

**APPROVED 5/5/2014**  
**New York State Higher Education Services Corporation**  
**Board of Trustees Meeting**  
**Minutes**  
**December 11, 2013**  
**11:00 a.m.**

The meeting was called to order at 11:05 a.m. by Board Chairwoman Angela Van Dekker.

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); Dr. Robert Ptachik, designee of Dr. William P. Kelly, Interim 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 (SUNY); Mr. Tremayne Price, President of the SUNY Student Assembly; and Mr. Muhammad W. Arshad, Chairperson of the University Student Senate of CUNY.

In attendance for the Leadership Council were Mr. Mark Hill, President of the State University of New York Financial Aid Professionals (SUNYFAP), Mr. Greg Withrow, President of the New York State Office of Bursars and Business Administrators, Inc. (NYSOBBA), and Mr. Scott Atkinson, President of the New York State Financial Aid Administrators Association (NYSFAAA).

Present for the Agency were: Ms. Cheryl Fisher, Secretary to the Board; Mr. John Austin; Mr. Frank Ballmann; Mr. Thomas Brennan; Ms. Kathy Crowder; Mr. Matthew Downey; Ms. Susan Stah-Cooper; Mr. Victor Stucchi; Mr. Warren Wallin; and Ms. Barbara Hochberg. Also present for the agency were Mr. Joshua Farrell and Ms. Aleah Wendell.

Present for KPMG were: Mr. Ken Deon, Mr. Christopher Halstead, and Ms. Jennifer Lague.

### **Chairperson's Report**

Chairwoman Van Dekker opened the meeting by welcoming two new Board members: Mr. Tremayne Price, President of the SUNY Student Assembly and Mr. Muhammad W. Arshad, Chairperson of the University Student Senate of CUNY.

### **Approval of Minutes from the April 17, 2012 Board Meeting**

Chairwoman Van Dekker asked for a motion to adopt the draft minutes from the April 17, 2013 Board meeting. Ms. Thompson moved to adopt the minutes and Dr. Ptachik seconded the motion. The motion passed unanimously and the minutes were adopted without change.

### **Audit Committee Report**

Dr. Ptachik, the newly appointed member of the Audit Committee, presented the Audit Committee report to the Board on behalf of Mr. Alan Klinger, Chairman of the Audit Committee. Dr. Ptachik reported that KMPG conducted a statewide study on the adequacy of audit department staffing, including HESC's Audit Division. The results of this study are not yet available. Dr. Ptachik further reported that HESC submitted its 2014-15 Budget Request, which was \$2.5M (3.5%) less than the prior year. Finally, Dr. Ptachik reported that KPMG's audit of HESC operations contained no findings.

## **President's Report**

Mr. Warren Wallin, HESC's Chief Financial Officer, presented the President's Report on HESC's activities over the past eight months on behalf of Ms. Elsa Magee, HESC's Executive Vice President and Acting President. Mr. Wallin reported that there has been significant progress made toward fully implementing a number of statewide initiatives designed to achieve operational efficiencies across state agencies and authorities -- initiatives such as the Business Services Center (or BSC), Call Center Consolidation and ITS Transformation.

Mr. Wallin reported that under the BSC Initiative, business finance activities that are common across all state agencies have been and continue to be consolidated under a single entity known as the Business Services Center. Over time, common human resources (HR) activities will also be consolidated within the BSC, with the expectation that all agencies will be on-boarded by the end of 2014. In July 2013, certain of HESC's business finance functions were successfully migrated to the BSC, along with three full-time equivalent positions. With this transition, the BSC now administers HESC's accounts payable, accounts receivable, travel expenses and purchase orders.

