

**New York State Higher Education Services Corporation
Board of Trustees Meeting
Minutes
March 28, 2018
11:00 a.m.
Approved at August 1, 2018 BOT Meeting**

The meeting was called to order at 11:02 a.m. by Chairman Alan M. Klinger, Co-Managing Partner of Stroock & Stroock & Lavan LLP.

The following members of the Board were also in attendance: Mr. John D'Agati, designee of Ms. MaryEllen Elia, Commissioner of the New York State Education Department (SED); Ms. Patricia Thompson, designee of Dr. Kristina Johnson, Chancellor of the State University of New York (SUNY); Ms. Laura Bruno, Designee of Mr. James Milliken, Chancellor of City University of New York; Mr. Marc Cohen, President, State University of New York Student Assembly; and, Mr. John Aderounmu, Chairperson of the City University of New York University Student Senate.

In attendance for the Leadership Council were: Mr. Darrin Rooker, President of the New York State Financial Aid Administrators Association, Inc. (NYSFAAA); Ms. Doreen Alexander, designee of the President of the State University of New York Business Officers Association (SUBOA); and Ms. Debra Bouabidi, President of State University of New York Financial Aid Professionals (SUNYFAP).

Present for HESC were: Dr. Guillermo Linares, HESC Acting President; Ms. Cheryl Fisher, Secretary to the Board; and Mr. Frank Ballmann, Federal Liaison. Also, present for the agency were Mr. Joe Agresta, Mr. Thomas Brennan, Ms. Christine Konsistorum, Ms. Barbara Hochberg, Ms. Elsa Magee, Ms. Lisa Simpson, Ms. Susan

Stah-Cooper, Mr. Lonnie Threatte, and Mr. Warren Wallin, as well as Ms. Cori Biviano, Ms. Anne Doyle, Mr. Joshua Farrell and Ms. Aleah Wendell.

Nominating Committee Report

This being the Annual Meeting of the Board, during which a new slate of officers are elected, Chairman Klinger called on Ms. Thompson to provide the Report of the Nominating Committee. Ms. Thompson reported that the Committee (comprised of Ms. Thompson, Mr. Stanley Hansen, then-designee of Commissioner Elia, and Ms. Clare Norton, then-designee of Chancellor Milliken) met via conference call on November 29, 2017. She presented the Committee's recommended slate of officers to the Board for consideration and action: Mr. Klinger, Co-Managing Partner of Stroock & Stroock & Lavin LLP, to continue to serve as Chairman; and Ms. Cheryl Fisher, HESC Supervising Attorney, to continue to serve as Secretary to the Board. Ms. Thompson reported that the office of Vice Chair would remain open given the law requires that the Vice Chair be selected from among an appointed member. There being no other nominees, Mr. Cohen made a motion to accept the proposed slate and Mr. Aderounmu seconded the motion. The slate of officers was unanimously elected by voice vote.

Chairperson's Report

Chairman Klinger welcomed to the Board Mr. John Anderounmu, Chairperson of the CUNY University Student Senate, and Ms. Laura Bruno, Assistant Vice Chancellor for Enrollment Strategy at the City University of New York, representing Chancellor Milliken.

Approval of Minutes from the May 25, 2017 Board Meeting

Chairman Klinger requested a motion to adopt the draft minutes from the May 25, 2017 Board meeting. Ms. Thompson moved to adopt the minutes and Mr. D'Agati seconded the motion. The motion passed unanimously by voice vote and the minutes were adopted without change.

Audit Committee

Chairman Klinger Report

Chairman Klinger then gave the Audit Committee report. During a telephone call on Tuesday, March 27, HESC Audit Director, Christine Konsistorum, provided an update on the activities of the Audit Division reporting that, for State Fiscal Year 2017-18, 14 audit reports were issued, and 8 follow up audits were completed. The 2018-19 Audit Plan was presented and accepted during the call. The plan includes audit areas identified during the Audit Division's risk assessment process as well as process improvement activities that will assist management in furtherance of its Strategic Plan. Focusing on targeted risk areas as well as partnering on strategic initiatives with management will allow the Division to work more effectively and close audits in a more timely manner. Mr. Klinger also reported that, at this time, the Audit Division has not identified any areas of risk that need to be raised to the Board.

