

**Approved October 24, 2012**  
**New York State Higher Education Services Corporation**  
**Board of Trustees Meeting**  
**Minutes**  
**April 25, 2012**  
**11:00 a.m.**

The meeting was called to order at 11:04 a.m. by Ms. Angela Van Dekker, Associate Vice President of Student Financial Services at Fordham University and Vice Chair of the Board of Trustees, on behalf of Ms. Eileen Bagnoli, President and Chief Executive Officer of Pioneer Savings Bank and Chair of the Board of Trustees, who was unable to attend the Board meeting.

The following members of the Board were also in attendance: Ms. Kaitlyn Beachner, President of the SUNY Student Assembly; Mr. Charles DeLaney, Director, New York Institute of Photography and the Sheffield School; Mr. Stanley Hansen, designee of Dr. John B. King, Jr., Commissioner of the New York State Education Department (SED); Mr. Alan Klinger, Co-Managing Partner of Strook & Strook & Lavan LLP; Dr. Robert Ptachik, designee of Dr. Matthew Goldstein, Chancellor of the City University of New York (CUNY); Mr. Kafui Kouakou, President of the City University of New York Student Senate; and Ms. Patricia Thompson, designee of Dr. Nancy Zimpher, Chancellor of the State University of New York (SUNY).

In attendance for the Leadership Council was Mr. Gregory Withrow, President of the New York State Organization of Bursars and Business Administrators (NYSOBBA).

Present for the Agency were: Ms. Elsa Magee, Acting President & Executive Vice President; Ms. Cheryl Fisher, Secretary to the Board; Mr. John Austin; Mr. Frank Ballmann; Mr. Thomas Brennan; Ms. Kathy Crowder; Mr. Matthew Downey; Mr. Heath

Holloway; Mr. George Kazanjian; Ms. Christine Konsistorum; Ms. Rhonda McElroy; Mr. Aaron Pisacane; Mr. Michael Reynolds; and Mr. Neal Warren. Also present for the agency were Ms. Cori Biviano, Mr. Joshua Farrell and Ms. Aleah Wendell.

## **Chairperson's Report**

### **Welcomes and Recognitions**

Vice Chairwoman Angela Van Dekker welcomed Mr. Kafui Kouakou, President of the City University of New York Student Senate, to the Board of Trustees. She next thanked Ms. Kaitlyn Beachner, President of the SUNY Student Assembly for her service to the Board, and congratulated her on the completion of her graduate degree from Buffalo State College. Vice Chairwoman Van Dekker also welcomed Mr. Gregory Withrow, President of the New York State Organization of Bursars and Business Administrators (NYSOBBA) as a new member of the Leadership Council.

Vice Chairwoman Van Dekker next welcomed Ms. Rhonda McElroy, Interim Director of Audit for HESC, and thanked Ms. Christine Konsistorum, Senior Vice President of Operations, for her service to the Agency and congratulated her on her new position of Global Audit Leader for General Electric.

### **Approval of Minutes from the October 26, 2011 Board Meeting**

Vice Chairwoman Van Dekker asked for a motion adopting the draft minutes from the October 26, 2011 Board meeting. Mr. Alan Klinger moved to adopt the minutes and Ms. Kaitlyn Beachner seconded the motion. The motion passed unanimously and the minutes were adopted without change.

## **Audit Committee Report**

Mr. Alan Klinger, Chairman of the Audit Committee, reported that today's Audit Committee Meeting had been postponed in part to allow for Ms. McElroy to assimilate to her new role as Interim Audit Director and work with KPMG to finalize financial statements. He stated he anticipates a substantial report for the Board at the next meeting. Mr. Klinger closed with thanking Ms. Konsistorum for her service to HESC.

