

**DRAFT**  
**New York State Higher Education Services Corporation**  
**Board of Trustees Meeting**  
**Minutes**  
**May 25, 2017**  
**11:00 a.m.**  
**Approved at March 28, 2018 BOT Meeting**

The meeting was called to order at 11:05 a.m. by Board Chair, Mr. 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); 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 (SUNY); Mr. Marc Cohen, President, State University of New York Student Assembly; and, Ms. Chika Onyejiukwa, Interim Chairperson of the CUNY University Student Senate.

In attendance for the Leadership Council were: Mr. Darrin Rooker, President of the New York State Financial Aid Administrators Association (NYSFAAA); Ms. Debra Bouabidi, President of the State University of New York Financial Aid Professionals (SUNYFAP); Ms. Renee Behnke, President of the New York State Organization of Bursars and Business Administrators (NYSOBBA); and Ms. Doreen Crosby, Designee of the President of the SUNY Business Officers Association (SUBOA).

Present for HESC were: Dr. Guillermo Linares, Acting President; Ms. Cheryl Fisher, Secretary to the Board; and Mr. Frank Ballmann, Federal Liaison. Also present for the agency were: Ms. Elsa Magee, Executive Vice President; Mr. Thomas Brennan; Ms. Barbara Hochberg; Ms. Christine Konsistorum; Ms. Lisa Simpson; Ms. Susan Stah-Cooper; Mr. Lonnie Threatte and Mr. Warren Wallin; as well as Ms. Cori Biviano, Mr. Joshua Farrell and Ms. Aleah Wendell.

### **Chairperson's Report**

Chairman Klinger welcomed members of the Board of Trustees of the New York State Higher Education Services Corporation and began the meeting by explaining that the voting items were moved up on the agenda to accommodate Ms. Onyejiukwa, who needed to return to NYC in time for a final exam later that evening. He also acknowledged two Leadership Council Members; Mr. Darrin Rooker, new President of NYSFAAA; and Ms. Renee Behnke, President of NYSOBBA, who was attending her first HESC Board meeting.

Chairman Klinger next formally introduced and welcomed Dr. Guillermo Linares as HESC's Acting President, and invited Dr. Linares to give the HESC Report.

### **HESC Report**

### **President's Report**

Dr. Linares expressed his appreciation to the members of the Board and the Leadership Council and emphasized his pleasure for the opportunity to work collaboratively to help students reap the myriad of opportunities and benefits that a college education provides.

Dr. Linares provided a detailed overview of his background, including his immigration from the Dominican Republic, educational pursuits, experience as a teacher and government official at the local and State levels, and his commitment to ensuring that all New Yorkers have access to higher education.

Since joining the agency in late January, Dr. Linares has been fully engaged in the many activities that HESC is charged with administering, including the launching of five new student financial aid programs the agency has been tasked with administering beginning in the 2017-18 academic year, and the issuing of a report to the Governor and Legislature (by June 30, 2018) on issues of college affordability.

The 2017-18 State Budget establishes the Excelsior Scholarship which, in combination with other student financial aid programs, allows students from families that make up to \$125,000 annually to attend a SUNY or CUNY college tuition-free, when fully phased in. To be eligible for the Scholarship, a student must be currently “on-time” in their pursuit of a two-year or four-year degree (if the student is already attending college), and all students who receive an award must

complete 30 credits each year to continue receiving the award. Students who first entered college in either the 2015-16 academic year or the 2016-17 academic year, and who will enter the 2017-18 academic year 6 credits short of meeting the 30-credits-per-year requirement, will be allowed to make up those 6 credits during the 2017-18 academic year. If these students are successful in earning a total of 36 credits in 2017-18, they will be deemed eligible for the award beginning in the 2018-19 academic year. Excelsior Scholarship recipients must also plan to live in New York for the length of time they participate in the scholarship program. If, during this time, a recipient is working, he or she must work in NYS.

The State Budget also establishes the Enhanced Tuition Awards program, which provides awards of up to \$6,000 to students from families that make up to \$125,000 annually who are attending a private college in New York State. As with the Excelsior Scholarship, a student must be currently on-time in his or her pursuit of a two-year or four-year degree (if the student is already attending college), and all students who receive an award must complete 30 credits each year to continue receiving the award. Also in keeping with the Excelsior Scholarship, students who first entered college in either the 2015-16 academic year or the 2016-17 academic year, and who will enter the 2017-18 academic year 6 credits short of meeting the 30-credits-per-year requirement, will be allowed to make up those 6 credits during the 2017-18 academic year. If these students are successful in earning a total of 36 credits in 2017-18, they will be deemed eligible for the award beginning in the 2018-19 academic year. Recipients of the Enhanced Tuition Award must also plan

to live in NYS for the length of time that they participated in the program. Similarly, if working, the recipient must work in NYS.