There being no questions for Chairman Klinger, he introduced Ms. Danielle Fiorentino of KPMG to present the results of the Financial Statements Audit and Single Audit for the year ending March 31, 2017.

KPMG

Ms. Fiorentino reviewed the Independent Auditor's Report of HESC's Financial Statements. In September 2017, KPMG issued an unmodified opinion, the best that can

be received, which states that HESC's basic financial statements are presented fairly, in all material respects on both the Operating and Federal funds.

Their required written communication to the Audit Committee included that: there were no uncorrected or corrected audit differences identified, which is a testament to management's strong system of internal control; there were no material weaknesses; and, there were no significant deficiencies in internal controls. KPMG issued a Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements which stated that they found no material weaknesses or significant deficiencies in internal controls over financial reporting.

KPMG also issued an in-relation-to opinion on the required supplementary schedules, MD&A and Required Pension, which means it has been subjected to the audit procedures applied to the basic financial statements, and presented fairly in all material respects.

KPMG also issued the single audit report on December 22, 2017, and Management filed the data collection prior to the December 31, 2017 deadline.

There being no questions for Ms. Fiorentino, Chairman Klinger turned to Dr. Guillermo Linares, HESC Acting President, for an Agency update.

HESC UPDATES

President's Report

Dr. Linares welcomed members of the Board and Leadership Council to the meeting. He began his report with an update on the 2017-18 roll-out of the Excelsior Scholarship and Enhanced Tuition Awards programs.

The 2017-18 State Budget established the Excelsior Scholarship and Enhanced Tuition Awards programs, which build on the Governor's commitment to making college affordable for NYS students. These two programs – which comprise two of five new student financial aid programs enacted in the 2017-18 State Budget -- made available more than \$100 million in new funding to offset the cost of tuition for working and middle-class families.

HESC launched the fall application for the Excelsior Scholarship for SUNY and CUNY students with household family incomes of up to \$100,000 on June 7, 2017 – two weeks after the Board's approval of the program regulations. HESC received nearly 95,000 applications through the close of the application on July 21, 2017. For the fall launch, roughly two-thirds, or 64,000 applications were submitted by students pursuing a degree at SUNY and one-third, or 31,000 from students pursuing their studies at CUNY. Thanks to the work of the Office of Information Technology Services, students experienced no service interruptions in the availability of the online application during fall open-application period. Approximately 53 percent (or more than 210,000) of full-time SUNY and CUNY resident students attended one of the State's public colleges tuition free in fall 2017, representing an increase of 23,000 students.

A spring Excelsior Scholarship application period opened from October 30 to December 4. During this application period, HESC received nearly 8,500 applications – 55 percent from students enrolled at a SUNY college or university and 45 percent from

students enrolled at CUNY. Of those who applied, nearly 1,400 have been deemed eligible to date – 74 percent of whom are attending a SUNY college or university and 26 percent of whom are attending a CUNY college or university.

The Enhanced Tuition Awards program had a successful launch on July 7, 2017 for students from families earning up to \$100,000 annually who attend a private college located in NYS. As with the Excelsior Scholarship, there were no service interruptions during the 45-day open application period. HESC received applications from more than 7,800 students attending one of the 30 participating colleges through the close of the application on August 21. Many of the 30 private colleges opted to limit participation, so a lottery was run at the close of the application period. Currently, nearly 2,400 private college students have been selected to receive an ETA program award to support their higher education costs for the 2017-18 academic year.

The Excelsior Scholarship application for the 2018-19 academic year opened for new applicants on Monday, March 26, 2018 and the Enhanced Tuition Award application for the 2018-19 academic year will open for new applicants on Monday, April 2. Twenty-seven private colleges have opted into the program for 2018-19. It is expected that many new students will benefit from both scholarship programs in the coming academic year.

