

**New York State Higher Education Services Corporation**  
**Board of Trustees Meeting**  
**Minutes**  
**Approved at 12/8/15 Meeting**  
**May 6, 2015**  
**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 Ms. Elizabeth R. Berlin, Acting Commissioner of the New York State Education Department (SED); Dr. Robert Ptachik, designee of Dr. William P. Kelly, 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); and Ms. Angela Van Dekker, Associate Vice President, Student Financial Services at Fordham University.

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); Mr. Greg Withrow, President of the New York State Organization of Bursars and Business Administrators, Inc. (NYSOBBA); and Ms. Latonia Spencer, State University of New York Business Officers Association (SUBOA) Designee.

Present for HESC were: Ms. Elsa Magee, Executive Vice President and Acting President; Ms. Cheryl Fisher, Secretary to the Board; Mr. Frank Ballmann, Federal Liaison; as well as Mr. Thomas Brennan, Mr. Matthew Downey, Ms. Barbara Hochberg, Ms. Lisa Simpson, Mr. Lonnie Threatte, Mr. Victor Stucchi, and Mr. Warren Wallin.

Also present, for the agency, were Ms. Cori Biviano, Mr. Joshua Farrell and Ms. Aleah Wendell.

### **Chairperson's Report**

Chairman Klinger welcomed the Board members and acknowledged a new member, Mr. Joseph Awadjie, Chairperson of the University Student Senate, who was not in attendance. Chairman Klinger also recognized Ms. Latonia Spencer, the new designee of the President of SUBOA to the Leadership Council. Finally, the Chairman thanked Greg Withrow, whose term as President of NYSOBBA will come to an end in June, for his service on the HESC Leadership Council.

### **Approval of Minutes from the October 29, 2014 Board Meeting**

Chairman Klinger requested a motion to adopt the draft minutes from the October 29, 2014 Board meeting. Ms. Angela Van Dekker moved to adopt the minutes and Mr. Stanley Hansen seconded the motion. The motion passed unanimously and the minutes were adopted without change.

### **Audit Committee Report**

Chairman Klinger introduced Dr. Robert Ptachik, member of the Audit Committee, and requested Dr. Ptachik provide the Audit Committee Report to the Board in the absence of Mr. Philip Williams, Chairman of the Audit Committee.

Dr. Ptachik reported that the Audit Committee met that morning at 10:00 am, during which the agency's Audit Director, Mr. Matt Downey, provided an Audit Activity

Analysis of the 2014-15 Audit Plan of budgeted versus actual hours of staff time. All field audits were started or completed as scheduled. A few internal audits required more staff time than budgeted which resulted in some audits not commencing. Those audits have been rolled forward into the 2015-16 State Fiscal Year Audit Plan, which was developed with input from senior management and the use of a risk based assessment process. Dr. Ptachik reported that the agency had received its annual Report of Examination from the New York State Department of Financial Services, and that no new issues were cited in the report. HESC will appropriately address the concerns that were noted. Dr. Ptachik further reported that the agency had filed its annual certification with the Office of the State Comptroller with respect to the internal controls over the procurement process, specifically credit card purchases.

Dr. Ptachik also reported that Mr. Warren Wallin, Chief Financial Officer, informed the committee that HESC had filed its annual Internal Control Certification to the New York State Division of the Budget; that the agency's 2015-16 State Fiscal Year budget was approved by the Legislature as proposed by the Governor; and that KPMG, HESC's external auditors, have commenced their annual Financial Statement and Single audit for the year ending March 31, 2015. Dr. Ptachik informed the Board that KPMG made a presentation to the Committee, provided an overview of the audit process and highlighted key areas to be reviewed. The audit team, audit deliverables, and scope and objective were also discussed. Dr. Ptachik concluded by reporting it is anticipated that the audit will be completed by the next Board meeting.

