

1980s GROWTH & AFFORDABILITY



“The American people have always recognized that education is one of the soundest investments they can make.”

—President Jimmy Carter

In the eighties, enrollments on college campuses continued to grow, topping over 11 million students, more than half of whom were women (*Digest of Education Statistics, 2003*). But as attendance increased, so did the cost of a college education. What hadn't changed were the annual borrowing limits on GSL loans. Those had remained static since 1972 despite the fact that the cost of college was rapidly rising. Compounding the issue of increasing college costs, the country was experiencing a recession and families were left searching for affordable ways to finance a college education.

Vincent Maiocco, now president of CSLF, was aware of the plight of Connecticut families and led the

charge. Noting that more students were not only entering college, but were also enrolling out of state, CSLF began taking its loans beyond the Connecticut border. Families were also looking for alternative ways to pay for college. The establishment of the Parent Loan for Undergraduate Students (PLUS) and the Auxiliary Loan to Assist Students [ALAS, later renamed Supplemental Loans for Students (SLS)] opened doors for many families who needed to supplement the limited GSL loans. CSLF joined this new program guaranteeing more than 1,600 PLUS loans during its first year.

By now, the complexity of the federal student loan process had families calling for the simplification of

the financial aid system. CSLF decided to respond to the call and stepped out of its traditional guarantor role. In 1980, CSLF established its servicing department, Connecticut Assistance for Loan Servicing (CALS). CALS not only serviced CSLF-guaranteed loans, but also the State of Connecticut's secondary market portfolio (Susie Mae) and other state loans. After the first year in operation, the CALS servicing team had handled

\$37.6 million in student loans and, remarkably, within five years, its servicing volume had increased to more than six times that amount.

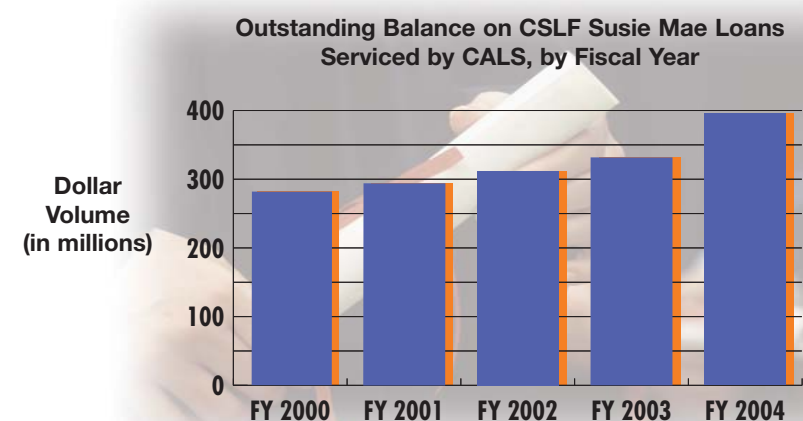
CSLF could now see first-hand how families were having trouble making ends meet due to the sagging economy and increasing debt burdens. CSLF strategically counseled borrowers until federal legislation created the Consolidation Loan program.

“CSLF offers exceptional customer service to both schools and borrowers. As but one example, Gordon College once asked CSLF to pre-print approximately 200 Master Promissory Notes for our students shortly before fall registration. Within hours of the request, a CSLF staff member delivered the notes...and with a smile.”

—Barbara Layne,
Associate Vice President,
Student Financial Services,
Gordon College

“Hundreds of thousands of young people in our state, who might otherwise have been denied the opportunity to go to college, have been able to take advantage of higher education because of the loans guaranteed by the Foundation. The education of these young people has been, and continues to be, a vital part of the progress of our state and nation.”

—Connecticut Governor William O'Neal (1981)



CSLF as a Servicer

The Connecticut Assistance for Loan Servicing (CALS) is the loan servicing department within CSLF. CALS is a servicer for both FFELP and private loan programs. As of September 30, 2004, CSLF Susie Mae had an outstanding loan portfolio of almost \$400 million. The loan balance for portfolios held by outside lenders and serviced by CSLF was more than \$100 million.