Mr. Wallin further reported that the Call Center Consolidation Initiative is designed to consolidate general inquiry calls from the nearly 30 autonomous state agency call centers into four anchor groups, led by the NYS Department of Tax and Finance (DTF), Office of Children and Family Services, Department of Motor Vehicles, and Department of Labor. Effective September 2013, HESC migrated its general inquiry – or level 1 – state grant and scholarship calls to the consolidated call center led by the Department of Taxation and Finance. To date, fewer than 30 percent of calls are being

transferred out to the DTF call center each month. Customer service quality levels are being maintained and we have not received any caller complaints resulting from the change. Due to the relatively low volume of calls projected to be transferred, there were no staffing changes resulting from this initiative.

Lastly, under the IT Transformation Initiative, the NYS Office of Information Technology Services (or ITS) is leading the transformation efforts of IT operations, establishing IT policies and standards, and providing efficient and effective IT services to all State agencies. HESC staff who are substantially engaged in IT functions are scheduled to transfer to ITS in early 2014.

Mr. Wallin then discussed the College Access Challenge Grant (CACG). He advised that in early 2013, the Governor's Regional Economic Development Council (REDC) announced its Opportunity Agenda initiative, in which each Regional Council was asked to identify a chronically distressed community within their region and develop an "Opportunity Agenda" to help people within the community who are struggling to take advantage of the economic opportunities. This included individuals who struggled with child care, substance abuse, unstable housing or who lacked educational training to take advantage of the largely technological and scientific job opportunities being created by the regional awards. HESC made available \$200,000 in CACG funds to provide 4-\$50,000 awards to help provide support for high school completion, college preparation and other educational training to help low-income individuals overcome barriers to entry into the workforce. The selected recipients of REDC funding are scheduled to be announced during the Governor's 2013 Regional Economic Development Council Awards ceremony, which is being held today.

Mr. Wallin concluded his CACG report by discussing the College Tour Initiative. He advised that in April, it was reported that HESC was making CACG funds available to support organizations that provide college tours to low-income, NYS high school students by reimbursing them for the financial costs associated with college campus visits. The College Tour Initiative was undertaken based on reports which found that the opportunity to visit a college campus can significantly influence a student's motivation and enthusiasm for continuing his or her education. Publicly announced in April 2013, HESC provided a total of \$173,500 in reimbursement funding to 16 not-for-profit organizations who took 558 low-income high school students on 24 college tours conducted throughout the summer. For the 2013-14 school year, HESC is making \$500,000 available for college tours. To be eligible for reimbursement, the tour must be completed by August 31, 2014 (the close of the CACG grant year). As with the summer college tour initiative, not-for-profit organizations that organize and coordinate the college tours for the target population will again be eligible to receive up to \$45,000 each.

At the conclusion of Mr. Wallin's presentation, the Board asked several questions. Dr. Ptachik asked whether HESC staff had any concerns or reservations about the consolidation initiatives. Mr. Wallin explained that since more details are now known about the transition, many of the concerns have been alleviated. He also advised that no HESC staff has been reassigned in connection with the Call Center Consolidation Initiative. Ms. Thompson questioned whether there were any proposals regarding the Tuition Assistance Program (TAP) and the manner in which TAP is paid to schools. Mr.

Wallin responded that there was nothing definitive to report. Chairwoman Van Dekker asked whether HESC's Budget Request included an increase in TAP. Mr. Wallin advised that a flat budget was submitted. Dr. Ptachik advised that both SUNY and CUNY submitted a report on proposed modifications to the Tuition Assistance Program.

### **Statewide Information Technology Initiatives Update**

Mr. Victor Stucchi, HESC's Director of Federal Operations, presented the Statewide Information Technology Initiative update on behalf of Mr. Richard Valenti, HESC's Acting Chief Information Officer. Mr. Stucchi reminded the Board that as of November 2012, New York State consolidated IT staff into a new agency called the Office of Information Technology Services (ITS), which merged approximately 4,000 people from almost all executive agencies. HESC was not in the first phase, but is merging most of its IT staff into ITS on January 16, 2014. Due to the efforts of HESC's Acting President, Elsa Magee, HESC was added to the Human Services Cluster within ITS thereby aligning HESC with other agencies having a similar mission. Since ITS handles security for the state as well, HESC's Information Protection Office will also be part of the transition to ITS. A total of 100 HESC staff will transition to ITS.