Dr. Linares reiterated that the 2017-18 State Budget authorized five new student financial aid programs – including the Part-Time Scholarship Award Program, the Child Welfare Worker Scholarship and the Child Welfare Worker Loan Forgiveness Program. He stated that, should the Board vote to approve the Part-Time Scholarship Award Program regulations today, HESC will prepare to launch the Program for the 2017-18

academic year, and will work expeditiously to present regulations to the Board for the remaining programs.

Dr. Linares then introduced a video to share the many activities of the agency and recognize the retirements of several members of HESC and the Board of Trustees.

Dr. Linares concluded by thanking members of the Board and the Leadership Council for their support of HESC programs and services. He personally recognized the efforts of Patti Thompson and Debra Bouabidi on behalf of SUNY; Laura Bruno, Elaine Pimentel, Clare Norton and Vivek Upadhyay on behalf of CUNY; and Mary Beth Labate and Susan Nesbitt Perez on behalf of the independent colleges.

Mr. Cohen expressed his appreciation for the Board meeting, on behalf of SUNY students.

There being no further questions for Dr. Linares, Chairman Klinger turned the floor over to Mr. Ballmann, HESC's Federal Liaison, for a Federal Update.

Federal Update

Mr. Ballmann's update covered three topics: Changes for Academic Year (AY) 2018-19, the Federal Fiscal Year 2018 Budget Update, and Higher Education Act (HEA) Reauthorization.

Mr. Ballmann reported that the federal budget agreement signed last week will fund operations through September 30, 2018. The Budget increased the maximum Pell grant by \$175, from \$5,920 to \$6,095 for 2018-19 - the largest increase in many years.

Based on today's 10-year Treasury rates, interest rates on Stafford and PLUS loans would increase by about 0.4 percent for loans made on or after July 1, 2018, increasing undergraduate Stafford interest rates to about 4.85 percent and PLUS loans to about 7.4 percent. The actual rates will be determined by a 10-year Treasury bond auction on May 9, 2018. The ability to make first disbursements on new Perkins loans expired on September 30, 2017. SEOG and Work-Study both received appropriations up over 14 percent from last year.

Regarding HEA Reauthorization, the Senate HELP Committee began holding hearings on FAFSA simplification as a first step to restarting the process. The House Education & Workforce Committee's Reauthorization proposal, the PROSPER Act, makes some radical changes to the HEA and will likely not pass the Senate.

With respect to a Department of Education update, Mr. Ballmann reported that, in the second year of using 'prior prior year' income and 'early FAFSA', filing volumes are reported up over the prior year. Data from October suggested that early filers were predominantly from families with incomes over \$100,000 but, by January, the income distribution of FAFSA filers was more evenly dispersed.

The Data Retrieval Tool used by FAFSA filers is operational once again. FAFSA filers can retrieve their tax return data, but the data is now 'masked' so that the background data cannot be seen fraudulently. However, the person filing the FAFSA is also unable to see their data.

Dr. A. Wayne Johnson, who was appointed the Chief Operating Officer in the Office of Federal Student Aid, has since been named Chief Strategy and Information

Officer, focused on improving the customer experience by simplifying the FAFSA and developing mobile apps for the FAFSA, loan servicing and for disbursing financial aid proceeds to students. Kathleen Smith and Jim Manning are now sharing the role of Chief Operating Officer.

While the increases in Pell, SEOG and Work-Study would not offset the dollars of Perkins loans available for many students, the additional grant aid will be most welcome.

HEA Reauthorization will probably not come to the Senate floor until at least after the November elections, with an effective date of 2019-20 Academic Year.

There being no questions for Mr. Ballmann, Chairman Klinger turned the floor over to Cheryl Fisher, HESC Supervising Attorney and Secretary to the Board, to present a Consensus Rule update.

