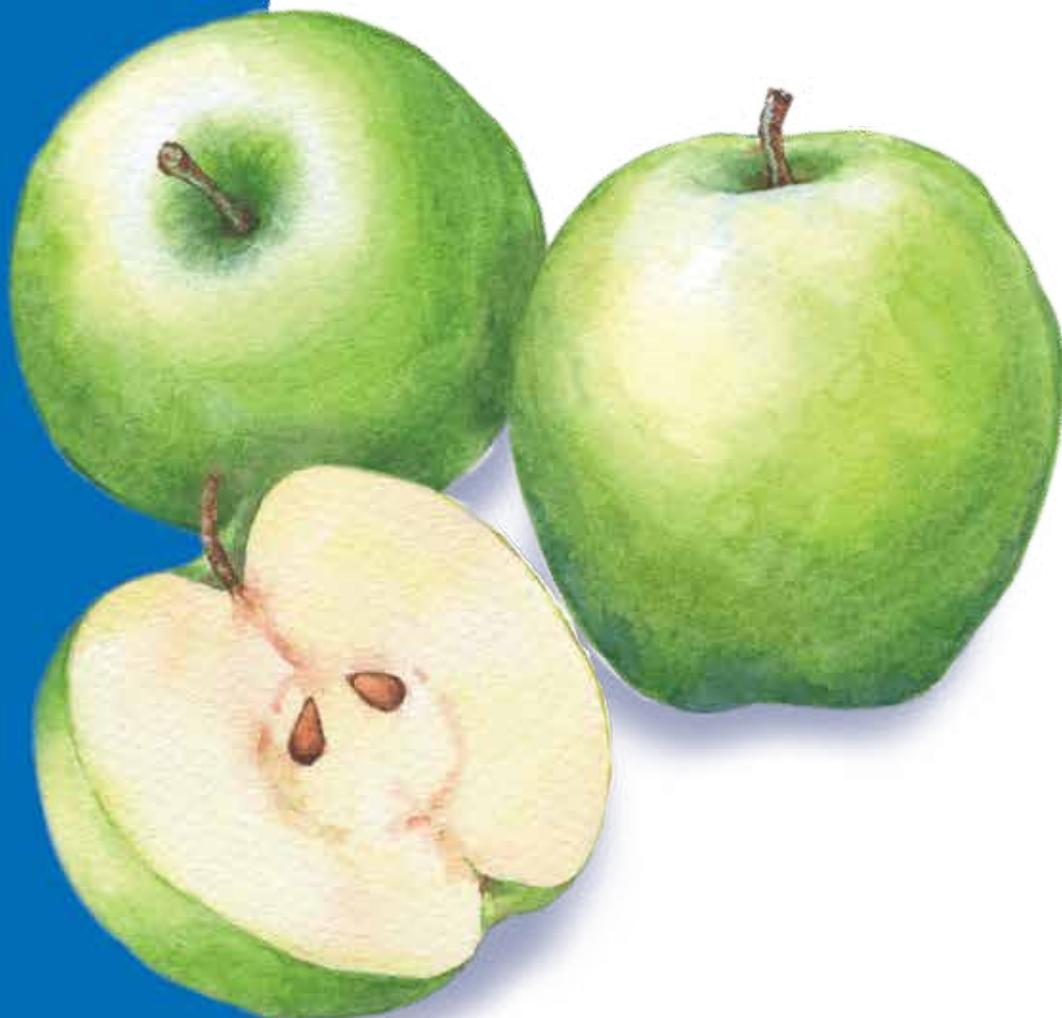




# 2016-17 Annual Report



**Serving Montana Students**

## Letter From The Chair

The Montana Higher Education Student Assistance Corporation (MHESAC) began its repositioning work in Fiscal Year 2016-17 to enhance what it provides to Montana students and citizens.

