

NCHER Membership Meeting

Monday, June 5, 2023, 2:30 p.m. – 4:00 p.m.

AGENDA

- I. Call to Order and Certification of Quorum**
Christiana Thornton, Chair
- II. Announcement of Parliamentarian**
- III. Consideration and Approval of Minutes – June 8, 2022 Meeting**
- IV. Chair's Report**
Christiana Thornton, Chair, NCHER Board of Directors
- V. President's Report, Including Update on NCHER's Advocacy, Communications, Research, Operations, and Financials**
James P. Bergeron, President
- VI. Open Forum to Discuss Items for Inclusion in the NCHER Strategic Plan for 2024-2027**
Angela Baier, Chair-Elect, NCHER Board of Directors
Jimmy Parker, Chair, NCHER Membership Committee
- VII. Old and New Business**
- VIII. Adjournment**

NATIONAL COUNCIL OF HIGHER EDUCATION RESOURCES
MEMBERSHIP MEETING MINUTES
June 8, 2022

The National Council of Higher Education Resources (NCHER) held a membership meeting on June 8, 2022, at The DeSoto Hotel in Savannah, Georgia.

Ms. Christiana Thornton called the meeting to order at 10:15 a.m. and thanked the membership for attending the meeting. She announced a quorum was present and that Mr. Ron Gambill would serve as Parliamentarian. Ms. Thornton said that the membership was provided with the minutes from the last meeting held on February 3, 2021, and that she hoped everyone had a chance to review them. Motion by Mr. Will Shaffner to approve the February 3, 2021 meeting minutes; seconded by Ms. Melissa Neal; ADOPTED BY VOICE VOTE.

Chair's Remarks

Ms. Thornton began her Chair's report by thanking everyone for coming to the NCHER Annual Conference, the first in-person conference since February 2020. She said that each of us as individuals, our families, our organizations, and our industry have been through a lot of challenges over the last two years. To state the obvious, it is a different world out there. Ms. Thornton said that, in the midst of an unprecedented shutdown of the country, all of the members quickly adapted to assisting students and their families impacted by the pandemic by offering targeted assistance programs to those struggling to pay their bills. As postsecondary education enrollment dropped, the members continued their college access and success outreach in an effort to increase FAFSA [Free Application for Federal Student Aid] completion rates and encourage former students to reenroll to finish out their higher education. The members have adjusted to the postsecondary education marketplace and are meeting students and parents where they want to be served, either remotely or in person. While there is still work to be done, the members should be proud of their record over the last year.

But she said that the political and policy environment continues to dramatically impact many of the members. Student and parent borrowers have not had to make federal student loan payments for almost 27 months and it will likely be almost three years when all is said and done. NCHER is on record that struggling borrowers need additional support and that current strategies and flexibilities included in the Higher Education Act will provide these borrowers with the help that they need to restart federal payments. The payment and collections pause is directly linked to the U.S. Department of Education's efforts on special mandatory assignment, Fresh Start, and anticipated federal student loan forgiveness. Each of these initiatives will have major short-term and potentially long-term impacts on member portfolios and the services that they are able to provide in their states. The NCHER staff is working in collaboration with NASLA [National Association of Student Loan Administrators] to secure federal funding to offset the loss of collections revenue resulting from the special assignment process and Fresh Start, which will hopefully mitigate the negative effects of these well-intended but poorly implemented policies. Ms. Thornton said that, for our federal student loan servicers, Federal Student Aid (FSA) is in the midst of its procurement for a new Unified Servicing and Data Solution (USDS) in an effort to restructure the federal student loan servicing system. While FSA has abandoned its efforts to procure a new platform, it seems likely to continue its contracts with a smaller number of large federal student loan servicers who will handle the bulk of call center support and a small number of Business Process Operations (BPO) vendors handling specialty servicing and defaulted accounts. For the private loan members, NCHER needs to closely monitor any action that will increase federal regulation either through new legislation pending in Congress or from new policies coming out of the Consumer Financial

Protection Bureau. She concluded by noting that she looked forward to continuing to have robust discussions on those important issues to make sure that NCHER is effectively representing each organization's interests at the federal level.

