

New York State Higher Education Services Corporation
Board of Trustees Meeting
Minutes
Approved at 5/6/15 Meeting
October 29, 2014
11:00 a.m.

The meeting was called to order at 11:01 a.m. by Board Chairman Alan Klinger. The following members of the Board were also in attendance: Mr. Stanley Hansen, designee of Dr. John B. King, Jr., Commissioner of the New York State Education Department (SED); Ms. Lori Mould, President of the State University of New York (SUNY) Student Assembly; Dr. Robert Ptachik, designee of Mr. James B. Milliken, Chancellor of the City University of New York (CUNY); Ms. Patricia Thompson, designee of Dr. Nancy Zimpher, Chancellor of the State University of New York; Ms. Angela Van Dekker, Associate Vice President, Student Financial Services at Fordham University; and Mr. Philip Williams, President of the Utica School of Commerce.

In attendance for the Leadership Council were Ms. Kerrie Cooper, President of the New York State Financial Aid Administrators Association (NYSFAAA); Mr. Mark Hill, President of the State University of New York Financial Aid Professionals (SUNYFAP); and, Mr. Gregory Withrow, President of the New York State Organization of Bursars and Business Administrators, Inc. (NYSOBBA).

Present for HESC were: Ms. Elsa Magee, Executive Vice President and Acting President; Ms. Cheryl Fisher, Secretary to the Board; Mr. Frank Ballmann; Mr. Thomas Brennan; Ms. Kathy Crowder; Mr. Matthew Downey; Ms. Barbara Hochberg; Mr. Victor Stucchi; and Mr. Warren Wallin. Also present, for the agency were Ms. Cori Biviano,

Mr. Joshua Farrell and Ms. Aleah Wendell and, for the Office of Information Technology Services (ITS), Mr. Richard Valenti.

Nominating Committee Report

Dr. Ptachik, Chairman of the Nominating Committee, reported that the Committee (comprised of Ms. Van Dekker, Mr. Hansen, and himself) met via conference call on Tuesday, October 21. He then presented the Committee's recommended slate of officers to the Board for consideration and action: Mr. Alan Klinger, Co-Managing Partner, Stroock & Stroock & Lavin LLP, to continue to serve as Chairman; Mr. Philip Williams, President of the Utica School of Commerce, to continue to serve as Vice Chairman; and Ms. Cheryl Fisher to continue to serve as Secretary to the Board. There being no other nominees, Ms. Thompson made a motion to accept the proposed slate and Mr. Hansen seconded the motion. The slate of officers was unanimously elected by show of hands.

Chairperson's Report

Chairman Klinger thanked the Nominating Committee, and congratulated his fellow officers. He then welcomed Lori Mould, President of the SUNY Student Assembly, to her first regular Board meeting; and introduced Kerrie Cooper, the newly elected president of NYSFAAA, as a new member of the Leadership Council.

Approval of Minutes from the May 5, 2014 Board Meeting and the June 25, 2014 Special Meeting of the Board

Chairman Klinger requested a motion to adopt the draft minutes from the May 5, 2014 Board meeting and the June 25, 2014 Special Meeting of the Board. Mr. Williams moved to adopt the minutes and Ms. Van Dekker seconded the motion. The motion passed unanimously and the minutes were adopted without change.

Audit Committee Report

Chairman Klinger introduced Mr. Philip Williams, Chairman of the Audit Committee, to provide the Audit Committee Report to the Board.

Mr. Williams reported that during the meeting of the Audit Committee, Mr. Downey reported on the Audit Division's progress over the last six months and progress on the Division's Audit Plan. Mr. Downey also presented the Department of Financial Services' 2013 Report and HESC's response to that Report. Mr. Williams reported that Mr. Wallin presented a finance update to the Committee, and informed the Committee that HESC submitted its 2015-16 Annual Budget Request on October 21. He also reported that HESC's Investment Policy is still under review and that all investments are collateralized and secure. Finally, Mr. Williams reported that KPMG representatives had presented the Committee with their audit of HESC's Financial Statements and the Single Audit results.

Mr. Williams then introduced Ms. Jen LaGue and Mr. Dean Geesler of KPMG to address the Board.

KPMG Update

Ms. LaGue reported that for KPMG's audit of both HESC's Financial Statements and the Single Audit, KPMG issued an Unmodified Opinion, having identified no issues requiring adjustment or correction. She mentioned that KPMG did identify a control deficiency related to IT, but that it was not significant enough to merit a change to their issued Opinion.

Mr. Geesler then addressed the Board, explaining further that the few IT matters that were identified were insignificant as individual items but, that aggregated, they merited mention to HESC management. He clarified that all issues were related to internal access to the system, resulting from transformation of HESC's IT offices and that documentation and policy improvements had been recommended and implemented.

There were no questions for Ms. LaGue or Mr. Geesler.

HESC Reports

President's Report

Ms. Elsa Magee, HESC's Executive Vice President and Acting President, reported on HESC's activities since the May 5, 2014 regular meeting of the Board.