## **HESC UPDATES**

### **President's Report**

Ms. Elsa Magee, HESC's Executive Vice President and Acting President, reported on HESC's activities since the October 29, 2014 meeting of the Board, beginning with the 2015-16 New York State Budget. Ms. Magee reported that this year's Budget once again continues full support for all HESC-administered grant and scholarship programs, and includes a number of new initiatives that benefit New York State's college going students and recent college graduates.

Launching in June 2015, the Get on Your Feet Loan Forgiveness Program will allow New York residents who graduate from a college or university located in the State in 2014-15 or thereafter to pay nothing on their federal student loans for the first 2 years out of school if: they continue to live in the State, earn less than \$50,000 (AGI) per year, and participate in an eligible income-driven repayment plan. Ms. Magee explained that, to be eligible, applications must be submitted within two years of college graduation; the applicant must not have attained a degree higher than an associates or bachelor's degree at the time of application; and, the applicant must be enrolled in a federal income-driven repayment plan whose payments are 10% of his/her discretionary income. Those who are eligible for the Program will have their established income-based payments covered for up to two years, provided they continue to meet the State eligibility criteria. Ms. Magee stated that HESC has worked closely with officials from the U.S. Department of Education to streamline both the application and the process for determining an applicant's eligibility, and is grateful for the tremendous support and cooperation the agency has received from staff at the Department.

Ms. Magee reported that the 2015-16 Budget also established the Masters-in-Education Teacher Incentive Scholarship Program to incent students to pursue teaching as a profession. Under the program, 500 top students will be awarded full graduate tuition awards annually to pursue their Masters in Education at a SUNY or CUNY college or university, and build strong teaching careers here in New York State. The Program will be developed over the next several months, with a planned launch for the 2016-17 academic year. This will allow time to develop a construct that meets the program's intent – which is to incentivize students who might not otherwise have considered a career in teaching, or exceptional mid-career professionals who are considering a change to become teachers.

In addition, the State Budget established The New York State Achievement and Investment in Merit Scholarship, or NY-AIMS. This scholarship will provide high school graduates who excel academically with merit-based scholarships to support their cost of attendance at any college or university located within the State. The Budget authorizes 5,000 awards of \$500 each for the 2015-16 and 2016-17 academic years.

Ms. Magee reported that this year's Enacted Budget also aligns the SAP standards for TAP recipients with disabilities to be proportionally equivalent to the standards for full-time students. The new SAP standards will take effect for the 2015-16 academic year.

Ms. Magee next informed the Board that, to help ensure that students are able to make wise college selection and financing choices, the Enacted Budget also calls for the standardization of financial aid award letters among New York State colleges and universities. The Budget tasks the NYS Department of Financial Services (DFS) with

developing the standardized award letter, in consultation with HESC. Schools would begin using the standardized letters in the 2016-17 academic year.

Ms. Magee reminded the Board that, in addition to HESC's administration of state student financial aid programs, the agency also administers two federal grants geared toward improving college attainment by underserved and underrepresented student populations – the College Access Challenge Grant (CACG) and the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). She explained that 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. NYS has been awarded \$36M in federal CACG funds since the program's inception in 2008, and has awarded an overwhelming majority of those funds to support direct services to students through nonprofit service providers.

One effort that has been administered directly through the agency has been a program to support college tours for underrepresented students. The College Tours program provides CACG-eligible students the opportunity to experience college first-hand – by eliminating the financial burden and costs associated with college campus visits. Non-profit organizations coordinate and accompany the students on the college tour. The trips can be in-state or out-of-state and can include visits to one or multiple colleges. In January 2015, HESC announced \$250,000 in funding for the College Tours program. This funding will support 20 separate college tour trips by 16 organizations serving nearly 1,300 students. Ms. Magee explained that, due to the expiration of the federal funding authorization, HESC will be supporting the last round of students through

CACG in 2015-16. Among the last year services, a final College Tours offering will be announced in October for the 2015-16 school year.