Mr. Stucchi further reported that along with the creation of ITS, the State began several enterprise level projects intended to streamline costs and standardize services across the enterprise. These projects include: (i) moving HESC's data center to a new state-of-the-art data center at the College of Nanoscale Science and Engineering; (ii) moving HESC network and phone systems, to UniteNY (VoIP); (iii) moving HESC email from Lotus Notes to Microsoft O365 for Cloud email, calendaring, and

collaboration; (iv) transferring level 1 calls relating to TAP and scholarships to DTF, which already occurred in September; and (v) providing Open NY, a website providing public access to government data, with data sets relating to TAP, Aid for Part-Time Study (APTS), CACG, and scholarships; all of which have been provided except for the scholarship data, which will be provided during the latter part of the first quarter 2014.

At the conclusion of Mr. Stucchi's presentation, the Board asked several questions. In response to these questions, Mr. Stucchi advised that: (i) the VoIP infrastructure is located throughout the state and the new Data Center at the College of Nanoscale Science and Engineering; (ii) there is redundancy for the internet; (iii) migration to the cloud is scheduled for the second quarter of 2014; (iv) there is a plan to archive email and although emails are only retained for 90 days, they can be retained for a longer period of time, if required or necessary; (v) all of the data sets are scheduled to be on Open NY by April; (vi) all HESC staff who are substantially engage in IT functions are required to transfer to ITS, which includes TAP programmers and Security but excludes the Research Analysis and Information Management group; (vii) Rich Valenti will serve as the Business Solutions Director and will be the liaison between HESC and ITS; and (viii) all current IT projects have been incorporated into ITS's priorities, however, starting with 2014-15, all projects must go through the ITS process.

### **KPMG Update**

Next, Mr. Ken Deon from KPMG addressed the Board and advised that KPMG's opinion on both HESC's financial statements and its administration of the Federal Family

Education Loan Program (FFELP) was “clean” and that no exceptions were noted.

Therefore, there was no management letter issued this year.

### **Federal Update**

Mr. Frank Ballmann, HESC’s Federal Liaison, provided an update on developments in Washington, DC since the last Board meeting. He began by reporting that as a result of the Bipartisan Student Loan Certainty Act of 2013 (BSLCA), new education loan rates are set annually in May based on the 10-year Treasury note rate, which is fixed for the life of the education loan. He provided the new rates under the Act, which were lower for all Federal Direct Loan Program (FDLP) loans for the 2013-14 academic year. Mr. Ballmann advised that based on future interest rate projections, a net revenue of \$715M would be generated. Therefore, the BSLCA requires a study of appropriate interest rates.

Mr. Ballmann then discussed the impact of sequestration on higher education programs. He advised that although sequestration has been in effect for quite some time, its impact on higher education programs was not realized until July including: (i) SEOG and college work study cuts; and (ii) FDLP loan fee increases.

Mr. Ballmann then discussed the Federal Fiscal Year (FFY) 14 Budget and debt ceiling. He advised that the FFY 2014 budget is funded under a continuing resolution through January 15 and the debt ceiling, also authorized under this continuing resolution, is extended through February 7. The continuing resolution also called for the House and Senate Budget Committees to establish discretionary spending levels for the rest of FFY 14 by December 13. A deal was announced last night which set the FFY 14 and FFY 15



spending levels. Congress will need to pass the proposal and once it is enacted, the Appropriations Committees will review each line item to ensure the total is within the limit set by the Budget Committees. There will be no further continuing resolutions.

Next, Mr. Ballmann reported on the hearings regarding the reauthorization of the Higher Education Act, which are currently underway. The major themes being discussed include affordability, access, accountability and innovation. The timeline for enactment is late 2014, but could be later. Hearings continue in both chambers.

Ms. Thompson asked about the continuation of the CACG program. Mr. Ballmann replied that there is legislation to create a new program rather than extend the current CACG program, but it is unlikely any independent legislation will advance and all higher education proposals will be rolled into the reauthorization process. Mr. Ballmann provided this same response to questions regarding the Perkins programs.