President's Remarks

Mr. Bergeron began his President's Report by thanking Mr. Thornton for her work as Chair of the NCHER Board of Directors. He said that, four months ago, the Board discussed the current political and policy environment and how, as the President's legislative agenda stalled in Congress, there was growing calls from inside and outside the White House for executive action on federal student loans, especially around broad-based forgiveness. Unfortunately, there has been nothing that has occurred during that time to change the current trajectory and the calls from the progressive community, House and Senate Democrats, and the media have only gotten louder. Mr. Bergeron said that, currently, the White House, the U.S. Department of Education, FSA, the U.S. Department of Justice, and Congressional Democrats have decided to move forward with a plan to provide \$10,000 in forgiveness for borrowers with federally held loans. For commercially held FFELP borrowers, they will be encouraged to consolidate their loans into the Federal Direct Loan program to qualify for the benefit. He said that most Congressional observers, including House Education and Labor Committee and Senate Health, Education, Labor, and Pensions Committee Democrats and Republicans, expect the White House to further extend the federal student loan payment and collections pause past the August 31st deadline. Similar to the past, the current thinking is that there is little to no way that the federal government can begin requiring student and parent borrowers to begin to repay their loans when they will not be able to fully implement the forgiveness scheme, when it is still processing applications under the limited-waiver for Public Service Loan Forgiveness, when it is still making adjustments to Income-Driven Repayment plan counts under the recently announced waiver, and when Members of Congress are still in the midst of their primary campaigns for election. The only question is whether the administration will provide another short-term extension or whether it will extend it until the end of the year. He said that this issue continues to be incredibly important for federal student loan servicers who have invested significant time and resources in hiring and training call center staff and are prepared to help struggling borrowers, guaranty agencies who will be forced to assign more of their defaulted portfolio to the Department of Education since the payment pause is aligned to the requirements governing the special mandatory assignment process, and private lenders who are looking for an opportunity to help student and parent borrowers by refinancing their loans.

Mr. Bergeron continued that FSA released its USDS procurement, which seems poised to award contracts to several large federal student loan servicers to service the Federal Direct Loan portfolio. According to a presentation made by FSA, it envisions separate servicer websites and co-branding in the short-term as the office continues to revamp studentaid.gov and its processes for transferring loans that will be used to penalize low-performing contracts. Under USDS, those vendors with BPO contracts would take over the specialty servicing work around Public Service Loan Forgiveness, TEACH Grants, Total and Permanent Disability, and defaulted loans. In its initial response to a Request for Information, NCHER urged FSA to maintain the current competitive contracting structure that improves performance and innovation. The organization also urged FSA to provide more detail on how the BPO vendors will be able to service the Direct Loan portfolio outside of specialty servicing as many of the current vendors are existing federal student loan servicers and all bid on the prior procurement in good faith. The association also urged FSA to put in place a new compensation package to reflect the changing economy and shifting workforce needs, the significant increase in inflation, new federal wage requirements, and new information security requirements that servicers will need to meet. Finally, NCHER urged FSA to incentivize the USDS servicers and the existing BPO vendors to work with state and nonprofit

organizations across the country to help struggling borrowers – not to duplicate or displace the work of the federal contractors but to complement their work on behalf of struggling borrowers.

Mr. Bergeron said that the real action on higher education in 2022 rests almost solely with the Biden Administration. In 2021, most of the action was with Congress as it struggled to move the American Families Plan. Now, the House and Senate are trying to reach agreement on the American COMPETES Act, legislation that includes a number of bipartisan proposals to increase our competitiveness with China such as expanding Pell Grant eligibility to cover short-term programs. The House and Senate Appropriations Committees are also in the process of holding hearings on what priorities to include in the Fiscal Year 2023 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act. However, the budget and appropriations process is moving at a glacial pace this year, which is no real surprise since it is an election year. He said that the House and Senate leadership have been meeting for weeks to reach a bipartisan, bicameral agreement on a top line figure that Congress would then divide up into the 12 individual appropriations bills that make up the discretionary part of the federal government. Over the next few months, it is important that NCHER continues its robust advocacy efforts to influence these issues and many others that impact our membership. While Congress may not make any progress on the reauthorization of the Higher Education Act and struggle to complete the Fiscal Year 2023 budget and appropriations process, it is imperative that the members have a voice in the higher education policy debates taking place in the Halls of Congress and with the Biden Administration.