Ms. Magee further reported that, as with the College Access Challenge Grant, GEAR UP is designed to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. GEAR UP, however, provides six-year grants to states and partnerships to serve an entire cohort of students at high-poverty middle and high schools, beginning no later than the seventh grade and continuing through high school. HESC was awarded a \$22.4M seven-year grant in 2014 and has begun working with 31 nonprofits organizations that are serving 29 middle schools in Buffalo, Hempstead, New York City, Rochester and Yonkers. NYGEAR UP is focusing on school districts whose high school graduation rates are below 60 percent and will offer services that emphasize college readiness, college fit and college persistence as well as academic alignment to high-demand fields and sectors of the economy.

At the conclusion of Ms. Magee's report, there was discussion regarding the standardization of financial aid award letters among New York State colleges and universities from representatives of both public and private sector schools. Ms. Van Dekker recommended that HESC involve several financial aid administrators from different sectors in developing the letter. She explained that, in her experience with appeals, she sees that some award letters can be misleading but, expressed her concern that the resulting letter not be so prescriptive as to eliminate the branding and the spirit of the school. Ms. Cooper informed that Board that she was part of a committee that developed the SUNY common award letter, and recommended that this group might be of assistance as HESC moves forward with DFS. Ms. Thompson expanded upon that,

explaining that development of the SUNY common award letter was a very long process that required a lot of discussion and compromise. She also emphasized the importance of casting a wide net to ensure the varied needs of the sectors are addressed. Ms. Magee responded that the recommendations would be shared with DFS as the process advances.

Following this discussion, Ms. Cooper asked that information regarding the Get on Your Feet Program be made publicly available to address questions she is receiving. Ms. Magee said such information would be available shortly on the HESC website. Ms. Magee also addressed questions regarding outreach efforts in connection with the NY-AIMS program, explaining that a High School Guidance Counselor Newsletter issuance and Governor's Press Release would be forthcoming. Discussion ensued regarding components of NY-AIMS. Following this discussion, Chairman Klinger asked for a college application week update. Ms. Magee reported that most students assisted were from the NYC area, and that HESC is hoping to replicate their efforts in the Syracuse or another area next year. Finally, Dr. Ptachik requested some information regarding the STEM and Young Farmer's Loan Forgiveness programs. Ms. Magee said she would provide the Board with information regarding the outcome of the 2014-15 STEM Program year, but reported that all 10 available awards were granted under the Young Farmer's Loan Forgiveness Program. There being no further questions for Ms. Magee, the Chairman turned the floor over to Mr. Frank Ballmann, HESC's Federal Liaison, for a Federal Update.

## **Federal Update**

Mr. Frank Ballmann, HESC's Federal Liaison, provided a Federal Update beginning with changes for the 2015-16 academic year, Mr. Ballmann stated that the maximum Pell grant will increase by only \$45 to \$5,775, rather than the \$100-120 previously anticipated, due to a drop in the Consumer Price Index in the fourth quarter of 2014. Mr. Ballmann explained that the rate for new federal direct student loan program loans in the 2015-16 academic year will be determined by the 10 year Treasury note auction to be held on Wednesday, May 13. Mr. Ballmann indicated that at the current 10-year Treasury note yield of roughly 2.21 percent, new undergraduate Stafford loans would carry a rate of 4.26 percent, graduate Stafford loan rates would be 5.81 percent, and PLUS loan rates would be at 6.81 percent. Mr. Ballmann noted that Perkins loans may be awarded to students for the 2015-16 academic year as long as they are first disbursed prior to October 1, 2015. Only students receiving Perkins loans in the 2014-15 academic year or prior would be eligible for new Perkins loans after October 1, 2015, and those students must remain at the same institution and in the same program of study to remain eligible. Mr. Ballmann pointed out that, because the Perkins Loan program is currently being operated under an automatic extension as allowed by the General Education Provisions Act (GEPA), which ends on October 1, 2015, it is unclear how the U.S. Department of Education (ED) will account for the second disbursements on 2015-16 loans and future grandfathered loans when calculating its share of the Perkins revolving fund to be recalled.