## **HESC UPDATES**

### **President's Report**

Ms. Elsa Magee, HESC's Acting President and Executive Vice President, began her remarks by reporting that, since the prior Board meeting, several recommendations were advanced that proposed to transfer Federal Family Education Loan (FFEL) staff and staff functions as part of a broader statewide effort to attain efficiencies. Ms. Magee stated that the enacted 2012-13 State Budget restricted language that would have authorized this transfer; however, it does authorize the implementation of several initiatives, including an initiative to consolidate certain "back office" functions such as finance and human resources and an Information Technology Transformation initiative. Ms. Magee informed the Board that, while the Agency is not yet certain of the impact these initiatives will have on HESC, it is expected that each of these initiatives will likely result in some changes to the existing operational structure of all State agencies over the next three to five years, as they are implemented.

Ms. Magee next reported that, due to continued lower-than-projected utilization, the 2012-13 State Budget provides no new funding for the New York Higher Education

Loan Program (NYHELPS); and, as a result, no new NYHELPS loans will be made during the 2012-13 academic year. She informed the Board that, over the next year, staff will be evaluating the program to determine how it might be restructured to best serve New York State students and families.

With respect to State grant and scholarship programs, Ms. Magee reported that the Enacted Budget – for the second consecutive year – continues support for all programs at current levels.

Regarding Federal programs with an impact on HESC business, Ms. Magee reported that there have been a number of recent media reports on the scheduled Stafford loan interest rate increase, all of which highlight the growing debt load of college graduates. She went on to state that a critical component in our administration of the federal student loan program continues to be helping students stay current with their loan payments so they do not default, and announced that Aaron Pisacane, who is now leading HESC's Aversions Unit, is using the same philosophy that has resulted in the successful aversions record for NYHELPS to refocus the Agency's FFEL default aversion efforts.

Ms. Magee next gave an overview of the Agency's third Student Financial Aid Awareness Month, which ran from January 25 to February 25, 2012. Partnering with the New York State Financial Aid Administrators Association (NYSFAAA), the Agency this year assisted nearly 1,500 students and their families in completing their Free Application for Federal Student Aid (FAFSA), and provided 28 financial aid awareness presentations to nearly 2,000 high school students. HESC also partnered with the Office of Temporary and Disability Assistance (OTDA), the Internal Revenue Service (IRS) and the CASH

Coalition of the Greater Capital Region to expand tax preparation assistance services to qualified families, a necessary step before completing the FAFSA.

Ms. Magee provided an update to the Board on the College Access Challenge Grant (CACG) program, reporting that HESC will soon be offering qualified organizations opportunities to receive reimbursement for costs associated with college tour programs for low-income and underrepresented students, in an effort to further encourage college attainment among this population. She also announced that the Agency has awarded a \$1.9 million CACG grant to On Point for College (On Point), a highly successful Syracuse-based non-profit organization that works primarily with at-risk, inner-city youth who are already outside of the secondary education system, providing a full range of support including college visits, transportation, and retention services. On Point will be using this award to replicate its Syracuse-based model in two additional cities to provide college success services and interventions to more than 1,500 students annually. Mr. Klinger requested clarification of On Point's focus regarding financial literacy which Ms. Magee and Ms. Konsistorum provided. Mr. Delaney requested On Point provide a presentation to the Board at a future meeting, which Ms. Magee agreed to facilitate.

Lastly, Ms. Magee reported that, as part of the Agency's Student Empowerment Grant awarded in 2010 by then Attorney General Andrew Cuomo, the Agency plans to launch in June the National College Finance Center call center and website to help students and parents choose the best college financing options and minimize loan debt.

In closing, Ms. Magee gave recognition to the staff at HESC, stating that, despite the advancement of various proposals and their potential impact on the Agency, HESC's

employees are capable, enthusiastic and clearly dedicated to the Agency, and will ensure that HESC continues to play a vital role in providing New York State's students with a gateway to a successful college career well into the future.

### **Federal Update**

Mr. Frank Ballmann, Director of Federal Relations, began his report with an overview of major provisions of the Consolidated Appropriations Act of 2012, which included rescinding of the Ability to Benefit for students starting new programs of study as of July 1, 2012; suspension of the grace period interest subsidy for new subsidized Stafford loans originated between July 1, 2012 and June 30, 2014; reduction in the maximum number of semesters of Pell, from 18 to 12; reduction of the automatic zero Expected Financial Contribution (EFC) from an income of \$30,000 to families with \$23,000 in income; an increase in the minimum Pell grant set at 10 per cent of the maximum, with no "rounding up"; and no change in Pell maximum or income protection allowance.