Old and New Business

Ms. Thornton asked if there was any old and new business. There was no new old or new business.

Adjournment

Mr. Thornton thanked everyone for attending the meeting. She moved to adjourn the meeting at 11:00 a.m.

NCHER Board of Directors Meeting – June 5, 2023
Chair’s Report – Christiana Thornton

I want to welcome everyone – Board members and the larger membership – to the NCHER Annual Conference in beautiful Fort Lauderdale. I also want to thank the conference committee and NCHER staff for putting together a strong program agenda over the next two days where we will examine current and emerging trends across federal and private student aid programs, discuss ways to improve compliance and mitigate risks, and share best practices on what’s working and not in each of our shops. At the end of the conference, I’m hopeful that each member will take the information back home to their Boards and staff.

Today marks my last meeting as Chair of the NCHER Board of Directors. I want to thank each of you for your support of my tenure over the last 19 months. As I said in Washington, my overreaching goal has been to work with the NCHER Executive Committee, the Board of Directors, the NCHER staff, and membership to put the organization on a more sustainable and stable path with a clear direction for the future. While the upcoming strategic planning process – which we will formally begin today - will determine what steps must be taken over the next three years to better position the membership for success, I think there is much more clarity on the best path forward than ever before. First, it is clear that we must continue to build a trade association where the interests of the members are front and center. Second, we must build a trade association that is inclusive of the higher education finance industry. This means representing FFELP holders, servicers, and guarantors, federal student loan servicers and Business Process Operators vendors, private education lenders and servicers, third-party servicers, and affiliate members who support these primary activities. And third, we must build a trade association that is focused primarily on representing its members at the federal level with Congress and the Administration, but also providing high-quality information services to its membership and assisting the members in improving their operational and compliance approaches to higher education financing, including complying with state student loan lending and servicing licensing laws. With these elements at our core now and for more than 50 years, we can - and should - have robust conversations on how to build a renewed NCHER and how best to deliver the most-valued services to the membership as efficiently and effectively as possible. I look forward to being a partner with you in the realization of this vision.

The next six months are going to be incredibly impactful for the students and families that each of our organizations serve in our respective states. For the first time in about a year, the U.S. Department of Education and its Office of Federal Student Aid (FSA) are talking about moving all student and parent borrowers back into repayment on their federally held loans. This is an important milestone coming out of the pandemic and a monumental task that will fall not only to federal student loan servicers, but state and nonprofit organizations who have close relationships with students and parents. It is currently unclear when the U.S. Supreme Court will rule on the constitutionality of the Department’s federal student loan forgiveness program, setting the 60-day clock for the restart of repayment; how FSA will carry out its plan to provide additional time to struggling borrowers to resume their payments; or what approach the White House will take if the court strikes down the program. Obviously, these three questions are

central to payment restart, but the messaging coming from federal officials is refreshing compared to where we have been for the last three years. Later this month, FSA will finally release the new FAFSA [Free Application for Federal Student Aid] that is supposed to streamline the student aid application process. All state and nonprofit organizations will need to work in partnership with our federal and state stakeholders and institutions of higher education to reach out to students and families and assist them with the new form and technology so they can complete the required information and access financial aid on time. The New Hampshire Higher Education Assistance Foundation Network has been proactively working with our state partners so that we are ready to go in support of FAFSA completion come December, and I know that many of you are as well.