Turning to the Federal Fiscal Year 2016 budget, Mr. Ballmann reported that the President's budget would generally keep funding level for many education programs. He

commented that the House/Senate budget bill that passed the previous day will not be signed by the President. Rather, it will guide the appropriation bills that direct the budget process. These bills will need to pass Congress and be signed by the President no later than September 30, 2015, or a shut-down could take place.

Turning to reauthorization of the Higher Education Act (HEA), Mr. Ballmann explained that HEA Authorization will likely not occur until the Elementary and Secondary Education Act (ESEA) is reauthorized.

Next, Mr. Ballmann discussed the Financial Aid Simplification and Transparency (FAST) Act, which would simplify to a two question postcard FAFSA and simplify to one grant and one loan. However, the two question postcard is viewed to be more of a conversation starter than a possibility given that states require additional information for their state-specific programs and personal information alone, such as name and address, would require more than two questions be answered.

In summarizing what is occurring in Negotiated Rulemaking, Mr. Ballmann reported that PLUS loan approval criteria will be relaxed for 2015-16, gainful employment is likely to end up in the courts, and the current session reached consensus on a new income-based, pay as you earn repayment plan that would provide 20 year forgiveness for undergraduate debt levels and 25 year forgiveness for graduate-level debt. In addition, regulations regarding the Servicemembers Civil Relief Act will be updated.

Mr. Ballmann spoke about ED's recent Dear Colleague Letter on "Unusual Enrollment Patterns," or students with multiple enrollments but no credits earned, as they move to exclude students with 'unusual enrollment patterns' from receiving Pell grants.

Finally, Mr. Ballmann noted that ED has the ability to enact prior-prior year for the FAFSA administratively, but could not do so until the 2016-17 FAFSA season. ED may take that step if HEA Reauthorization does not occur this fall.

With regard to next steps in Washington, Congress must pass Federal Fiscal Year 2016 appropriations bills by September 30, 2015 and increase the debt ceiling soon thereafter, but those two activities would likely occur in tandem. With regard to the HEA, the Congressional Budget Office projects that implementing “prior-prior” would cost \$8 billion, while eliminating subsidized Stafford, as proposed in the FAST Act, would create a \$34 billion savings. It is unclear what other costs and savings would result from reauthorization, but there is a projected Pell shortfall to be addressed as well.

Mr. Ballmann addressed a few questions regarding Perkins loans and the unusual enrollment issue.

### **Consensus Rules Update**

Mr. Klinger next called upon Cheryl Fisher, Secretary to the Board, to provide a Consensus Rules Update and to present six resolutions.

Ms. Fisher reminded the Board that the by-laws provide that the Corporation may adopt consensus rules on behalf of the Board provided notice of the adoption is given to the Board at the next meeting. Ms. Fisher explained that, generally, consensus rules are those regulations that provide for a technical change, conform to non-discretionary provisions, or repeal provisions that are no longer applicable. Ms. Fisher then reported that, since the last meeting, HESC has adopted four such rules, all of which became effecting on March 11, 2015. The first rule repealed the default fee regulation as obsolete

since originations of Federal Family Education Loan (FFEL) Program loans ceased as of July 1, 2010; the second rule changed the reference from the FFEL Program to the Direct Loan Program in connection with the interest rate for the NYS Math and Science Teaching Incentive Program; the third rule repealed the regulation implementing the Volunteer Recruitment Service Scholarship Program because the program sunset on June 30, 2010; and, the fourth and final rule deleted the reference to the Federal guarantee program as obsolete in connection with the adjustments to income in calculating TAP awards.

There being no discussion regarding the Consensus Rules update, Chairman Klinger next asked Ms. Fisher to present six Resolutions to the Board.