Next, Mr. Ballmann discussed the President's Federal Fiscal Year 2013 Budget Proposal, the overall theme of which, for higher education, linked federal student aid to accountability. Included were recommendations to increase the Pell maximum to \$5,635; make the American Opportunity Tax Credit permanent; expand the Perkins Loan program; and, multiple new programs focused on college completion and accountability, including a Race to the Top for Higher Education and First in the World – an initiative to result in the U.S. once again having the largest percentage of adults with college degrees. Mr. Ballmann also reported that one proposal that could impact HESC would reduce

payments to Guarantee Agencies for rehabilitation of defaulted Federal Family Education Loan Program (FFELP) Loans; there has been no Congressional action on this proposal to date.

Mr. Ballmann then informed the Board that the interest rate on subsidized Stafford Loans is scheduled to increase on July 1, 2012 from 3.4 percent to 6.8 percent on new loans, resulting in a reported payment increase of approximately \$40 per month in repayment. Mr. Ballmann reported that many efforts are ongoing to prevent this increase, including college visits by Senator Schumer and President Obama, as well as a recent introduction of the Stop the Student Loan Interest Rate Hike Act of 2012.

Regarding the Federal Fiscal Year (FFY) 2013 Budget, Mr. Ballmann explained that with Congressional action unlikely on the President's Budget Proposal, a Continuing Resolution is anticipated in the fall to extend through election season. Mr. Ballmann reported that sequestration will begin on January 1, 2013, causing \$1.2 trillion of necessary spending cuts equally split between defense and non-defense items over the next 10 years. Sequestration can only be avoided if Congress and the President enact \$1.2 trillion in spending cuts during the remainder of 2012.

In other Federal updates, Mr. Ballmann reported that the American Opportunity Tax Credit (AOTC) expires on December 31, 2012. The AOTC applies to those with a modified Adjusted Gross Incomes (AGI) below \$80,000 for single filers or \$160,000 for married filers, and is phased out at higher AGI levels. Lastly, Mr. Ballmann explained the Protecting Financial Aid for Students and Taxpayers Act, which prohibits institutions from using federal student aid fund receipts for advertising, marketing and recruiting of students.

At the conclusion of Mr. Ballmann's presentation, Mr. Delaney and Dr. Ptachik asked about the possibility of repealing the rescinding of the Ability to Benefit (ATB) test. Mr. Ballmann responded that any chance of repeal would be unlikely prior to July 1, 2012. Dr. Ptachik followed up with a question regarding the impact this action may have on New York State students' eligibility for State and federal aid. Ms. Magee responded that HESC has brought the issue to the attention of the New York State Division of the Budget in an effort to proactively change existing language regarding the requirement of a federal ATB for TAP eligibility purposes. In addition, Ms. Van Dekker asked a question regarding the impact of the suspension of the Stafford interest subsidy on a student's loans over a four year period.

### **Historical Perspective and Notable Developments in the Tuition Assistance Program**

Mr. Neal Warren, HESC's Director of Research, and Mr. Heath Holloway, HESC's Assistant Director of Research, presented an overview of various developments and trends in the New York State Tuition Assistance Program (TAP). They began with an introduction of TAP as one of the nation's most generous need-based grant programs for undergraduate education, having provided over \$855 million to 374,444 students in 2010. TAP awards are provided to the student who, in turn, selects the educational institution.

Using 2010-11 data, Mr. Warren and Mr. Holloway reviewed some recent changes to TAP eligibility and awards, both temporary (including an \$87 reduction per award recipient) and permanent (creation of the Married/No Children Schedule), inclusion of public and private pensions in calculating income, ineligibility for a TAP



award until any federal student loan is cleared, increased academic standards for continued TAP eligibility, and a \$4,000 maximum TAP award for two-year schools.