### **Consensus Rule Update**

Ms. Cheryl Fisher presented an update on the consensus rules regarding the New York Higher Education Loan Program (NYHELPS), which became effective on October 2, 2013. Ms. Fisher discussed four changes to the NYHELPS regulation as follows: (i) the section relating to cosigner release was amended to eliminate the in-school / grace period payment requirement; (ii) a section was added to provide disaster relief to borrowers and cosigners within a federally declared disaster area, including the cessation of due diligence and collection activities for up to three months and the suspension of required payments under certain repayment plans; (iii) the sections relating to modified payment plans (MPP) and economic hardship forbearance (EHF) were amended to

include a narrow exception authorizing relief, in extenuating circumstances, if only one of the parties is experiencing financial hardship; and (iv) the section relating to collection costs was amended such that collection costs would be assessed if the borrower missed two payments, rather than one payment, in connection with his or her payment arrangement with HESC.

## **Resolutions**

Chairwoman Van Dekker asked Ms. Cheryl Fisher, Secretary to the Board, to present the Resolutions to the Board. Ms. Fisher first presented a Resolution to Amend HESC's Information Security Program. A motion to adopt the Resolution was made by Dr. Ptachik and seconded by Mr. Hansen. The Resolution was unanimously adopted.

Ms. Fisher then presented a Resolution of Appreciation to Mr. Charles DeLaney, former Director of the New York Institute of Photography and Vice Chairman of the HESC Board of Trustees. A motion to adopt the Resolution was made by Mr. Arshad and seconded by Dr. Ptachik. The Resolution was unanimously adopted.

Next, Ms. Fisher presented a Resolution of Appreciation to Dr. Matthew Goldstein, former Chancellor of CUNY and member of the HESC Board of Trustees. A motion to adopt the Resolution was made by Mr. Price and seconded by Mr. Arshad. The Resolution was unanimously adopted.

Finally, Ms. Fisher presented a Resolution of Appreciation for Mr. Kafui Kouakou, former Chair of CUNY's Student Senate and member of the HESC Board of Trustees. A motion to adopt the Resolution was made by Dr. Ptachik and seconded by Mr. Arshad. The Resolution was unanimously adopted.

## **Leadership Council**

Chairwoman Van Dekker welcomed and invited comment from members of the Leadership Council: Mr. Scott Atkinson, 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. Greg Withrow, President of the New York State Office of Bursars and Business Administrators, Inc. (NYSOBBA).

Mr. Atkinson expressed his appreciation to HESC for its phenomenal outreach efforts over the past year, especially with the high school counselor workshops. Mr. Hill expressed his gratitude to Mr. John Austin, Ms. Barbara Hochberg, and Ms. Lisa Simpson, three members of HESC's staff, for their assistance with various training activities. Lastly, Mr. Withrow updated the Board on a variety of new developments occurring at NYSOBBA.

## **Set Date for Fall Meeting**

Chairwoman Van Dekker announced that the next meeting of the Board of Trustees will be held on Wednesday, April 30, 2014.

## **Election of HESC Board Officers**

Chairwoman Van Dekker advised that the Chair and Vice Chair must be chosen from among the appointed members of the Board. She asked for a motion to elect Alan Klinger as Chair, Phil Williams as Vice Chair and Cheryl Fisher as Secretary. She

advised that she received an email from Mr. Klinger stating that he would accept the office of Chair if elected and an email from Mr. Williams stating that he would accept the office of Vice Chair if elected. Chairwoman Van Dekker asked for a motion to accept the proposed slate of officers. Dr. Ptachik moved to elect the proposed slate of officers and Ms. Thompson seconded the motion. The motion passed unanimously.

### **Adjournment**

Chairwoman Van Dekker asked for a motion to end the meeting. The motion was made by Mr. Arshad and seconded by Mr. Hansen. The meeting was adjourned at 12:13 p.m.