MHESAC continued to provide benefits to Montana student borrowers in the form of principal reductions, interest rate reductions and more. This year alone, MHESAC delivered over \$1.6 million in benefits bringing the total borrower benefits delivered since 1995 to over \$56 million.

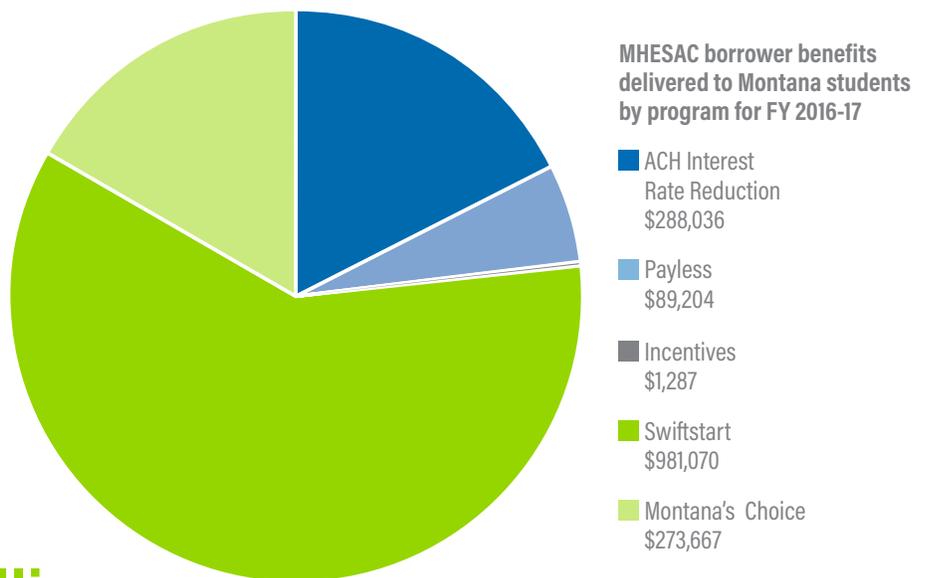
New in FY 2016-17, MHESAC assumed governance and funding for higher education preparation public benefit programs provided to Montana students and citizens through Reach Higher Montana. In FY 2016-17, MHESAC provided more than \$2.0 million in funding for Reach Higher Montana programs. Reach Higher Montana is doing great work to help Montana students prepare for and succeed in their pursuit of higher education opportunities.

Consistent with its ongoing 2012 bond structuring strategy, the company redeemed \$103 million in bonds in FY 2016-17, retiring that portion of the debt. Although key index rates rose during the year, rates are still low from a historical perspective allowing the company to perform in alignment with results projected and modeled five years ago. At the fiscal year-end, MHESAC's student loan portfolio totaled \$811.6 million. Also in FY 2016-17, MHESAC successfully solidified its expense horizon for the expected life of its outstanding bonds by transferring the servicing of its loan portfolio to a contracted sub-servicer (Aspire Resources, Inc.)

Our board of directors and management team are pleased to continue to reward MHESAC's customers with generous borrower benefit programs. We are also elated to be able to enhance the public benefits MHESAC's provides Montana citizens through Reach Higher Montana. In addition, we are proud of the stable MHESAC business performance established for MHESAC investors.



Mike Green  
Board Chair  
Montana Higher Education  
Student Assistance Corporation



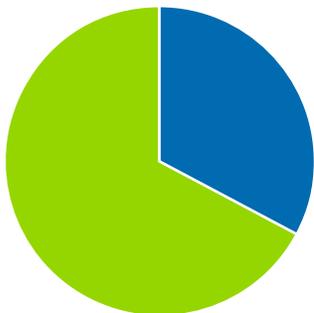
**Since 1995,  
MHESAC has  
delivered \$56 million  
in borrower benefits.**

**Montana Higher Education Student Assistance Corporation**  
**CONDENSED STATEMENT OF FINANCIAL POSITION**  
 June 30, 2017 and Comparative Totals for 2016  
 (expressed in thousands)