## **Resolutions**

Ms. Fisher first presented a Resolution to adopt the NYS Get on Your Feet Loan Forgiveness Program Regulation. No questions were posed to Ms. Fisher by members of the Board or the Leadership Council. A motion to adopt the Resolution was made by Mr. Hansen and seconded by Ms. Van Dekker. The Resolution was unanimously adopted.

Next, Ms. Fisher presented a Resolution to adopt The NYS Achievement and Investment in Merit Scholarship (NY-AIMS) Regulation. Discussion ensued regarding NY-AIMS' intent when a student is fully packaged. Dr. Ptachik requested that a subcommittee of financial aid experts meet to review and revise the proposed regulation. The discussion resulted in minor amendments to the draft regulation, which will be filed on an emergency basis to ensure the program's launch date. Ms. Magee offered that HESC would host a webinar in the short term to ensure clarity among financial aid staff

regarding the new program. She also agreed to later convene a group to review and discuss the permanent regulations and to call a special meeting of the Board before they are filed. At the conclusion of the discussion, Chairman Klinger recommended that, based upon the revisions and understanding that discussions will continue, a motion be made to adopt the Resolution. The motion to adopt the Resolution was made by Ms. Van Dekker and seconded by Dr. Ptachik. The Resolution was unanimously adopted.

Third, Ms. Fisher presented a Resolution to adopt the TAP Adjustments to Income Regulation. Ms. Van Dekker recommended a minor clarification edit to the Resolution. At the conclusion of the discussion, a motion to adopt the Resolution with the modification was made by Dr. Ptachik and seconded by Mr. Hansen. The Resolution was unanimously adopted.

Ms. Fisher then presented three Resolutions of Appreciation, the first being for Ms. Lori Mould. A motion to adopt the Resolution was made by Dr. Ptachik and seconded by Ms. Van Dekker. The Resolution was unanimously adopted. In the interest of time, Ms. Fisher presented, but did not read a Resolution of Appreciation for Mr. Muhammad W. Arshad. A motion to adopt the Resolution was made by Mr. Hansen and seconded by Ms. Thompson. The Resolution was unanimously adopted. Ms. Fisher read the final Resolution of Appreciation for Mr. Greg Withrow. A motion to adopt the Resolution was made by Ms. Van Dekker and seconded by Dr. Ptachik. The Resolution was unanimously adopted, and presented to Mr. Withrow by Ms. Fisher.

## **Leadership Council**

Chairman Klinger welcomed and invited comment from the members of the Leadership Council. Ms. Cooper (NYSFAA) thanked Ms. Magee, as well as Ms. Hochberg and Ms. Simpson, for their willingness to be of assistance and answer questions. Mr. Hill (SUNYFAP) thanked Ms. Hochberg for presenting at the recent SUNYFAP conference, and also thanked Ms. Hochberg and Ms. Simpson for making themselves available throughout the year to answer questions that arose regarding new programs. He also reminded the Board about SUNYFAP's Perkins advocacy and welcomed others to the effort. Ms. Spencer (SUBOA) commented that SUBOA is in step with SUNYFAP regarding Perkins and thanked the Board for a warm welcome. Mr. Withrow (NYSOBBA) reminded the Board that the NYSOBBA conference is June 14-17, 2015 in White Plains. He also discussed efforts by NYSOBBA to collaborate with sister organizations to share information and experience. Finally, Mr. Withrow expressed he was honored to have been part of the Leadership Council.

Chairman Klinger remarked that it was gratifying for the Board to hear such praise of the HESC staff, and to know that they are helpful.

## **Set Date for Fall Meeting**

Chairman Klinger announced that the next meeting of the Board of Trustees will be held on Wednesday, October 21, 2015.

## **Adjournment**

Chairman Klinger asked for a motion to end the meeting. The motion was made by Mr. Hansen and seconded by Dr. Ptachik. The meeting was adjourned at 12:51 p.m.