

## SUPPLEMENTAL MATERIALS

### AGENDA ITEM VII-D

Consideration and possible action to adopt the recommendation to contract with a vendor to provide software for supporting and servicing the agency's student loan programs.

RECOMMENDATION: Approval

#### Background Information:

The Texas Higher Education Coordinating Board (THECB) is requesting approval to contract with Nelnet, not to exceed \$10 million for a four-year contract and four one-year optional renewals to provide software for supporting and servicing the agency's student loan programs. During its January 2021 quarterly meeting, the Board approved the issuance of a request for offers for new student loan software up to \$8 million. The four-year contract does not exceed that total; however, the agency requests additional authority up to \$10 million to allow the agency to utilize up to four one-year extensions if needed.

The division established an evaluation committee to review all vendor proposals, and it selected a final vendor based on the most favorable functionality and pricing.

The THECB student loan programs require specialized loan software. There are very few vendors developing and supporting student loan servicing software.

- The software supports loan origination, servicing, and litigation functions for all student loan programs.
- The current contract expires at the end of June 2023.
- The largest loan programs using this software are: College Access Loan (CAL), B-On-Time (BOT), and the Texas Armed Services Scholarship Program (TASSP).
- The THECB issues approximately \$150 million of loans and related bonds annually.
- The THECB currently services over \$1.6 billion of student loans.
- The THECB sells tax-exempt private activity bonds to support the CAL program's loan funding needs. The Texas Armed Services Scholarship Program is funded with general revenue.
- The THECB is required to maintain compliance with various state statutes, Securities Exchange Commission rules, and Internal Revenue Service regulations.

- The bonds are general obligation bonds that are backed by the state with a AAA credit rating based on April Moody's and Standard & Poor's ratings.

Student Loan History (all loans)

Fiscal Year	Outstanding Balance
2014	\$1.21 billion
2015	\$1.29 billion
2016	\$1.38 billion
2017	\$1.47 billion
2018	\$1.61 billion
2019	\$1.67 billion

Charles Contero-Puls, Assistant Commissioner for Student Financial Aid Programs, will present this item to the Board and is available to answer any questions.