1980

Vincent Maiocco is named president of CSLF. Parents of dependent undergraduate students can now borrow under the Parent Loan for Undergraduate Students (PLUS). Independent borrowers and graduate students may borrow through Auxiliary Loan to Assist Students (ALAS). CSLF's servicer, Connecticut Assistance for Loan Servicing (CALS), is established.

1981

CSLF guarantees \$1 billion in loans, helping needy families and students access a college education.



1984

CSLF is able to guarantee any GSL or PLUS loan to borrowers, schools or lenders who have a direct relationship with the State of Connecticut.

1985

Consolidated Omnibus Budget Reconciliation Act (COBRA) broadens default definition to 180 days delinquent, requires multiple disbursements and that loan proceeds be mailed to schools.



1980s

GROWTH & AFFORDABILITY *Continued*

CSLF as a Lender and Secondary Market

As a lender, CSLF is able to make FFELP loans available to students and parents, including Federal Stafford Loans (Subsidized and Unsubsidized), Federal PLUS Loans and Federal Consolidation Loans. CSLF Susie Mae (lender code 828614) is the lender of last resort for Connecticut. In order to provide choices for both borrowers and schools, CSLF also serves as a Sallie Mae lender. CSLF achieved a new record in lending volume in FY 2004, when it originated \$191 million in loans.



In 1987, CSLF began guaranteeing Consolidation Loans, providing borrowers with the option to combine their student loan debt into one loan and possibly extend repayment.

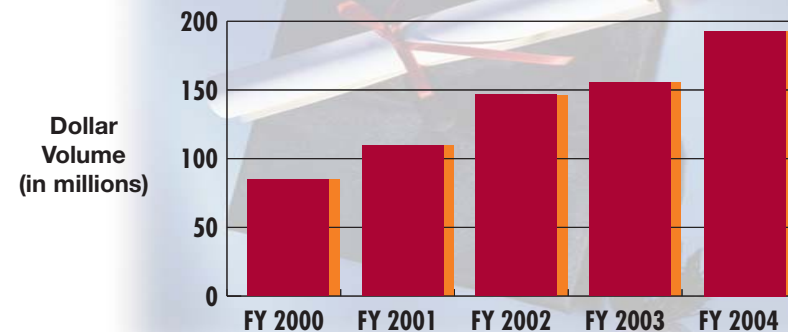
It was becoming clear that CSLF needed to consolidate its own operations as well. CSLF decided that the 162 staff members working out of two office spaces on Pratt and Asylum Streets in Hartford needed to come together under one roof. In 1988, CSLF built its own office building with 68,000 square feet of space in



Rocky Hill, Connecticut. A long way from its old offices, CSLF finally had the physical space to continue its growth.

students in response to the growing instability of the banking industry in the Northeast.

CSLF Total Lending Volume by Fiscal Year



CSLF's next step was the acquisition of the State of Connecticut's secondary market (Susie Mae) portfolio of almost \$40 million. CALS had been servicing loans under Susie Mae for almost 10 years, so CSLF was confident that the purchase would allow schools and families to enjoy better customer service with all of the processes housed under one roof with one management team. Shortly after the purchase of the Susie Mae portfolio, CSLF began making loans directly to

After only twenty-five years, CSLF had achieved exponential growth in both its size and array of services. The end of the decade marked a total of over \$2 billion in loans guaranteed. Now considered a bundled agency, CSLF's primary challenge during this period of growth was to maintain its commitment to individual borrowers. CSLF was steadfast in its belief that no borrower should be reduced to "just another number" in a complicated system.



1986
Reauthorization of HEA requires full needs analysis for determining federal aid eligibility (including GSL loans). Authority for Consolidation Loans is established.

1987
CSLF begins guaranteeing Consolidation Loans. The Electronic Funds Transfer (EFT) program is introduced.

1988
CSLF builds a new technology-ready 68,000 square foot home on Brook Street in Rocky Hill. GSL program name changed to Federal Stafford Loans, after Senator Robert T. Stafford of Vermont.

1989
CSLF takes on a new role as a secondary market by purchasing the state's \$40 million Susie Mae portfolio.



CSLF as a Bundled Agency

As a bundled agency, CSLF is able to process loans from beginning to end—something that few others in the industry can do. Being a relatively small agency, diversification of services as a guarantor, lender, servicer and secondary market has helped CSLF weather the storms of changing economic conditions and government subsidy policies.