The New York State Part-time Scholarship Award Program will provide scholarship awards to students who attend a SUNY or CUNY Community College part-time and maintain a 2.0 GPA, beginning in the 2017-18 academic year. Students are eligible to receive \$1,500 per semester for up to two years. Students receiving Part-time TAP awards and students who receive awards under the Aid for Part-Time Study program will be able to receive the Part-time Scholarship Award in conjunction with those awards.

The New York State Child Welfare Worker Incentive Scholarship Program will grant awards for child welfare workers who are employed at voluntary not-for-profit child welfare agencies licensed by the NYS Office of Children and Family Services. Awards can be used to get either an associate's degree, a bachelor's degree or a graduate degree. Recipients of this award must agree to live in NYS and work at a voluntary not-for-profit child welfare agency licensed by the Office of Children and Family Services for 5 years after graduation.

The New York State Child Welfare Worker Loan Forgiveness Incentive Program provides student loan forgiveness awards for the purpose of attracting workers to be employed in NYS child welfare agencies. Recipients can receive

awards of up to \$10,000 per year for up to 5 years, provided that the award does not exceed the total amount of the recipient's student loan debt.

The Budget also calls for HESC to report on options to make college more affordable to NY students and their families by June 30, 2018. The report will explore and analyze such pressing issues as student loan debt refinancing and other debt relief options, college affordability and programs to help families save for college. The information in the report will allow colleges to explore opportunities to implement college affordability options.

Dr. Linares stated that, over the next six months, HESC will continue to implement its State award programs, as well as the wind down of its Federal Student Loan operations. HESC will also look to expand communication and interaction with school officials promoting state financial aid programs, and connecting directly with students and families to provide college awareness information. The agency will utilize technology and connect larger groups of stakeholders to promote access.

Dr. Linares concluded by stating that his goal is to work collaboratively to make HESC the most reliable resource in financing and preparing students and families for postsecondary education.

There were no questions for Dr. Linares.

## **Approval of Minutes and Resolutions**

Chairman Klinger requested a motion to adopt the draft minutes from the December 6, 2016 Board meeting. Dr. Ptachik moved to adopt the minutes and Mr. Cohen seconded the motion. The motion passed unanimously by voice vote and the minutes were adopted without change.

Chairman Klinger then turned the floor over to Ms. Fisher, Secretary to the Board, to present several Resolutions to the Board.

Ms. Fisher first presented an Amendment to the By-laws of the NYS Higher Education Services Corporation. There being no discussion, a motion to adopt the Resolution was made by Dr. Ptachik and seconded by Ms. Thompson. The Resolution was unanimously adopted.

Ms. Fisher next addressed the Excelsior Scholarship Regulation. She walked the Board members through the components of the regulation, allowing for thorough discussion and addressing questions.

Specifically, the Board discussed the definition of full time study and its applicability to transfer students and to students who cross register between campuses. Ms. Thompson commented that the implementation of the requirement as discussed satisfied her concerns given Open SUNY and the many students taking classes both across the system and between campuses. Members also

discussed the responsibility of the college to certify the number of credits applicable to a student's program of study regardless of where the credits may have initially been taken. Concerns were raised regarding remedial classes and developmental education. Ms. Thompson commented that, although it may require more intensive advisement, students who take remedial courses are not precluded from applying for the Program. Ms. Fisher underscored that the intent of the program is to promote on-time completion. Mr. Cohen requested consideration be given to including developmental education and remedial classes should there ever be amendments to the statute.

Ms. Fisher then turned the discussion to the provision allowing a student to interrupt his/her study for circumstances such as death of a family member, illness, military service, etc. She explained that HESC would partner with the college in reaching its determination on whether a student satisfies the criteria for a permissible interruption of study. Mr. Cohen commented that his membership is appreciative of the hardship exception.

The Board also discussed the criteria for determining a student's start date for both current college students and entering freshmen, as it pertains to the credit requirement for full time study and successful completion. Consideration was taken to address the fact that not all students enroll for what is considered a traditional academic year. Clarification was provided regarding eligibility beginning with the first semester a student matriculates.



There was discussion regarding the provision allowing college credits earned while in high school to be counted toward the 30-credits-per-year completion requirements. It was emphasized that the college must certify that such credits, when used, count toward a student's program of study and that the student has taken the requisite number of credits per semester to fulfill the 30-credits-per-year requirement.