As of today, the Department and FSA are continuing to implement the special mandatory assignment process and Fresh Start for guaranty agencies. The Department is finalizing a new and significantly generous Income-Driven Repayment plan that is likely to incentivize more borrowers to consolidate into the Direct Loan program to receive the benefit. FSA just selected the winners of its Unified Servicing and Data Solution or USDS, which will be responsible for carrying out its vision for federal student loan servicing. States are continuing to enact new laws or regulations around student loan lending and servicing. And Congress is in the middle of the annual budget and appropriations process that will determine the funding levels for many postsecondary education programs, including whether our guarantors can continue to receive Account Maintenance Fees in support of college access and success activities. Clearly, NCHER and its staff are essential to influencing federal and state policies while mitigating challenges to our portfolios, assisting us in working with state regulators, and giving us the tools to carry out our public service missions to help students and their families.

Once again, thank you again for attending today's meeting and the NCHER Annual Conference. I look forward to having robust discussions over the next few days on those issues that impact you to make sure that NCHER is effectively representing your interests at the federal level.

NCHER Board of Directors Meeting – June 5, 2023
Treasurer’s Report – Wendy McAlister

The Treasurer’s Report includes the NCHER Profit and Loss Statement as of April 30, 2023 and the proposed budget for the fiscal year ending June 30, 2024.

NCHER Profit and Loss Statement as of April 30, 2023

As of April 30th, NCHER had recorded approximately \$871,000 in total revenue, including membership dues, committee and meeting income, conference income, interest and dividends and other miscellaneous income. Membership dues are approximately \$86,000 under budget due to the loss of six voting members and seven affiliate/standards members. Total committee and meeting revenue is over budget for the year as both Legal Affairs meetings were held in-person and virtually and were well attended. Conference income is under budget with lower than anticipated attendance at the Legislative and Leadership Conference. The number of attendees for the Annual Conference currently sits at 76 total registrants (63 paid registrants), which is slightly below the forecast.

NCHER has recorded approximately \$985,000 in operating expenses through the first ten months of the fiscal year. Most of the accounts are at budget or below budget and expected to stay that way through the end of the fiscal year. There are however, a few outliers. The filing fee line item is over budget as NCHER had to renew its business license with the District of Columbia. The renewal fee was not included in the original budget. Medical insurance is also over budget but this is a timing issue. Due to large premium increases, management elected to renew the current policy for 6 months and then move staff to the state exchanges. This has created a situation where the expense is frontloaded but should be at budget by year end. Auditing and 990 Preparation is also frontloaded due to year-end work that is completed during the first half of the fiscal year. Computer consulting, computer software and web administration are all over budget and are expected to remain over budget for the year. Management moved to a single computer consultant as planned but did not realize the amount of savings anticipated by the budget. Finally, the Miscellaneous line item includes \$76,940 in refunds of contributions received in the prior fiscal year to cover legal expenses associated with possible litigation involving the Department of Education’s special assignment process. While all refunds have been paid out, a few members asked that NCHER apply the refunds to their dues payments for this upcoming fiscal year.

Looking at the bottom line, NCHER had recorded a net operating loss of approximately \$114,000 as of April 30th. With the addition of \$11,200 in realized and unrealized gains on investments, NCHER’s net loss as of April 30th was approximately \$102,700, including refunds of \$77,000. Excluding the refunds, the net loss is approximately \$25,000. Although the Board originally projected a budgetary operating deficit of approximately \$261,600 for the year, the expectation is that we will end the year with a net ordinary loss of approximately \$264,900 (net of refunds).

NCHER Budget for Fiscal Year Ending June 30, 2024 (FY 24)

A few items of note with respect to the FY 24 budget:

