

2/3/09

**Opening Statement: Executive and Legislative Nominations Committee**

Senator Looney, Representative Janowski, members of the Committee. My name is Michael McKeeman and I am honored to appear before you today as Governor Rell's nominee to continue to serve as Chairperson of the Connecticut Higher Education Supplemental Loan Authority (CHESLA).

I am a lifelong resident of Connecticut and now reside with my wife Mary, Director of Curriculum and Instruction for the Seymour Board of Education, in Middlebury. Professionally, I am a Senior Vice President with Wachovia Bank, NA, recently acquired by Wells Fargo, and have worked in the financial services industry since 1984.

In 1995, I was appointed to CHESLA's Board in fulfillment of the requirement that a Board member have knowledge and experience in state and municipal finance. In 1999, I was asked to serve as Board Chair and was confirmed then by this honorable Committee.

Like many of my generation, I was the first in my family to attend and graduate from college, earning a bachelor's degree from the University of Connecticut in 1974. Subsequently, I earned a Master of Public Administration degree from the University of Massachusetts and a Master of Business Administration degree from the University of New Haven. I can certainly attest to the personal and professional value that higher education affords and I can also attest that none of the above could have been accomplished without the availability of various forms of student loans and assistance.

CHESLA was created by the General Assembly in 1982 to help students and their families meet the costs of higher education. CHESLA is a supplemental loan source for students who do not qualify for need based loans or whose borrowing requirements exceed limits allowed in traditional federal programs. CHESLA achieves its mission through the issuance of tax-exempt bonds under the State's private activity bond cap and bond proceeds are used to fund the CHESLA Loan program. CHESLA Loan has traditionally offered fixed rate loans with extended repayment terms to qualifying students attending public or independent colleges in Connecticut and to Connecticut residents that choose to attend college anywhere within the United States. CHESLA's program supplements the Stafford loan program and compares favorably with the Federal Parent Loan for Undergraduate Students (PLUS Loan) program.

CHESLA is a great success story. I think we all recognize that access to higher education is one of the keys to Connecticut's future. As recent events demonstrate, we need to make sure that our students are prepared for a rapidly changing economy. CHESLA serves this end by providing affordable financing to motivated students who might not

otherwise be able to attend the school of their choice. The direct benefit to these students is obvious. Less obvious, but perhaps no less important, CHESLA's loan program strengthens the public and private schools that call Connecticut home. CHESLA's loan program helps Connecticut schools remain competitive as they seek to attract a broad and diverse student population. Their success benefits the communities and regions in which they are located. As examples, consider the positive impact on local economies of schools such as Quinnipiac, Sacred Heart University, Southern and Central Connecticut State Universities and the University of Hartford. Many students attending these schools are able to do so because of support provided by CHESLA.

A few facts serve to illustrate CHESLA's impact. Since 1985, over 28,212 loans totaling \$282.1 million have been originated. Our latest round of funding allows CHESLA to now offer fixed rate loans at 6.99%. Thanks to the hard work of CHESLA's staff, the Authority's net default rate is approximately 2.38%, well below the FY 20071 national cohort default rate of 5.2%.

CHESLA continues to make qualitative advances to its program. Among these are loan servicing enhancements, an updated web site with an easy to navigate on-line application link and amended borrowing indentures that allow CHESLA to flexibly respond to financial market developments. CHESLA's staff has put together a strategic marketing plan that features a proactive outreach program to state high schools to make sure as many students as possible are aware of the program's benefits. In addition, CHESLA's staff has been an active participant in the Department of Higher Education's GEAR UP and KnowHowtoGoCt programs as well as a number of statewide early college awareness activities.

In conclusion, it has been a distinct pleasure to have been associated with CHESLA. Its success, past and present, is owed entirely to the talents of a small but dedicated staff and the committed support of its Board of Directors. I hope that I have made a positive contribution in the years that I have been associated with CHESLA and I ask for this Committee's confirmation that I may continue to do so.

Thank you and I will be pleased to answer any questions.