Consensus Rule Update

Ms. Fisher reminded the Board that HESC has the authority to adopt a Consensus Rule, generally a technical change to an existing rule, on behalf of the Board if the Agency gives notice of such at the next Board meeting. She reported that HESC recently filed a Consensus Rule pertaining to the Tuition Assistance Program which deletes provisions relating to the timeframe and method of computing adjustments to income based on the old law requiring use of prior year income. The Consensus Rule was published in the State Register on March 21 and is available for public comment until May 21.

There being no discussion, Chairman Klinger requested that Ms. Fisher present the following Resolutions to the Board of Trustees.

Resolutions

Ms. Fisher first presented a Resolution to approve the New York State Part-time Scholarship (PTS) Award Program Regulation. Mr. Cohen expressed his passion for the Program and commended the Board for acting. A motion to adopt the Resolution was made by Mr. Cohen and seconded by Mr. Aderounmu. The Resolution was unanimously adopted.

Ms. Fisher next presented a Resolution of Appreciation for Mr. Stanley Hansen. A motion to adopt the Resolution was made by Mr. D'Agati and seconded by Ms. Thompson. The Resolution was unanimously adopted.

Ms. Fisher next presented a Resolution of Appreciation for Dr. Robert Ptachik. A motion to adopt the Resolution was made by Ms. Bruno and seconded by Ms. Thompson. The Resolution was unanimously adopted.

Ms. Fisher next presented a Resolution of Appreciation for Ms. Chika Onyejiukwa. A motion to adopt the Resolution was made by Mr. Aderounmu and seconded by Mr. Cohen. The Resolution was unanimously adopted.

Finally, Ms. Fisher read a Resolution of Appreciation for Ms. Renee Behnke. A motion to adopt the Resolution was made by Ms. Thompson and seconded by Mr. Cohen. The Resolution was unanimously adopted.

Leadership Council

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

Mr. Darrin Rooker (NYSFAAA) thanked Dr. Linares and his HESC colleagues for their attendance at NYSFAAA's 49th annual training in October. Mr. Rooker stated that he was inspired by Dr. Linares' remarks regarding his passion for improving access to higher education opportunities for underprivileged students. He thanked Lisa Simpson, Mike Turner and Barbara Hochberg, as well as SED and OSC staff, for their participation in the training sessions offered. Mr. Rooker emphasized the need for ongoing intensive training in light of the new programs being implemented, and requested written guidance be provided by HESC soon.

Ms. Doreen Alexander (SUBOA) thanked the Board for the Excelsior Scholarship program and the influx of financial assistance it has provided students. She expressed her appreciation for all the guidance to date but, impressed upon the Board the importance of a comprehensive guidance manual. Ms. Alexander also shared her concern regarding potential impacts of certifying students at the end of the term.

Ms. Debra Bouabidi (SUNYFAP) acknowledged the complexity of the Excelsior Scholarship program startup over the summer and expressed her appreciation for HESC's uncountable hours of guidance and assistance that allowed her and her colleagues to carry out implementation of the Excelsior Scholarship program. Ms. Bouabidi expressed her concern that formal written guidance, which was requested in November 2017, has not yet been provided by HESC. Ms. Bouabidi stated that there is an Excelsior Scholarship Task Force that stands ready to assist HESC with the review of

draft guidance, pointing out that the program is now entering its second year. Ms. Bouabidi closed by emphasizing the importance of continued collaboration.

Chairman Klinger inquired as to the status of the guidance. Ms. Fisher replied that it is in progress with HESC. Ms. Thompson reiterated that SUNY stands by, ready to assist with providing the guidance necessary for full implementation of the program.

Set Date for Spring Meeting

Chairman Klinger announced that the next meeting of the HESC Board of Trustees will be held on Wednesday, June 13, 2018.

Adjournment

Chairman Klinger asked for a motion to end the meeting. The motion was made by Mr. Aderounmu and seconded by Mr. Cohen. The meeting was adjourned at 11:51a.m.