- **Membership Dues:** This line item includes \$710,000 for membership dues which assumes the loss of three voting member members.
- **Committee and Meeting Income:** This line item includes \$25,000 for registration fees associated with two Legal Meetings. This anticipates an in-person meeting in November (to be held at the law offices of McGlinchey Stafford in New Orleans) and one virtual meeting in the spring.
- **Conference Income:** This line item includes \$105,750 for the NCHER Advocacy Fly-In (previously the NCHER Legislative and Leadership Conference) and the Annual Conference. Management is proposing to move to a meeting format for the Fly-In given the low attendance last year for the Legislative and Leadership Conference.
- **Advocacy Consultant Expenses:** This line item totals \$172,000 for advocacy consultants, including the renewal of the contract with the Penn Hill Group at a slightly higher rate (increase of \$500 per month) and a reduction in the contracted hours for NCHER's Senior Advisor to less than full time.
- **Communications Expenses:** This line item includes \$48,000 for the Penn Hill Group's work on the NCHER Daily Briefing and other public relations work, a significant reduction over the prior year primarily due to the Board's decision to move to a two-day a week publication of the Briefing.
- **Corporate Insurance:** This line item is budgeted at \$7,000, which reflects NCHER's decision to drop the organization's umbrella coverage.
- **Personnel Expenses:** Salaries to be discussed in executive session. In addition, the personnel expense budget reflects the decision to no longer contribute 13.7% of an employee's salary once he/she hits the Social Security earnings limit into their 401(a) account. NCHER will however, continue to contribute 8% of salary into the 401(a) account.
- **Professional Fees:** This line item includes \$20,000 for accounting and review services, reflecting a cost savings associated with the move to a single bookkeeper.
- **Telecommunications Expenses:** The budget for this category of expenses is \$24,000 including costs associated with CommonLine, computer consulting, computer equipment, computer software and internet service. The total reflects savings associated with moving away from the current telephone provider.

- Committee and Conference Expenses: The budget includes expenses associated with one in-person Legal Affairs Meeting, the Advocacy Fly-In and the Annual Conference.
- Net Ordinary Income (Loss): Looking at the bottom line, the proposed budget would result in a net ordinary loss of approximately \$145,000.

NCHER Board of Directors Meeting – June 5, 2023
President’s Report – James Bergeron

Good morning and welcome to Ft. Lauderdale!

Before I begin, I just want to thank Christiana Thornton for her almost two-year tenure as Chair of the NCHER Board of Directors. Even though she didn’t sign up for it, Christiana has done an amazing job as the leader of NCHER while steering NHHEEF forward back in New Hampshire. Since her first day on the job, Christiana always impressed upon me the importance of putting the interest of the membership front and center, putting aside personal feelings or political beliefs. We’ll be sure to remember those wise words as the Board begins the strategic planning process and examines the future of NCHER and its membership later today. I also want to thank Wendy McAlister for her steadfast stewardship of NCHER’s finances. It is no secret that we’ve had some challenging times. The Board made a commitment to maintain our current membership services through the COVID-19 pandemic and subsequent extensions of the federal student loan payment and collections freeze and to use reserve funds to cover budget shortfalls – the result of which were detailed in the Treasurer’s Report. While we’re not out of the woods yet, Wendy’s focus on putting in place more efficient and effective operations has allowed us to reduce administrative expenses without much impact to the value proposition of NCHER.

For more years than I can count, my reports have talked about how current and future higher education policies are unsettled and how we may have a clearer picture later in the year. Looking at the current list of threats that our members are facing and the actions that have occurred over the last few months or expected to take place in a few weeks, I can say with a fair amount of certainty that there’s probably more clarity right now than ever before. We know that the U.S. Supreme Court is going to rule on the constitutionality of the federal student loan forgiveness program this month. We know that the federal student loan payment and collections pause is going to end in August. We know that most of our members will largely complete the special mandatory assignment process this year. We know who the winners are of the Unified Servicing and Data Solution (USDS) procurement. We know what the U.S. Department of Education wants to do on third-party servicing, even if there won’t be a regulatory package until the winter. We know the specifics of the new Income-Driven Repayment (IDR) plan. We know about the Consumer Financial Protection Bureau’s plans for its registry for nonbanks and its policy statement on Unfair, Deceptive, or Abusive Acts or Practices. We may not be entirely pleased with the general direction that the federal government and states are moving in, but the uncertainty that our industry has faced seems to be subsiding.

It’s been a busy two weeks for White House officials and members of the U.S. House of Representatives and U.S. Senate. While many of us were enjoying time with our families and friends on Memorial Day, federal policymakers were busy crafting a bipartisan, bicameral agreement dubbed the “Fiscal Responsibility Act” to raise the nation’s debt

ceiling. Of interest to the NCHER membership and maybe a surprise to many observers, the compromise agreement requires the Department of Education to restart payments on federally held loans no later than the end of August and caps discretionary spending for the next two years. The House-passed version of the legislation prohibited the Department from moving forward on its federal student loan forgiveness program and new, generous IDR Plan but those provisions were dropped from the final agreement.