Mr. Warren and Mr. Holloway explained that it is a student's family situation and income that determine the amount of the TAP award. They presented a chart showing awards by schedule and Net Taxable Income as well as a chart of TAP recipients by income range across all award schedules which showed that nearly half of all TAP recipients had an income range under \$10,000, thus demonstrating that the majority of TAP funding is going to the low-income population the grant is intended to reach.

Mr. Holloway then explained that, once enrolled, a student must continue to be enrolled full time, and must continue to show program support, or progress toward attaining a degree and Satisfactory Academic Progress (SAP), or a minimum GPA each term in order to continue receiving TAP awards. With regard to the impact of Good Academic Standard (GAS) requirements, Mr. Warren and Mr. Holloway explained that there have been three sets of standards set; those set in 1981, new standards in 2006, and the most recent standards set in 2010. Trends for decertification of TAP awards indicate that the latest standards are proving increasingly difficult for students to meet, as the percent of first-year TAP recipient decertifications for failure to meet these standards doubled from about 3 per cent the prior year to 6 percent in 2010. In addition, this trend is among all sectors, with the State of New York Community Colleges showing the most growth.

Much discussion was had at the conclusion of this component of the presentation. Mr. Delaney asked if it was possible to identify which component of the standards the student had failed to maintain. Mr. Warren explained that was not currently something

HESC could identify. Ms. Beachner asked how the standards were developed, and Mr. Warren explained that in 1981, colleges were required to submit to the Commissioner of the State Education Department their individual standards for SAP, but that since 2006, State Education Law has governed the specifics. Dr. Ptachik stated that the \$855 million overall TAP award number seemed to him to be lower than in previous years and asked that, if this was the case, was it primarily due to the decertifications? Mr. Warren explained that most of the decrease was due to the \$87 across the board reduction in award that year, and that additional significant contributing factors included a decrease in the number of students from the previous year and the elimination of Graduate TAP. Dr. Ptachik, Ms. Van Dekker and Ms. Thompson concluded this discussion with comment to the Board about their involvement in developing proposals to reconfigure TAP for consideration by the Governor's Office, and their appreciation of HESC data to assist in that charge.

The next trend Mr. Warren and Mr. Holloway presented to the Board was a shift in the college choice of TAP recipients away from private institutions to public institutions, and away from four year institutions toward two year institutions. Mr. Holloway explained that this pattern is also evident in general enrollment data. Ms. Van Dekker asked if the trend was linked to the recent downturn in the economy, to which Mr. Warren responded that the trend began in 2003, prior to any dramatic downturn.

Mr. Holloway next reported that the downward trend in attending four year institutions is not limited to the private four year colleges; that attendance at SUNY four year colleges is down as well, with an increasing number of TAP recipients choosing public two year schools. The data reflecting the difference in tuition among the sectors

between 2004 and 2010 indicates that the cost of education appears to have an impact on college choice among all incomes. Ms. Magee asked if the numbers include those students that transferred to a four year college to complete their degree after completing attendance at a two year college. Mr. Warren responded that transfers were not identified in the data shown, and indicated his staff would revisit the data to include those numbers.

Lastly, Mr. Holloway discussed enrollment trends, reporting that New York State resident student enrollment is only slightly lower, but out of state and foreign enrollment has grown more significantly. Also, average TAP incomes decreased noticeably between 2009 and 2010, from \$22,270 to \$20,958 (NYS Net Taxable Income).

Dr. Ptachik requested the Board be provided a copy of the presentation, to which Mr. Hansen added the request that all the presentations be provided.

### **Grants & Scholarships Update**

Mr. George Kazanjian and Mr. Michael Reynolds provided an overview of recent developments and trends in veterans' activities and the impact on the State Veterans Tuition Award. Mr. Kazanjian began by providing some recent statistics and highlighting some of HESC's efforts to assist New York State's veterans. He reported that 36 percent of the U.S. veteran population lives in six states (NY, CA, FL, TX, PA, OH). In addition, there are 37 million dependents (spouses and dependent children) of living veterans and survivors of deceased veterans nationwide which, together, represent 20 percent of the U.S. population. Finally, an estimated 37,000 veterans are expected to return to New York State over the next five years.