Next, Ms. Fisher explained the requirement that current college students must have completed at least 30 combined credits in each consecutive year prior to applying for the program in order to be eligible. She noted an exception which would allow students who were freshmen and sophomores in 2016-17 and who are six or less credits short of meeting the program's credit requirements, the opportunity to become eligible for the Excelsior Scholarship in 2018-2019, enabling them to "catch up" and qualify. Ms. Thompson commented that this is a significant benefit that could enable many students to attain eligibility. There was discussion regarding the need for continuous review of applicable credits throughout the application process to allow for maximum eligibility, and the importance of informing students and financial aid offices about this "catch up" exception.

It was noted that the regulation authorizes disabled students to attend part time and receive a prorated award.

Ms. Fisher then discussed the certification process, calculation of the amount of the award and disbursements.

Lastly, provisions regarding a recipient's post-award obligation to live in NYS for an amount of time equal to the duration of the award as well as be employed in the State during this time, if employed, were reviewed. Ms. Fisher noted that military personnel who are NYS residents fulfill this requirement regardless of where they are stationed or deployed. She further advised that students completing their undergraduate or graduate study (including medical residency) in NYS can apply that time toward this requirement. Those students pursuing undergraduate or graduate study outside NYS may defer this requirement and are given a six-month grace period. Failure to satisfy the post-award requirement will result in the conversion of the award to a 10-year interest-free loan. The regulation contains a provision for the waiver or postponement of repayment in cases of extreme hardship as well as prorating repayment of an award.

Some Board members suggested that HESC provide students with additional information and further clarification on some provisions of the program in the current Frequently Asked Questions and early in the application.

At the conclusion of the discussion, Mr. Cohen declared the SUNY Student Assembly's support for the program and mentioned SUNY's obligation to ensure accommodation of any influx of students as a result. He also requested that HESC take steps to ensure the regulation language is gender-neutral, which Chairman Klinger said would be taken under advisement. At Ms. Onyejiukwa's request, Ms. Fisher provided clarification regarding "last dollar scholarships" and how they might off-set an Excelsior award. Ms. Fisher clarified that awards that are designated for a purpose such as housing or a laptop would not be offset. Ms. Onyejiukwa thanked Dr. Linares for HESC's work on the program.

A motion to adopt the Resolution regarding the Excelsior Scholarship Regulation was made by Ms. Onyejiukwa and seconded by Mr. Cohen. The Resolution was unanimously adopted.

Dr. Linares acknowledged the hard work of HESC staff and all who collaborated, on behalf of students. He also stated that HESC would work closely with stakeholders to ensure that HESC's required report acknowledges the various issues that exist regarding college affordability, to help ensure students are completing on-time with the least amount of debt.

Ms. Fisher next addressed the Enhanced Tuition Awards (ETA) Regulation. She began by stating that the majority of the detailed discussion regarding the Excelsior Scholarship was directly applicable to the ETA program and, inasmuch,

she would only speak to the unique aspects of the ETA program in her presentation to the Board, including: award amount, certification, recipient selection, and college option.

There being no discussion, a motion to adopt the Resolution regarding the Enhanced Tuition Awards Regulation was made by Dr. Ptachik and seconded by Ms. Thompson. The Resolution was unanimously adopted.

Ms. Fisher then presented a signed Resolution of Appreciation for Mr. Philip Williams. A motion to adopt the Resolution was made by Ms. Thompson and seconded by Dr. Ptachik. The Resolution was unanimously adopted.

### **Audit Committee Report**

Chairman Klinger introduced Dr. Ptachik, Chairman of the Audit Committee, to provide the Audit Committee Report to the Board. Chairman Ptachik reported a recent change in leadership in the Audit Division, and welcomed Ms. Christine Konsistorum to HESC. Dr. Ptachik state that Ms. Konsistorum is replacing Matt Downey who recently retired. As it was her second day at HESC, Mr. Wallin presented the 2017-18 Audit Plan to the Audit Committee, which they accepted.

In his finance update, Chairman Ptachik reported that HESC's 2017-2018 proposed state operations budget of \$1.2 billion was approved by the Division of the Budget. Agency Operating Fund projections through SFY 2020-21 show a

positive fund balance, but annual expenses continue to exceed annual revenues, resulting in a declining Agency Operating Fund balance. The Federal Student Loan Reserve Fund through FFY 2020-21 shows a reserve ratio in excess of the mandatory requirement. The Pilot Investment Program with the Office of the State Comptroller's Short Term Investment Pool is complete and was a success. The Division of the Budget requested a cost savings plan of 5 percent of both non-personal and personal service expenses from all agencies. HESC's plan was submitted on-time and approved. HESC completed the NYSTEC IT Management Plan.

There being no questions for Chairman Ptachik, he introduced Ms. Marie Zimmerman, KPMG Engagement Partner, to present HESC's Annual Financial Statement Audit plan for the fiscal year ended March 31, 2017.