	2017	2016
<b>ASSETS</b>		
Current Assets	\$ 7,803	\$ 5,295
Restricted Assets	843,510	951,335
Other Assets	<u>8,253</u>	<u>8,803</u>
<b>Total Asset</b>	<b><u>\$ 859,566</u></b>	<b><u>\$ 965,433</u></b>
<b>LIABILITIES</b>		
Current Liabilities	\$ 89,374	\$ 106,875
Long-term Debt	<u>678,752</u>	<u>763,200</u>
<b>Total Liabilities</b>	<b><u>768,126</u></b>	<b><u>870,075</u></b>
Fund Net position	<u>91,440</u>	<u>95,358</u>
<b>Total Liabilities and Fund Net Position</b>	<b><u>\$ 859,566</u></b>	<b><u>\$ 965,433</u></b>

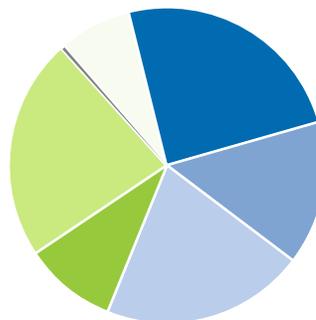
**Montana Higher Education Student Assistance Corporation**  
**CONDENSED STATEMENT OF ACTIVITIES**  
 Year ended June 30, 2017 and Comparative Totals for 2016  
 (expressed in thousands)

	2017	2016
Total Operating Revenue	\$ 29,497	\$ 29,443
Total Operating Expense	<u>33,415</u>	<u>33,727</u>
Increase (Decrease) in Net Assets	(3,918)	(4,284)
Fund Net Assets, Beginning of Year	<u>95,358</u>	<u>99,642</u>
<b>Fund Net Assets, End of Year</b>	<b><u>\$ 91,440</u></b>	<b><u>\$ 95,358</u></b>



**Sources of funding for Reach Higher Montana**

- Contributions/grants/fundraising  
\$945,095
- Internal funding  
\$1,937,175



**Uses of Reach Higher Montana funding**

- Programs delivery  
\$706,421
- Sponsorships & scholarships  
\$422,188
- Outreach programs  
\$593,002
- Grants  
\$278,614
- Board designated endowment  
\$647,605
- Fundraising costs  
\$10,047
- Administration  
\$216,606



# Reach Higher Montana programs

## Scholarships

Connecting students to scholarship funds to pay for higher education is an important and meaningful part of our work. In addition to 75 scholarships awarded through the Reach Higher Montana Scholarship program, we collaborated with partners to award scholarships recognizing community service in Montana, to support Montanans pursuing degrees in manufacturing fields, and to recognize and support student achievement in business and entrepreneurial pursuits.

*“Start where you are. Use what you have. Do what you can.”*

- Arthur Ashe

In addition, Reach Higher Montana funded access to Scholly, an app that helps students find and apply for scholarships nationwide. To date, Montana students have reported scholarship awards through Scholly totaling \$324,000.



## Outreach Services: Helping Students and Parents in Western and Central Montana

Reach Higher Montana advisors in Helena, Butte, Bozeman, Great Falls, Missoula, Billings, and Bigfork served over 26,700 Montanans in FY 17. An important part of the schools and communities they serve, these advisors help students complete the FAFSA, understand the college-going process, find and apply for scholarships, and learn how to balance

their college budgets with financial education.

*“Nothing is impossible, the word itself says, ‘I’m Possible!’”*

- Audrey Hepburn

Most importantly, these advisors offer encouragement for students and their families to pursue their higher education dreams.



## Helping Youth in Foster Care Pursue Higher Education

2017 marked thirteen years of partnership with the Montana Department of Public Health and Human Services to help youth aging out of the Montana foster care system successfully transition to higher education and the workforce.