While the White House says that the budget agreement simply codifies its plan for restarting federal student loan payments and Education Secretary Miguel Cardona has been quoted extensively saying that the agency was committed to repayment, the legislation is notable in that it really restricts the options that the Department has if the U.S. Supreme Court overturns the loan forgiveness program. As we have talked about extensively, progressives have masterfully moved the goal posts when it comes to loan repayment (first, it was about helping struggling borrowers, until it was about implementing improvements to the federal student loan servicing system, until it was about the Supreme Court's ruling, and now it is until the White House is able to deliver on its promises for loan forgiveness made in the campaign). These left-leaning groups are rightly upset that the White House agreed to the language in the "Fiscal Responsibility Act" since they were hoping that the payment pause would be extended again.

The inclusion of student loan policies in the Republican debt ceiling package – and the criticism that House Republicans have endured from conservatives for dropping the loan forgiveness provision from the final agreement - solidifies the view that higher education is one of the most polarizing issues separating Democrats from Republicans. I've never been one to believe the conventional wisdom back in the 90s that higher education was a bipartisan or apolitical issue – Congress was only able to reauthorize the Higher Education Act because both parties put the more controversial issues to the side. Once that détente was jettisoned, we haven't had much bipartisan success on student loan policy. But the issue largely stayed out of party politics and bright line policymaking. But now, higher education finance is front and center on the minds of House and Senate members, conservatives and progressives. This recent development is going to have a huge impact on the ability of House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) to move any legislative package on higher education, even a narrowly tailored package to expand Pell Grant eligibility to short-term programs. Her members will simply ask – "why are we expanding Pell Grants when my constituents want us to reverse Cardona's policies?" That's a tough question to answer.

The area of the budget agreement that hasn't received a lot of press is the new limitations on discretionary spending. The agreement sets out overall funding levels for both defense and nondefense discretionary spending, which includes those programs under the Department of Education. Under the agreement, topline federal spending will grow by about 1 percent over the next few years. House and Senate Republicans want to provide substantial increases to national security programs, which means that

nondefense programs will have to bear the brunt of budget cuts. I would think that it would be difficult to see how Congress passes a Labor, Health and Human Services, Education Appropriations Act with major investments in Pell Grants or even increases in student aid administration with so many competing priorities across the federal government. It is also worth noting that, at the same time Secretary Cardona and Federal Student Aid (FSA) Chief Operating Officer Richard Cordray are talking about the need to substantially increase student aid admin funds so they can carry out the Department's priorities, the "Fiscal Responsibility Act" rescinds FSA funds provided through the America Rescue Plan Act. It's not a lot of money but a reminder that it's hard for Members of Congress to care about administrative funds when they are trying to plus-up other programs or want to cut the federal budget. This is an important point to keep in mind as the House and Senate continue their work on the appropriations process for Fiscal Year 2024.

Back to the federal student loan repayment and collections pause. Like you, I am aware that the "Fiscal Responsibility Act" does not include language stipulating how the Department and FSA are to carry out payment restart. The Department could simply grant all borrowers additional forbearances if they miss payments come September. My sense is that the White House, Department, and FSA are keenly aware that they will be judged by the success of moving millions of borrowers back into repayment and that it's better that that happen now as opposed to during the campaign. My prediction is that they'll put in place additional, but somewhat limited, flexibilities for those borrowers most at risk of delinquency or default. One of the biggest questions is whether the new IDR plan is going to be ready to enroll borrowers prior to restart. The Notice of Proposed Rulemaking (NPRM) revising the Revised Pay As You Earn Repayment Plan just went to the White House Office of Information and Regulatory Affairs (OIRA) two weeks ago. Under the usual process, OIRA takes 2-3 months to review a proposed rule where interested parties can meet to lay out their concerns and suggestions for improvements. So we're looking at an NPRM being released sometime in August for early implementation. It will be a tight turnaround, but it could assist the Department in moving borrowers back into repayment and soften the blow if the highest court likely determines that the loan forgiveness program is unconstitutional.

