comparison shows that the current contract for services and shared office space is the least expensive option for CHESLA.
- The CCIC/CHESLA agreement – there is a 29-year history from the creation of CHESLA and a knowledge of the organization and the CHESLA loan program and all of the elements involved in running the agency.
- Ms. Greiman who serves as president of CCIC and within the renewed agreement would serve as executive director of CHESLA upon the departure of Ms. Ragosta has all of the qualifications listed in the job description and has experience in the quasi and bond markets. She is also fully cognizant of the existing staff responsibilities and abilities as well as the day-to-day issues related to borrowers and outside vendors. Additionally, the CCIC Office Manager provides back up to CHESLA on phones and handles internal office tasks such as supply ordering, equipment maintenance, and assistance in working with employee benefit vendors. This prevents a long learning curve that would exist if CHESLA were to move to a new agency or to become a stand-alone agency with new staffing. It also alleviates the unknown for the existing staff allowing them to continue in a structure that works and that is what they are most familiar with.
- Benefits of continuing the contract with CCIC for at least the contract period –
  - Would provide the least change or interruption of services for the Authority. Saves the board from doing an immediate search and uprooting of the existing operation, which can be very time consuming especially during the start of a new bond deal this summer.
  - Office space and current CHESLA staff with their benefits would remain in place.
  - CCIC helped to enact legislation to create CHESLA in 1981 and a sizable portion of CHESLA loans go to students enrolled in CCIC institutions, which feel a vested interest in ensuring appropriate customer service and adequate capital for its student borrowers.
  - CCIC has staffed CHESLA since its inception and the president of CCIC has served as Executive Director of CHESLA in prior years.
  - The agreement for office space and CCIC staff would remain in place with the replacement of the VP of CCIC with the president to oversee the Authority.
  - The current president of CCIC is a lawyer who has worked as Majority Counsel for the Connecticut House of Representatives where she gained

expertise in the legislative process and built long-standing relationships with many of today's key government officials at the state and federal levels. She continues to have strong relationships with state and federal legislative and executive branch officials and is active in federal higher education policy groups. She has also served as Counsel and Deputy Secretary of the Office of Policy & Management during which time, in addition to other duties, she served as the Secretary's designee to three quasi-state boards. Such service included stints on the Finance Committees during a time of workouts and restructurings and frequent contact with bond counsel, financial advisors, underwriters, and rating agencies. She worked with the then Secretary of OPM to help to recast Connecticut's overall approach to the rating agencies and traveled with him to Wall Street for meetings with the agencies. She handled day to day management of OPM and then of the Connecticut State University System Office where she worked as the Chief Administrative Officer before coming to CCIC twelve years ago. Her experience includes management of employees, budgets, public relations, customer service, ethics, lobbying, strategic planning and vendor selection. She has the background, experience and skills necessary to run CHESLA.

- CCIC has good relationships across the higher education community including with financial aid directors in the public and independent colleges in CT who help market the CHESLA loan program.
- Legislators are already familiar with the CCIC staff representing CHESLA at the Capitol and CCIC has and will continue to have a regular presence at the Capitol ensuring that CHESLA's interests are followed and managed.
- Being a higher education organization, CCIC staff members are familiar with the higher education market, federal regulations affecting the student loan market and private loans such as the CHESLA loan. This is important as the student loan market continues to change.

CHESLA with its own agency without ties to another organization

- Would have to hire an executive director and maintain/add staff (additional salary and benefits for the position)
- Rent space for its own office with all the expenses involved
- Find office space within another agency space or state office building
- Costs would increase significantly for both office space and staffing, benefits, etc. (see attached)

Political Realities – Constituencies Involved in the Process

- Governor and Legislative
- Treasurer's Office
- Office of Policy and Management
- CHESLA Board

- CCIC Board
- Financial Aid Directors
- CHESLA Staff

Costs of current operations without rent compared to a new staffing structure including a full-time executive director is estimated to cost at least an additional \$95,079 (if keeping existing two staff members) and with an inside accountant it would add approximately \$181,090 to the current budget. In addition, CCIC and CHESLA share a commercial and umbrella insurance policy for the office and the annual premium to CHESLA is \$903. If CHESLA had its own office this would at least double.

CHESLA/CCIC Agreement Current Costs	New Staff Structure and Salaries and Benefits
Executive Director – contract amount = \$106,000	Range from other quasi’s = \$151,384 to \$233,799; using low end adds at least \$45,384 to salary (see benefits below)
Deputy Director - \$78,750	\$74,680 - \$109,523 plus benefits
Loan Portfolio Analyst = \$53,424	Range \$58,014 and up plus benefits
Outside Accountant - \$28,400	Inside Accountant = \$74,680 plus benefits = \$86,011 over outside accountant
Staff benefits = \$57,819	New Ex Dir = add \$ 40,156 to benefits
SS & Med/Workers’ Comp = \$10,911	New Ex. Dir. = add \$9,539 to SS & Med/Workers’ Comp
Office Space = \$16,170 (only half shared)	Would require 100% cost based on location
30% overhead = \$8,500	Would require 100% overhead
Total current staff & expenses w/o rent =\$335,304	Additional cost to current expenses w/o rent = \$95,079 if only adding exec. Dir. with accountant = a total of \$487,994 w/o rent