

New Hampshire College Tuition Savings Plan Advisory Commission
Minutes of the Meeting of December 4, 2023

The December 4, 2023 meeting of the New Hampshire College Tuition Savings Plan Advisory Commission (“Advisory Commission”), held at the offices of the University System of New Hampshire in Concord, was called to order at 9:29 a.m. by Dr. Deborah Scire, Advisory Commission Chair.

Attendance:

Member	Representing	Attendance
Dr. Deborah Scire, Chair	NH College and University Council	Present
Christiana Thornton, Vice Chair	NH Higher Education Assistance Foundation	Absent
Monica Mezzapelle	State Treasurer	Present
Senator Lou D’Allesandro	State Senator	Absent
Senator Ruth Ward	State Senator	Absent
Rep. Kenneth Weyler	State Representative	Present
Dr. Mark Rubinstein	NH Higher Education Commission	Present
Catherine Provencher	University System of New Hampshire	Present
Shannon Reid*	Community College System of New Hampshire	Present
Rep. Robert Lynn	Public Member Appointed by the Governor	Absent
Joseph Doiron	Governor Designee	Present
Rep. Marjorie Smith	State Representative	Present

* These members participated remotely as permitted under RSA 91-A:2. As a result, all votes were by roll call.

Also present at the meeting were Anthony Durkan, Ron Hazel, Dan Terio, and Elise Randazzo from Fidelity Investments. Lauren Warner and Allison Shablin from the State Treasury. Danielle Barrick from Granite Edvance. Nancy Litwin and Alex Leclair from Fidelity Investments by conference call.

Overview of the 529 Programs

529 Industry Market Update

Mr. Hazel presented the 529 industry update highlighting the New Hampshire 529 program remains the 4th largest in the country with \$22.4 billion in market-value assets, representing 5.5% of the market-share. The New Hampshire plans continue to trail the Virginia (\$85.9 billion in assets), New York (\$42.7 billion in assets) and Nevada plans (\$37.1 billion in assets).

529 industry assets decreased by 4.3% from Q2 2023 to Q3 2023, but increased by 11.8% year over year, while New Hampshire assets decreased by 4.0% for the quarter and increased 11.2% year over year. Asset growth was driven by the capital markets: U.S. Equities decreased by 3.3% for the quarter and increased 20.5% year over year. Non-US Developed equities decreased 4.1% for the quarter and increased 24.3% year over year. Investment grade debt decreased 3.2% for the quarter and increased 0.6% year over year.

Mr. Hazel also shared that the Fidelity Advisor 529 plan (“FA 529”) began distribution to Registered Investment Advisors (“RIAs”) and is expected to significantly benefit the FA 529 plan.

Fidelity Advisor 529 Plan Review

Mr. Hazel provided an update of the Advisor-sold industry. 529 Advisor-sold plan assets decreased by 5.2% from Q2 to Q3 2023 and increased by 9.2% year over year, while New Hampshire’s FA 529 Plan assets decreased by 5.6% for the quarter and increased by 4.1%, respectively during the same time period. As of September 30, 2023, the FA 529 plan had nearly \$4.7 billion in market-value assets and 160,966 active participant accounts.

Mr. Hazel reported that in Q3 2023, new account growth increased 19% compared to the same quarter in 2022. Q3 contributions increased 5% compared to Q3 in 2022 and year to date total assets increased 4% year over year. Q3 distributions increased 9% compared to Q3 2022, while distributions by New Hampshire residents increased 14% in the same time period.

Direct-sold (UNIQUE) 529 Plan Review

Mr. Durkan presented the results of the Direct-sold industry stating that the 529 Direct-sold plan assets decreased 3.8% from Q2 2023 and increased by 13.4% year over year, while the UNIQUE plan assets decreased 3.6% and increased 13.2% for the same time period. As of September 30, 2023, the UNIQUE plan had \$17.7 billion in market-value assets and 784,000 active participant accounts.

New account growth during the third quarter increased by 30% compared to quarter three in 2022, and new account contributions increased 29% to approximately \$3,000 per new account. Total contributions increased by 21% compared to the same quarter last year, while overall assets increased 13%. Total distributions increased by 8%, while distributions by New Hampshire residents increased 1%.

UNIQUE and Fidelity Advisor 529 Plan Marketing Update

Ms. Litwin provided a brief overview of the UNIQUE Plan Marketing Strategy for 2024, with the intentions of building on 2023 successes and exploring new opportunities on a “test and learn” basis. The main priority is focusing on educating families of young children on the importance of saving for higher education and underscoring the benefits of starting early.

Ms. Leclair also summarized the Fidelity Advisor 529 Plan Marketing Strategy for 2024 focusing on the three main campaigns: 529 Day, back-to-school, and holiday gifting.

Q3 2023 Investment Review

Ms. Randazzo provided an update of the capital markets and the Plan's investment performance during Q3 2023.

During the quarter, some active and all blend age-based portfolios underperformed their benchmarks. Manager selection detracted in developed markets equities and helped in U.S. equities. Overweight to long term U.S. Treasuries also detracted.