Ms. Zimmerman informed the Board that the Audit Plan presented to the Committee had not significantly changed from the previous year. KPMG will conduct a Financial Statement Audit for the year ending March 31, 2017. The Audit Report will include opinions on both the Guaranteed Student Loan Program Operating Fund and the Federal Fund. They will also conduct a Single Audit of the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) and the Federal Family Education Loan (FFEL) Program. KPMG will report on the various internal controls that they attest to in their Financial Statement Audit and Single Audit, and will issue a letter of required communications with their

observations. Although there again is new accounting and compliance guidance for implementation by HESC, the changes for this year are not as challenging as those in the previous year, so it is expected that implementation will again be successful and on-time.

There were no questions for Ms. Zimmerman.

### **Federal Update**

Chairman Klinger then called on Frank Ballmann to provide a Federal Update. Mr. Ballmann's update covered three topics: Changes for Academic Year 2017-18, Federal Fiscal Year 2017 and 2018 Budgets, and Higher Education Act (HEA) Reauthorization.

Mr. Ballmann stated that any changes to the FFY18 Budget should not affect the maximum Pell Grant for the 2017-18 academic year. Interest rates on Stafford and PLUS loans will rise for loans made on or after July 1, 2017, but are still among the lowest fixed rates ever, with Stafford subsidized and unsubsidized loans at 4.45 percent, Graduate Stafford loans at 6.0 percent and Parent PLUS loans at 7.0 percent. Perkins loans are only open to undergraduates this fall, and first disbursement must occur by September 30, 2017.

Mr. Ballmann reported that the Consolidated Appropriations Act of 2017 will provide continued funding through September 30, 2017, and includes funding for the restoration of Year-Round Pell grants.

The President's FFY18 budget was released earlier this week and contained several changes impacting higher education and student financial aid:

- Eliminates funding for the Supplemental Educational Opportunity Grant
- Cuts funding for Federal Work Study by almost 50%
- Confirms the end of the Perkins loan program
- Eliminates the subsidized Stafford loan program for new borrowers and for existing borrowers who are not continuously enrolled in the same program of study
- Ends the Public Service Loan Forgiveness program; same grandfathering provisions as those for subsidized Stafford loans

All of these changes would be effective for the 2018-19 AY if enacted by Congress and the President.

Mr. Ballmann observed that the timeline for HEA Reauthorization has likely been pushed even further into the future than anticipated.

The IRS Data Retrieval Tool used by FAFSA filers and by borrowers seeking to enroll in or renew eligibility for Income-Based Repayment (IBR) programs should be available again in the next few weeks for IBR enrollment

purposes, but not until October for FAFSA filing purposes. The early FAFSA filing numbers are being reviewed to identify those groups of students who were over- and under-represented in the process. The number of FAFSA filings has already surpassed those filed by June 30 last year.

With respect to higher education policy contacts at the U. S. Department of Education and in the Administration, it is not yet clear who is the lead policy-maker. Mr. Ballmann also stated that the COO of the Office of Federal Student Aid resigned, effective immediately, on Tuesday.

As for next steps in DC, Mr. Ballmann remarked that, regarding the FFY18 budget process, proposed changes in pertinent higher education programs would equate to a \$300 million reduction in student financial aid available to NYS students alone for the 2018-19 academic year if the President's budget were to pass "as is."

There were no questions for Mr. Ballmann.

### **Leadership Council**

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



Ms. Renee Behnke (NYSOBBA) thanked the Board for the opportunity to attend as a member of the Leadership Council and said that she found it informative. Mr. Darrin Rooker (NYSFAAA) congratulated Dr. Linares and emphasized that financial aid professionals need to work together and support one another as they work to comply with the new State programs as well as to maintain continued compliance with the many federal programs that they encounter. He commented that intensive training would be helpful and offered NYSFAAA's technology and many training opportunities to assist with fulfilling this need. Ms. Debra Bouabidi (SUNYFAP) stated that she appreciated the opportunity to be at the meeting. She congratulated Dr. Linares and praised his leadership, thanking him for coming to Rockland Community College to speak about the Excelsior Program. She also thanked Ms. Hochberg for her partnership and for attending the SUNYFAP Conference to address questions regarding the Excelsior Scholarship. Ms Doreen Crosby (SUBOA) thanked Ms. Thompson for facilitating a SUNY-wide discussion regarding the Excelsior Scholarship and for taking into consideration various issues and concerns presented. She also appreciated the opportunity to be at the meeting for the discussion on the regulation and congratulated Dr. Linares.

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

Chairman Klinger announced that the next meeting of the HESC Board of Trustees will be held on Wednesday, December 13, 2017.

## **Adjournment**

Chairman Klinger asked for a motion to end the meeting. The motion was made by Dr. Ptachik and seconded by Ms. Thompson. The meeting was adjourned at 1:05 p.m.