She began with an update on the New York State Tuition Assistance Program (TAP). Ms. Magee reminded the Board that the 2014-2015 State Budget provided for the first TAP increase in 14 years and authorized higher TAP awards for orphans, wards of the court and youth in care. Between May and August, ITS staff and HESC program staff worked collaboratively to successfully implement both budgetary changes in time for student enrollments for the 2014-15 academic year.

Ms. Magee then reported that on May 6, HESC launched the new Science, Technology, Engineering and Mathematics (STEM) Incentive Program, established as part of the 2014-15 State Budget to encourage top high school graduates to pursue STEM careers in New York State. Over 1,100 completed applications were submitted through the August 15 deadline. Of those who applied, more than three-quarters (or 876 applicants) were deemed eligible for the award. Of those deemed eligible, nearly three-quarters (or 633 students) have accepted an award to date.

Next, Ms. Magee spoke of the Federal grants administered by HESC: the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), and the federal College Access Challenge Grant (CACG) Program. In September, HESC was notified that New York State was awarded a \$22.4 million GEAR UP grant by the U.S. Department of Education, to help low-income and at-risk students receive college readiness preparation and support, beginning in seventh grade. As one of only 10 states to receive a State GEAR UP grant, NY will receive \$3.5 million per year for six years (coinciding with the 7th grade cohort's completion of high school) as well as \$1.4 million for a 7th year to further support GEAR UP students through their first year of college. NYGEAR UP will serve 6,000 students located within 9 school districts whose high school graduation rates are at or below 60 percent. On October 24, HESC issued a Request for Proposals (RFP) for NYGEAR UP services. All 9 eligible school districts have identified middle schools and high schools to be considered as NYGEAR UP sites. NYGEAR UP services are anticipated to begin on January 5, 2015.

Also in September, HESC was notified that New York State was awarded a final College Access Challenge Grant (CACG) award, totaling \$6.5 million. The CACG

program is designed to increase the number of low-income and underrepresented students who are prepared to apply for, get accepted to, and succeed in college; with a priority on families living below the poverty level. The newly awarded funds will be used to provide CACG services to students during the 2015-16 school year. HESC's current CACG grant is for 2014-15.

Ms. Magee next reported that, in October, HESC launched the new Young Farmers Loan Forgiveness Incentive Program. The Program, which was also established as part of the 2014-2015 State Budget, provides 10 awards of up to \$10,000 in education loan forgiveness annually for up to 5 years to encourage New Yorkers to pursue careers in agriculture. HESC has worked with the NYS Farm Bureau to spread the word about this program, and will also be reaching out to Agriculture and Technical colleges.

The next item Ms. Magee discussed was College Application Week, a national initiative of the American Council on Education (ACE) to provide every graduating high school senior the opportunity to apply to college. While all high schools are encouraged to participate, special focus is placed on assisting students who would be the first in their families to attend college, low-income students, and students who may not otherwise have seriously considered applying to college.

She reported that New York State's College Application Week initiative piloted in 2013, with over 2,700 New York State students benefitting from week-long activities at 10 pilot sites around the State. This year, HESC is coordinating the State's College Application Week (November 17 – November 21) to provide assistance, encouragement and excitement for the college application process, with a focus on students from traditionally under-represented populations at any high school in the State. To date, more

than 175 schools and organizations have expressed interest, including NYC Department of Education (NYC DOE), Latino U, several Liberty Partnership Program colleges, and YMCA organizations. HESC hopes to have 200 or more schools participating in the second year of the program, and will continue to work to include more schools in future years.

Finally, Ms. Magee reported that the Free Application for Federal Student Aid (FAFSA) Completion Initiative is a new initiative through which the U.S. Department of Education is partnering with state student grant agencies to allow these agencies to provide secondary schools, school districts, and certain designated entities with information on their students' progress in completing the FAFSA form. Effective January 1, 2015, HESC will share federally prescribed information about FAFSA form completion statuses with high schools and school districts regarding their particular students, which will in turn help them to encourage and assist students in completing, correcting, and filing a FAFSA form. HESC will also provide TAP filing status data, which is anticipated to greatly enhance the effectiveness of the initiative for New York State resident students. Ms. Magee explained that studies show students who complete the FAFSA form are 90 percent more likely to enroll in college within a year. High schools interested in partnering with HESC on this initiative can access a webinar and review resources found on a dedicated page on the HESC website; and will need to complete an agreement granting high school officials access to the information on HESC systems.

There were a few questions for Ms. Magee regarding promotion of the Young Farmers Loan Forgiveness Incentive Program to the right candidates to ensure all 10

scholarships are awarded. Ms. Magee and Ms. Fisher assured the Board that they will make contact with the appropriate parties, and that the Farm Bureau, in particular, had participated in the rule making process, ensuring they are familiar with the eligibility requirements for program applicants.

Ms. Thompson and Ms. Cooper thanked HESC for their work on the STEM Incentive Program, and Ms. Thompson went on to thank HESC for their collaboration with SUNY on STEM and to state that SUNY is looking forward to working in partnership with HESC on the FAFSA Completion Initiative as well.

There being no further questions for Ms. Magee, Mr. Klinger called upon Mr. Frank Ballmann, HESC's Federal Liaison, for an update.