With the upcoming end of the payment and collections pause, FSA is also scheduled to end the payment of lost revenue to guaranty agencies. This will begin a new phase for our guarantors who are currently focused on carrying out the requirements under Fresh Start and moving loans to the Department under the special mandatory assignment process that should be completed by the end of the year. Based on previous discussions, it's an open question on what will occur with collections over the next few months, especially as the Department continues to pressure agencies to follow their lead on not charging collection costs. While we'll continue to talk to our guarantors about the best path forward, it makes those discussions around the transition fee and potential Voluntary Flexible Agreements all the more important.

Even though the Department and FSA are struggling to carry out all of its priorities, it hasn't stopped the agency from moving full speed ahead on its regulatory agenda. As you recall back in April, the Department announced its intent to create a negotiated rulemaking panel to amend federal regulations related to existing guidance on third-party servicers, changes to the standards and requirements for issuing forbearance and deferments, particularly in related to income-driven repayment, improvements to the Federal TRIO program, the accreditation process, state authorization, cash management, Return of Title VI aid, and distance education. We anticipate a call for negotiators to occur in the next few weeks. NCHER will continue to monitor the regulatory process to ensure that potential new regulations don't impede our members' ability to work with institutions of higher education to assist borrowers in getting out of delinquency and default.

Recently, FSA announced the winners for its procurement for a Unified Servicing and Data Solution, which went to several large federal student loan servicers to service the Federal Direct Loan portfolio. This could be the conclusion of a process that began in 2015 with the move to a single servicer, which then pivoted to the development of a single platform, and now envisions separate servicer websites and co-branding in the short-term as FSA revamps studentaid.gov and its processes for transferring loans that will be used to penalize low-performing contracts. Now, we'll see how FSA intends to carry out the provisions included in the procurement, how specialty servicing housed with the Business Process Operation vendors, will work within USDS, and what is FSA's timeline for success.

Over the next few months, it is important that NCHER continues its robust advocacy efforts to influence many of these issues that impact our membership. While Congress may struggle to complete the Fiscal Year 2024 budget and appropriations process, it is imperative that our members have a voice in the higher education policy debates taking place in Congress and with the Biden Administration especially if there is a chance that a bipartisan agreement can be reached on short-term Pell Grants. We also need to be sure that our one-year extension of Account Maintenance Fees continues to get included in the Continuing Resolution, the Labor, Health and Human Services, Education Appropriations Act, or Consolidated Appropriations Act that may get completed before the end of the year. I'm working with the NCHER Government Relations Committee to schedule the next Advocacy Fly-In sometime in September or October which will allow us to meet with Congressional leaders and the Biden Administration officials to discuss and push for our priorities.

Considering the current challenges impacting our members, I continue to be proud of their work and ability to focus on their public service missions to help students and families. It's why I think the upcoming strategic planning process is so important. It will allow us to put in place a vision, a mission, and strategic goals that will better position NCHER and its membership for success in the future, not just for the next three years, but for the next decade if possible. I continue to believe that there is a major role for NCHER and its members to play in influencing federal and state higher education

finance policy, and I continue to believe that NCHER is well-positioned to play a leadership role focused on advocacy, communications, legal and compliance, and operational issues impacting federal, state, and private student aid on behalf of its members. We may be a little smaller (not as small as others though) and we may do things a little different than in the past, but I think that our broad and diverse membership needs a strategic partner who can assist them in mitigating risks and taking advantage of the opportunities in the federal higher education finance space.