In response to this growing need, Mr. Kazanjian identified examples of HESC's support of New York State's veterans, their dependents and survivors. With the assistance of funding from a College Access Challenge Grant award, VET CONNECT-ED was established in Rochester. This collaborative effort provided supportive services to veterans to increase the rate of college application and completion, especially among economically disadvantaged veterans. In addition, Mr. Kazanjian is a member of the New York State Council of Returning Veterans and Their Families, and he and his staff regularly participate in conference calls and webinars on veterans' benefits, such as one being sponsored by the New York State Financial Aid Administrators' Association (NYSFAAA) today.

Mr. Kazanjian next identified several New York State grant and scholarship programs administered by HESC that are specifically for veterans and their families. These include the Military Service Recognition Scholarship, the New York State Regents Awards for Children of Deceased and Disabled Veterans and the Veterans Tuition Award (VTA) Program, for which both eligibility and award amount were expanded and increased in 2008. He also discussed the federal Post-9/11 Veterans Education Assistance Act of 2008, and reported that HESC, in conjunction with the New York State Department of Veterans' Affairs, received clarification from the Federal government regarding recent amendments to the federal program. As a result, tuition benefits under the federal program are allowed to be counted first toward the cost of tuition, with TAP and VTA being available for any remaining unmet tuition liability.

Next, Mr. Reynolds reviewed data regarding Veterans Tuition Awards between 2006 and 2010. He explained that in 2008, the award was increased from \$2,000 to the

amount of SUNY tuition, accounting for a spike in New York State awards at that time. He illustrated a decline in new Veterans Tuition Awards being granted from 2008 to 2010 which appears to be the result of increases in the number of veterans receiving federal benefits; especially in 2010, the first year of federal Post-9/11 benefits. Mr. Reynolds explained the number of Veteran Tuition Awards certified by schools and the amounts paid during the 2008 through 2010 periods have remained steady. He summarized that federal education benefits appear to be keeping State Veteran Tuition Award expenditures level.

Ms. Van Dekker and Dr. Ptachik expressed their concern over the impact and detriment that the complexity and confusion surrounding eligibility for veterans awards has for potential recipients as well as the financial aid professionals who are advising this unique and special population. Ms. Magee offered to coordinate, through the New York State Council of Returning Veterans and Their Families, a panel of experts from both the State and federal levels, to assist college professionals in better understanding this complicated area of financial aid.

## **Resolutions**

Vice Chairwoman Van Dekker asked Ms. Cheryl Fisher, Supervising Attorney, to present the Resolutions to the Board. Ms. Fisher presented Resolutions of Appreciation for Mr. Cory Provost, former President of the CUNY Student Senate, Ms. Kaitlyn Beachner, President of the SUNY Student Assembly and Ms. Kerrie Cooper, former President of SUNYFAP and member of the HESC Leadership Council. A motion to

adopt the resolutions was made by Mr. Hansen and seconded by Mr. Delaney. The resolutions were unanimously adopted.

### **Leadership Council**

Vice Chairwoman Van Dekker invited comment from Mr. Greg Withrow, President of NYSOBBA, a new member of the Leadership Council. Mr. Withrow expressed it was his honor to be a member of the Leadership Council. He then announced NYSOBBA's annual meeting on June 10 in Niagara Falls. Mr. Withrow reported that, under his leadership, NYSOBBA will focus on increasing and engaging membership and strengthening and increasing funding for their scholarships.

### **Set Date for Fall Meeting**

Vice Chairwoman Van Dekker announced that the next meeting of the Board of Trustees will be held on Wednesday October 24, 2012.

### **Adjournment**

Vice Chairwoman Van Dekker asked for a motion to end the meeting. The motion was made by Ms. Beachner and seconded by Mr. Kouakou. The meeting was adjourned at 12:35 p.m.