Federal Update

Mr. Frank Ballmann, HESC's Federal Liaison, provided an update on developments in Washington, DC, including changes implemented for the 2014-2015 academic year, observations regarding the Federal Fiscal Year 2015 budget, and comments about the anticipated reauthorization of the Higher Education Act.

Mr. Ballmann reported that, in academic year 2014-15, the maximum Pell Grant increased by \$85 to \$5,730. In addition, the Federal Direct Student Loan interest rate increased by 0.80 percent for both subsidized and unsubsidized undergraduate Stafford Loans, graduate Stafford Loans and Graduate and Parent PLUS loans. Although student loan interest rates were expected to increase over time under the Bipartisan Student Loan Certainty Act, Mr. Ballmann stated that, if reset today, they'd be about 0.3 percent lower than they were on July 1, 2014, when the last interest rate reset became effective.

Mr. Ballmann then explained that the current Continuing Resolution is effective through December 11, 2014, and that any potential sequester would take effect in January, 2015. Under this Continuing Resolution, education funding is generally level, with a slight, across the board cut. He stated that it is likely Congress will extend the Continuing Resolution at least into March, if not into September 2015.

Regarding reauthorization of the Higher Education Act (HEA), Mr. Ballmann highlighted the two proposals in the Senate – Senator Harkin’s comprehensive discussion draft, and Senator Alexander’s simplification – “one grant/one loan” – approach. The House has passed several single-issue bills, including improved loan counseling and financial literacy. Mr. Ballmann reported that there are other HEA reauthorization proposals under consideration regarding issues such as allowing borrowers to refinance older Stafford and GradPlus loans, and re-establishing a federal-state partnership program in the wake of eliminated funding for the Leveraging Educational Assistance Partnership (LEAP) Program and CACG. As for the next steps for reauthorization, Mr. Ballmann explained it appears most of the issues to be addressed will require significant discussion when the Congress reconvenes.

Mr. Ballmann briefly addressed rule making, advising that the U.S. Department of Education recently issued updated regulations that slightly relax the credit rules for PLUS loans. Also, discussion continues regarding issues of gainful employment and the 90/10 rule. Mr. Ballmann concluded with an observation that there are anticipated leadership changes on both the House and Senate Committees with jurisdiction over Education.

Mr. Ballmann addressed several questions from the Board regarding PLUS default rate reporting and Perkins Loans.

Resolutions

Chairman Klinger asked Ms. Cheryl Fisher, Secretary to the Board, to present three Resolutions to the Board. Ms. Fisher first presented a Resolution authorizing HESC to provide technical cleanup to a Tuition Assistance Program (TAP) regulation. Ms. Fisher explained that the State Administrative Procedure Act requires HESC to review its existing regulations at five-year intervals and identify whether such regulations should be modified, continued, or repealed. In the course of this review, HESC identified an existing regulation that requires modification since it references a previously repealed provision and the scope of this section of the regulation requires clarification.

A motion to adopt the Resolution was made by Ms. Van Dekker and seconded by Ms. Thompson. The Resolution was unanimously adopted.

Next, Ms. Fisher presented a Resolution regarding the District Attorney and Indigent Legal Services Attorney Loan Forgiveness Program regulation. Ms. Fisher explained that HESC had previously adopted a regulation on an emergency basis to initially implement this Program; and has determined that it is necessary to adopt a regulation on a permanent basis to effectively implement the Program.

A motion to adopt the Resolution was made by Mr. Hansen and seconded by Mr. Williams. The Resolution was unanimously adopted.

Finally, Ms. Fisher read a Resolution of Appreciation for Mr. Tremayne Price, a student member of the Board who graduated in May, 2014. A motion to adopt the

Resolution was made by Ms. Mould and seconded by Mr. Williams. The Resolution was unanimously adopted.

Leadership Council

Chairman Klinger next invited comment from the members of the Leadership Council present at the meeting.

Ms. Cooper thanked the Board for welcoming her and expressed that she was happy to be back, as she had served previously as Chair of SUNYFAP. She then thanked Ms. Barbara Hochberg and Ms. Lisa Simpson of HESC for their assistance with the NYSFAAA annual conference. Ms. Cooper next stated that NYSFAAA is continuing with its advocacy for TAP reform and maintaining the Perkins loan program. She concluded by thanking the SUNY Student Senate for their recent resolution in support of Perkins loans.

Mr. Mark Hill echoed Ms. Cooper's words of appreciation for Ms. Hochberg and Ms. Simpson, specific to their presentations on the STEM program at the NYSFAAA conference. He concluded by stating that SUNYFAP has joined efforts with NYSFAAA on both TAP reform and Perkins loans.

Set Date for Spring Meeting

Chairman Klinger announced Wednesday, April 29, 2015 as the proposed meeting date for the next meeting of the Board of Trustees.

Ms. Van Dekker stated that is a difficult time of year for private college financial aid offices, which have a May 1 appeals deadline. Chairman Klinger responded that the Agency would consult and inform the Board of any date change.

Adjournment

Chairman Klinger asked for a motion to end the meeting. The motion was made by Mr. Hansen and seconded by Ms. Thompson. The meeting was adjourned at 11:45 am.