Over the one year period, most active and blend age-based outperformed their benchmarks. Overweight to and managers within U.S. Investment Grade debt and Emerging Markets equities helped. Manager selection within U.S. equities helped, while underweight to U.S. equities detracted.

Over the three year period, several active and blend age-based portfolios outperformed their benchmarks as a result of underlying manager performance.

Over the five-year period, most active age-based portfolios outperformed their benchmarks because of manager selection.

The Fidelity Index Portfolios performed in line with expectations for the quarter.

Review of Prior Meeting Minutes

The minutes of the August 28, 2023, meeting were presented for approval by Dr. Scire. Rep. Weyler moved to adopt the meeting minutes and Treasurer Mezzapelle seconded the motion. Advisory Commission members voted as follows:

Member	Roll Call
Dr. Deborah Scire, Chair	Yes
Christiana Thornton, Vice Chair	Absent
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Absent
Senator Ruth Ward	Absent
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Abstained
Catherine Provencher	Yes
Shannon Reid*	Yes
Rep. Robert Lynn	Absent
Joseph Doiron	Abstained
Rep. Marjorie Smith	Abstained

The motion passed.

New Hampshire College Tuition Savings Plan Advisory Commission

Minutes of the Meeting of December 4, 2023

The minutes of the October 27, 2023, special meeting, were presented for approval by Dr. Scire. Rep. Weyler moved to adopt the meeting minutes and Ms. Provencher seconded the motion. Advisory Commission members voted as follows:

Member	Roll Call
Dr. Deborah Scire, Chair	Yes
Christiana Thornton, Vice Chair	Absent
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Absent
Senator Ruth Ward	Absent
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Yes
Catherine Provencher	Yes
Shannon Reid*	Yes
Rep. Robert Lynn	Absent
Joseph Doiron	Abstained
Rep. Marjorie Smith	Yes

The motion passed.

Update of Endowment Trust Fund and Scholarship Disbursements

Treasurer Mezzapelle provided an update of the Endowment Trust Fund and Scholarship Disbursements through September 30, 2023, highlighting that the Trust Fund had received \$4.5 million in assessment revenue from Fidelity and had realized a net market gain of \$199,253.

With respect to scholarship disbursements, in July 2023, the State Treasury distributed an initial allocation amount of \$3 million to colleges and universities participating in the UNIQUE Annual Allocation program and \$1.3 million (30% of gross proceeds from assessments collected) in monthly allocations to the restricted institution endowments participating in the UNIQUE Endowment Allocation program. Additionally, since program inception, the endowment trust fund has received \$248.5 million in assessment revenues, and has distributed approximately \$237.6 million in scholarship funds through September 30, 2023.

The Endowment Trust Fund also incurred \$44,321 in administrative expenses through September 30, 2023, consisting of: 1) investment management fees of \$20,166, 2) the first quarterly Treasury overhead allocation of \$17,700, and 3) \$6,455 in membership dues paid to the College Savings Plan Network. The trust fund balance as of September 30, 2023 was approximately \$17.2 million.

UNIQUE Scholarships Report for the 2022-23 Academic Year

Ms. Warner from the NH State Treasury presented the UNIQUE scholarship results for the 2022-23 academic year, which were compiled from the annual reports and data collection requests submitted on or before November 1, 2023 by participating higher education institutions. The following was highlighted:

- 2023-24 full-time New Hampshire resident student enrollment (all sectors) increased by 413 students (2.6%) from the previous year to a total of 16,314.
- 2023-24 part-time New Hampshire resident student enrollment decreased by 373 students (3.8%) from the previous year to a total of 9,515.
- Total endowment dollars maintained by restricted endowments increased by \$12,619,324 to a total of \$184,688,209. This is 7.3% increase compared to 2022-23.
- Institutions distributed \$5,778,870 in UNIQUE Annual Awards (direct scholarships) to 2,810 full-time and 3,499 part-time students in 2023-23, and they expect to distribute \$8,358,000 in UNIQUE Annual Awards in the next academic year (2023-24) to 3,731 full-time and 3,682 part-time students.

UNIQUE 2024-25 Endowment Allocation Program Funding Decision

Treasurer Mezzapelle explained that pursuant to Csp 702.01(b)-(c), the Advisory Commission is required to set the annual endowment allocation percentage to be distributed during the 2024-25 academic year. She reminded the commission that the current percentage for the 2023-24 academic year is currently 30%.

After a brief discussion, Ms. Provencher moved to set the endowment allocation percentage at 30% for the 2024-25 academic year. Rep. Weyler seconded the motion. All Advisory Commission members voted as follows

Member	Roll Call
Dr. Deborah Scire, Chair	Yes
Christiana Thornton, Vice Chair	Absent
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Absent
Senator Ruth Ward	Absent
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Yes
Catherine Provencher	Yes
Shannon Reid*	Yes
Rep. Robert Lynn	Absent
Joseph Doiron	Yes
Rep. Marjorie Smith	Yes

The motion passed.