As the contracted administrator for federal Education and Training Voucher funds, Reach Higher Montana helped 31 students access up to \$5,000 each to pay higher education expenses.

Through the Reach Higher Montana Summit, foster youth had the opportunity to experience a slice of college life over the course of four days on the campus of Montana Tech in Butte. With over fifty youth attending, this year’s summit was the largest one yet. At the summit, youth take mini-

*“What lies behind you and what lies in front of you, pales in comparison to what lies inside of you.”*

- Ralph Waldo Emerson

classes, stay in the dorms, eat in the cafeteria, and receive either a laptop computer or a life skills package depending on their post-high school plans. Most importantly, though, they connect with other youth and have the opportunity to see the doors that higher education can open for their futures.



## Reach Higher Montana programs

### Reach Higher Montana College Goal: Helping Montanans Access Resources to Pay for Higher Education

The Free Application for Federal Student Aid – FAFSA – has a reputation for being difficult and time consuming to complete. While significant improvements have made filing the FAFSA much easier than it used to be, Montana families still want and need assistance completing this important form that determines how much financial aid a student may be eligible to receive.

*“The most difficult thing is the decision to act, the rest is merely tenacity.”*

– Amelia Earhart

Through our College Goal campaign, 62 local FAFSA completion events were provided throughout Montana in FY 17. We surpassed our goal to

help at least 35% of the 2017 graduating class complete their FAFSA by the December 1, 2016 priority deadline, with 38% of high school seniors completing the FAFSA. While we are proud of exceeding our goal, we know there is more work to do. Estimates show that low-income Montana students left an estimated \$7 million in federal Pell grants on the table because they did not file the FAFSA. And, with over 60% of Montana students graduating high school and transitioning to higher education, we need to help more students complete this important step to obtain funding for college.



### Connecting Partners and Programs through the Montana College Access Network

In 2008, several college access professionals recognized the isolated work that takes place throughout Montana to help students prepare for college. The work that each person did often overlapped and could be more effective if programs worked together to share their experiences and ideas. This collaborative conversation resulted in the formation of the Montana College Access Network (MCAN), whose mission is to support, serve, and enhance affiliate members in their efforts to increase

*“Our lives begin to end the day we become silent about things that matter.”*

– Martin Luther King, Jr.

postsecondary participation and completion for all Montanans. Members include Reach Higher Montana, GEAR UP, TRiO programs, financial aid professionals, school counselors, Campus Compact, and more.

In addition to being a founding member of MCAN, Reach Higher Montana provides staffing and administrative support for the network.



# MHESAC Board of Directors

## MIKE GREEN

Board Chairman  
Helena, MT

## BILL THOMAS

Board Vice Chairman  
Great Falls, MT

## TERRY COSGROVE

Helena, MT

## GEORGE OLSEN

Helena, MT

## KIM CUNNINGHAM

Anchorage, AK

## CASEY LOZAR

Helena, MT

## LILA TAYLOR

Busby, MT

## CLAYTON CHRISTIAN

Ex-officio/Non-voting  
Helena, MT

# Officers

## MIKE GREEN

President  
Helena, MT

## RON MUFFICK

Vice President  
Helena, MT

## GEORGE OLSEN

Secretary/Treasurer  
Helena, MT

## JIM STIPCICH

Chief Executive Officer  
Helena, MT

## JOLENE SELBY

Chief Financial Officer  
Helena, MT

## KELLY CRESSWELL

Executive Director  
Reach Higher Montana  
Helena, MT

## SHARON ESLICK

Assistant Secretary  
Helena, MT



**The Montana Higher Education Student Assistance Corporation (MHESAC) is a nonprofit organization dedicated to helping Montana citizens with financing their postsecondary education.**



PO Box 5209  
Helena, MT 59604  
mhesac.org

For general information  
call MHESAC's business manager,  
Student Assistance Foundation:  
(406) 495-7800