Over the last three years, the NCHER staff has worked to carry out the provisions of the Strategic Plan put in place in late 2020. Though a lot has changed in this short period of time, I think it's important to recognize our successes. As a recap, the NCHER Strategic Plan for 2021-2023 identified 40 strategic solutions – broken down into short- and long-term solutions – to better position us to meet our four strategic goals. Our four strategic goals, which are really key to the daily activities of a trade association, include the following:

- Ensure that NCHER is a trusted, active, and credible resource and advocate for its members, federal and state policymakers, and other higher education stakeholders so it can effectively influence the legislative and regulatory processes.
- Deploy a communications strategy that promotes the successful work of the NCHER members' services on behalf of students and families, consistent with the advocacy agenda.
- Provide effective and efficient high-quality support and professional development to members, including sharing of best practices in support of the NCHER members' services that assist students, families, and borrowers in accessing and completing postsecondary education.
- Engage and collaborate with our higher education partners on matters of mutual interests while continuing to promote and create membership services that are unique to NCHER.

To date, we have made significant progress on 26 of the strategic solutions. While some of the efforts are ongoing and central to our growth, other areas were new initiatives or new approaches that have been implemented by the staff. They include the following:

- Narrowly tailored NCHER's advocacy priorities to 5-10 issues so that they are more manageable for the staff and membership, which has helped us be more focused during meetings on Capitol Hill.
- Implemented a new membership dues structure to better capture the full value of services provided to its members, which also included putting in place a new tier-based approach.
- Recruited more members to join NCHER consistent with the target sectors included in the NCHER Membership Plan, though this has recently been a challenge.

- Held Congressional staff briefings to reinforce the value proposition of NCHER's members and the services offered to students and families, which we've set a goal to do every two years.
- Continued to ask more of the Penn Hill Group on participating in membership calls, policy development, etc., even at a reduced pricing structure – Alex Nock is on every monthly membership call and engaged daily in NCHER's work.
- Requested that the Board make a financial commitment to the organization through greater sponsorship, which has been the case at this conference.
- Directed the Executive Committee to explore new and sustained efforts to increase income and/or reduce expenses to stabilize the organization's operations over the next decade, an effort begun in March and continues with the current budget.
- Served as a legal knowledge resource for the higher education community, leveraging the work of our law firms, which is reflected in the program agenda for this conference and better-than-expected attendance at the NCHER Legal Meetings.
- Examined ways to encourage active participation during monthly membership calls, including bringing in outside representatives to speak.
- Examined ways for NCHER to assist its members expand into workforce development at the federal and state levels, which includes putting together relevant and engaging sessions at this conference and past conferences.
- Held leadership-focused sessions on ways for the membership to share ideas on diversifying their business opportunities and other timely topics, which included holding multiple webinars and conference sessions to highlight the strategic work of industry leaders.
- Examined the organization's membership services and implemented additional changes to NCHER's membership services to promote more efficient operations, which includes recent changes to the *NCHER Briefing*.
- Provided conference discounts to first-time attendees and continued to provide discounts to multiple attendees to encourage NCHER members to send multiple participants, which we're seeing bear fruit with this conference.
- Continued to hold monthly meetings with key associations such as the Education Finance Council and Student Loan Servicing Alliance, which continue to happen on a regular basis and resulted in numerous joint letters being drafted and sent to the Biden Administration.
- Encouraged the NCHER staff to deal with the executive leadership as much as possible, which is augmented by small group sessions and other meetings at our conferences.

Over the years, we've struggled with collecting enough borrower-friendly stories from the NCHER membership, engaging more of the membership at the federal level to facilitate state and local connections between NCHER members and Congress (even though we did hold a Government Relations 101 webinar last year), and continuing to rebrand NCHER and its membership as student support organizations and higher

education service providers. We also prioritized some strategic goals over others, meaning that we were not able to achieve many of the communications approaches laid out in the Strategic Plan. With staff constraints, we weren't able to hold periodic calls of Chief Financial Officers, Human Resources Directors, or other professionals where they could share input and ideas, nor create opportunities for new leaders to take an active role in NCHER to recruit and develop new subject matter experts in the industry.

I look forward to working with the Board over the next six months to take an environmental scan of where we are and then to develop and lay out a plan for where we are going and, more importantly, where we need to go. Like you, I'm ready to get to work.

With that, I want to thank the Board for their support of NCHER, our mission, and our work to promote the membership. I'm happy to answer any questions that you may have.