UNIQUE 2024-25 Annual Allocation Program Award Decision

Treasurer Mezzapelle stated that pursuant to administrative rule Csp 602.01 (b), the Advisory Commission is required to annually establish the eligibility criteria for the UNIQUE Annual Allocation Program for the upcoming academic year. The amount available for initial and subsequent allocation, the maximum Expected Family Contribution (“EFC”), the date of receipt of the Free Application for Federal Student Aid (“FAFSA”), and the amount of the individual student award. At the December 5, 2022 meeting, the Commission established the eligibility criteria for the 2023-24 academic year as follows:

- Initial Allocation Amount = \$3 million
- Subsequent Allocation Amount = Amount needed to reimburse all eligible students.
- EFC of \$8,000
- FAFSA Deadline = January 31, 2024
- Individual Award Amount = \$1,500

Treasurer Mezzapelle also mentioned that as discussed at the October 27th special meeting, the FAFSA simplification initiative by the federal government had created a challenge for this year’s decision, primarily due to the re-characterization of the EFC formula to a new Student Aid Index (“SAI”). Due to the anticipated changes to the FAFSA, the replacement of EFC by the SAI, and the unknown effects of the rollout, the use of an SAI amount did not appear feasible at this time. The Advisory Commission reviewed a November 16, 2023 letter recommendation from the New Hampshire Association of Student Financial Aid Administrators (“NHASFAA”), which recommended the Advisory Commission simplify eligibility for the 2024-2025 incoming students to Pell eligible and grandfather in all of the 2023-2024 recipients of UNIQUE Annual Allocation Program.

Using award recipient estimates, the scholarship results provided by colleges and universities, and the assumptions previously discussed, Treasurer Mezzapelle reviewed the program costs to determine the individual award amount. After a robust discussion, Ms. Provencher moved to accept the recommendations of the NHASFAA and State Treasury. The eligibility criteria for the 2024-25 academic year will be as follows:

- Initial allocation amount of \$3 million to be distributed to participating institutions in July 2024 and subsequent allocation amount will be the amount needed to reimburse all eligible students;
- Use Pell eligibility for new 2024-25 recipients and grandfather in all 2023-24 recipients of UNIQUE Annual Allocation Program instead of the maximum EFC amount;
- ,
- An annual maximum award amount of \$2,500 for a full-time student, prorated for part-time; and
- FAFSA filing deadline of January 31, 2025.

Rep. Weyler seconded the motion. The Advisory Commission members voted as follows:

Member	Roll Call
Dr. Deborah Scire, Chair	Yes
Christiana Thornton, Vice Chair	Absent
Monica Mezzapelle	Yes
Senator Lou D'Allesandro	Absent
Senator Ruth Ward	Absent
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Yes
Catherine Provencher	Yes
Shannon Reid*	Yes
Rep. Robert Lynn	Absent
Joseph Doiron	Yes
Rep. Marjorie Smith	Yes

The motion passed. The State Treasury will notify all the participating institutions of the approved eligibility criteria.

Governor’s Scholarship Program - Approval of Award Allocation Amount for the 2022-23 Academic Year

Treasurer Mezzapelle reviewed the Statement of Revenues, Expenditures, and Changes in Fund Balance as of September 30, 2023 of the Governor’s Scholarship Program. The Governor’s Scholarship Fund ended the quarter with a balance of \$16.1 million of which approximately \$11.5 million is deemed restricted, as it has already been awarded to students in prior academic years.

Treasurer Mezzapelle also stated that pursuant to administrative rule Csp 404.02 (a), the Advisory Commission is required to determine the total amount available for awards in the upcoming academic year and create allocations based on a formula that includes the total full time undergraduate enrollment of New Hampshire residents as reported by eligible institutions.

The financial activity of the Fund through September 30, 2023 indicated that approximately \$4.6 million is currently available for future allocations. In addition, based on the reimbursements processed by the State Treasury pertaining to prior allocations, it was anticipated that funds will lapse to the Fund.

Ms. Provencher moved to allocate \$5,000,000 for the Governor’s Scholarship Program during the 2024-25 academic year. Mr. Doiron seconded the motion.

Member	Roll Call
Dr. Deborah Scire, Chair	Yes
Christiana Thornton, Vice Chair	Absent
Monica Mezzapelle	Yes

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Member	Roll Call
Senator Lou D'Allesandro	Absent
Senator Ruth Ward	Absent
Rep. Kenneth Weyler	Yes
Dr. Mark Rubinstein	Yes
Catherine Provencher	Yes
Shannon Reid*	Yes
Rep. Robert Lynn	Absent
Joseph Doiron	Yes
Rep. Marjorie Smith	Yes

The motion passed.

Annual financial disclosures due to Secretary of State on or before January 20, 2024

Dr. Scire reminded Commission members of the obligation to file financial disclosures with the Secretary of State's office pursuant to RSA 15-A by the third Friday in January (January 20, 2024). The State Treasury will send a reminder to Advisory Commission members to ensure everyone files prior to the deadline.

Hearing no new business, Dr. Scire adjourned the meeting at 11:54am.

NOTE: The next regular meeting is scheduled for Monday, March 11, 2024.