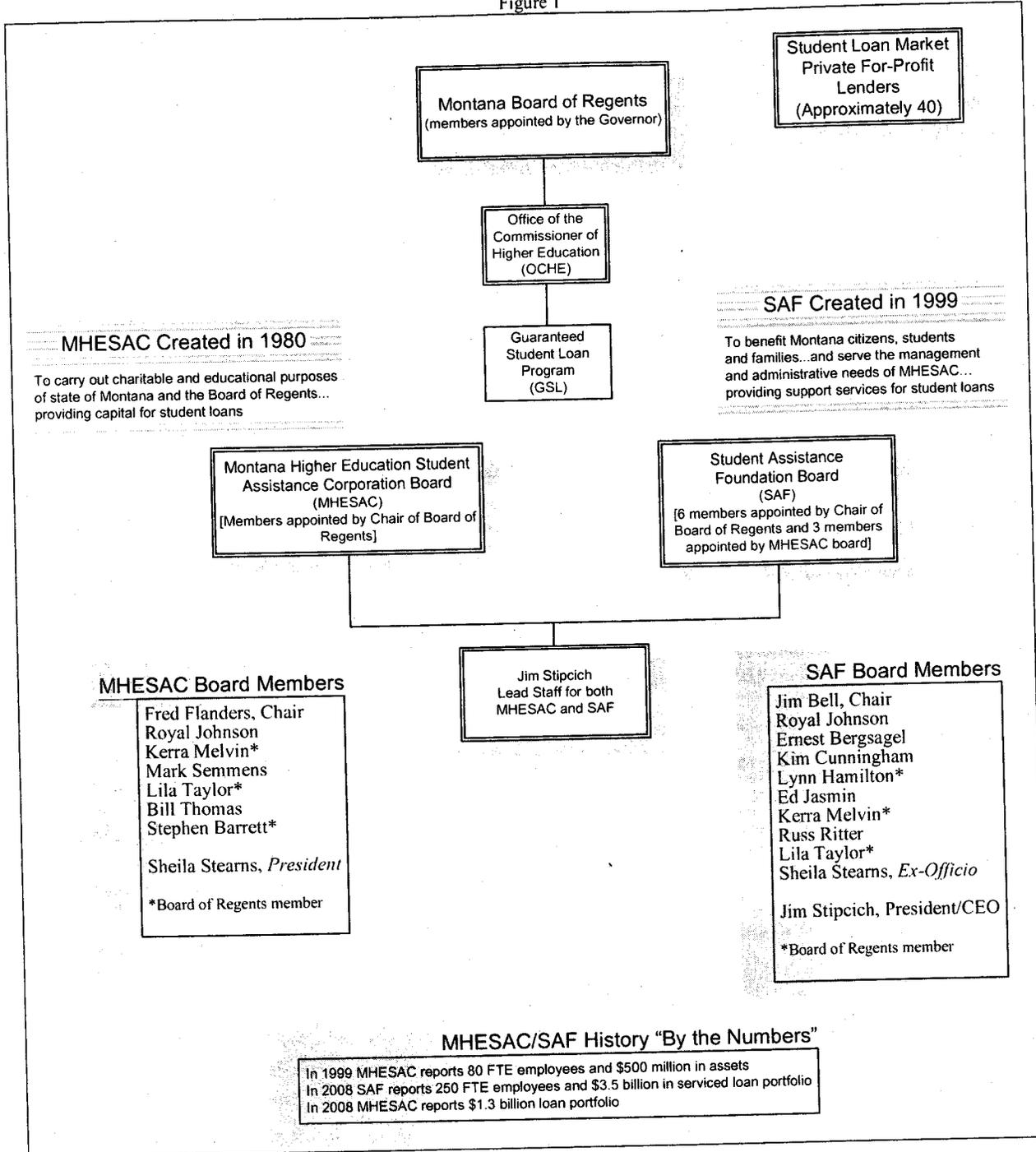


Figure 1



As Figure 1 illustrates, the Montana Board of Regents appoints members to both boards of directors and three Regents serve on each board. In addition, the Commissioner of Higher Education, Sheila Stearns, serves as the lead corporate officer of MHEAC and serves as an ex-officio board member of SAF. Therefore, there is coordination between the Regents and these two private corporations that were created for a public purpose and public benefit on behalf of the Montana Board of Regents. It should also be noted that while MHEAC has the largest market share of the Montana student loan market, there are also approximately 40 additional private, for-profit lenders that include institutions such as U.S. Bank and Wells Fargo who make student loans in Montana.

Testimony of: Mick Robinson

Deputy Commissioner of Fiscal Affairs
Montana University System

- The Montana Guaranteed Student Loan Program, on behalf of the Board of Regents, administers the federal guaranteed student loan program in Montana, through the Office of the Commissioner of Higher Education. The Board of Regents serves as the guarantor and, as the guarantor of federal student loans, we have a keen interest in SJ9.
- In Montana the student loan program is a huge success story. We look forward to this study because it will share the good news story of student loans in Montana. For example, Montana has just a 2.3% cohort default rate (one of the lowest default rates in the country).
- Third WHEREAS - Presently all educational institutions in Montana participate in the Federal Family Education Loan Program (FFELP), which utilizes local financial institutions as lenders backed by a federal guarantee. It has been many years since any educational institution participated in the Federal Direct Loan Program (students borrow directly from the federal government).
- As noted in the final WHEREAS, The Office of the Commissioner also administers significant financial aid on behalf of the State of Montana. I am providing you a handout detailing the student assistance activities handled by the Office of the Commissioner.
- The study will bring to light all of the value-added services Montana residents and students receive at no or low-cost thanks to the student loan program. For example, MGSLP administers the State's 529 College Savings Plan, the Governor's Best and Brightest Scholarship, and the Quality Educator Loan Forgiveness Programs.
- Most student loans in Montana are guaranteed by MGSLP. As an entity of the State, MGSLP and the Board of Regents act in the best interest of students. More than 50 local employees (none of whom are paid with State General Fund) work to carry out the Regent's mission of improving access to postsecondary education. The study will capture the good work done by student loan programs in Montana.
- There appears to be a glaring omission in the BE IF FURTHER RESOLVED section of the resolution. The issue of financial assistance to students appears to take a backseat to the student loan issue. It would seem to me that state financial assistance should take precedence in the report to be presented to and reviewed by the Legislative Finance Committee. I would ask that policy options regarding State financial aid to students be amended into that section of the resolution.