

**New York State Higher Education Services Corporation
Board of Trustees Meeting
Minutes
August 1, 2018
11:00 a.m.
Approved at May 31, 2019 BOT Meeting**

The meeting was officially called to order at 11:04 a.m. by Ms. Patricia Thompson, Chair of the Nominating Committee.

Nominating Committee Report

Ms. Thompson reported that the Committee (comprised of Ms. Thompson, designee of Chancellor Johnson, Ms. Elizabeth Berlin, designee of Commissioner Elia, and Ms. Laura Bruno, designee of Interim Commissioner Rabinowitz) met via conference call on July 27, 2018. Ms. Thompson presented to the Board for consideration and action the Committee's recommendation that Mr. Abraham Lackman serve as Interim Chairman. There being no other nominees, Dr. Victor Alicea made a motion to accept the proposal and Dr. Anthony Collins seconded the motion. Mr. Lackman was unanimously elected by voice vote.

The following members of the Board were in attendance: Mr. Abraham M. Lackman, Interim Chair of the HESC Board of Trustees and Senior Officer of Civic Affairs, Simons Foundation; Mr. John Aderounmu, Chairperson of the City University of New York (CUNY) University Student Senate (who notified the board in advance of transportation issues which delayed his arrival until 12:20pm); Dr. Victor D. Alicea, President, Boricua College; Mr. Michael Braun, President, State

University of New York (SUNY) Student Assembly; Mr. David Chamberlain, Senior Vice President, M&T Bank; Dr. Anthony G. Collins, President, Clarkson University; Mr. John D'Agati, designee of Ms. Mary Ellen Elia, Commissioner of the New York State Education Department (SED); Ms. Gabriella Felipe, Student, Utica College; Mr. Marc M. Jerome, President, Monroe College; Ms. Patricia Thompson, designee of Dr. Kristina Johnson, Chancellor of SUNY; Mr. Matthew Sapienza, designee of Dr. Vita C. Rabinowitz, Interim Chancellor of CUNY; and Ms. Colleen Wright, Interim Director of Financial Aid & Student Employment, Cornell University.

In attendance for the Leadership Council were: Mr. Darrin Rooker, President of the New York State Financial Aid Administrators Association (NYSFAAA); Ms. Sarah Buell, Erie Community College, on behalf of Ms. Debra Bouabidi, President of the State University of New York Financial Aid Professionals (SUNYFAP).

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. Tydie Abreu; Ms. Candi Griffin-Jenkins; Ms. Barbara Hochberg; Ms. Elsa Magee, Executive Vice President; Ms. Lisa Simpson; Mr. Victor Stucchi; Mr. Lonnie Threatte and Mr. Warren Wallin; as well as Ms. Cori Biviano, Mr. Joshua Farrell and Ms. Aleah Wendell.

Chairman Lackman invited Dr. Guillermo Linares to give the HESC Report.

HESC Report

President's Report

Dr. Linares welcomed the new and veteran Board members and began his report by sharing a comprehensive video overview of HESC's programs and services.

Following the video, Dr. Linares expressed that the challenges he experienced as a first-generation college student new to this country, including linguistic barriers, have shaped his view, throughout his career, of the importance of education. He explained that HESC, and the many services and programs identified in the video are critical to helping students and families obtain the "golden ticket" that is a college degree.

Dr. Linares stated that, with a college degree being more important now than ever, and with the challenge of paying for college paramount for so many, HESC recognizes the importance of providing its critical information and services. He acknowledged the need to be linguistically sensitive and to leverage state of the art technology to communicate with students and families.

Dr. Linares concluded his remarks by expressing that he is looking forward to working with Board members to get their input and their support as HESC works to ensure all students can obtain a college degree.

There were no questions for Dr. Linares.

Approval of Minutes

Chairman Lackman next requested a motion to adopt the draft minutes from the March 28, 2018 Board meeting. Ms. Thompson moved to adopt the minutes and Ms. Wright seconded the motion. The motion passed by voice vote with abstentions by Dr. Collins and Mr. Chamberlain, who stated that they were not present at the previous board meeting. The minutes were adopted without change.

Audit Report

In the absence of the Audit Committee, Chairman Lackman presented a summary of observations from the NYS Department of Financial Services audit of HESC's federal guaranteed student loan activities.

On June 6, 2018, the NYS Department of Financial Services (DFS) issued its Report of Examination of HESC for the period ending March 31, 2017. Examination conclusions highlight that management is effective in its administration of the operations of the Guaranteed Student Loan portfolio. DFS expressed concerns about Board composition and the ability to effectively govern via an Audit Committee with a smaller Board. These concerns have been mitigated by the confirmation of seven newly appointed members to the Board of Trustees. Having a Board with 12 members will allow members to be nominated to the Audit Committee, ensuring robust governance. DFS's remaining recommendations relate to staffing levels within HESC's Audit Division, including a recommendation that management review staffing levels of the Audit Division. As HESC continues implementation of its Strategic Plan, the optimal composition of

the Audit Division will be determined and shaped in response to the future needs of the agency. In the interim, the Audit Director will continue to apply a risk-based methodology for developing the annual audit plan. DFS also recommends that the Audit Division establish a tracking report to monitor audit findings from external parties. This report has been established and is being updated on a regular basis.

Federal Update

Chairman Lackman next called on Frank Ballmann to provide the Federal Update. Mr. Ballmann's update covered three topics: Changes for Academic Year 2018-19, Federal Fiscal Year (FFY) 2019 Budget Update, and Higher Education Act (HEA) Reauthorization.

Mr. Ballmann reminded the Board that the Consolidated Appropriations Act of 2018, which passed in February and which covers the 2018-19 AY, increased the maximum Pell Grant by \$175 from \$5,920 to \$6,095 for 2018-19, the largest increase in many years. However, there was no movement to extend the Perkins loan program.

In addition, the new Federal Direct Loan Program interest rates rose to 5.05 percent for Undergraduate Stafford, 6.60 percent for Graduate Stafford and 7.60 percent for PLUS. These are the highest since the Bipartisan Student Loan Certainty Act of 2013, and a student taking a \$5,500 loan could incur \$200 to \$400 in additional interest over the life of the respective loans, depending on repayment.

Mr. Ballmann stated that the process for HEA Reauthorization is stalled in the Senate. He pointed out that a Career and Technical Education bill passed both the House and Senate and was signed by the President. It is expected that movement on the PROSPER Act and Aim Higher will likely wait until after the fall elections.

Mr. Ballmann next provided the Board with an Education Department (ED) update. Regarding the Borrower Defense to Repayment, he explained the change to pro-rata relief for forgiveness to students of Corinthian and other colleges, based on their current level of earnings. He also informed the Board of a proposal that would require a student to default prior to seeking relief from debt incurred while attending institutions that defrauded them or engaged in deceptive or misleading practices.

Mr. Ballmann noted that HESC received formal approval in April to its request to collaborate with New York State Boards of Cooperative Educational Services (BOCES) to administer FAFSA Completion data sharing in smaller school districts.

With regards to staffing, the Office of Federal Student Aid in ED is now co-
led by Kathleen Smith and James Manning.

Mr. Ballmann reported that the February budget deal funds FFY 2018 through September 30, 2018. Looking ahead to 2019-20, Mr. Ballmann stated it is anticipated that there will be level funding for higher education but no more Perkins loans available.

In conclusion, Mr. Ballmann stated that Congress is currently in recess and will return in September to vote on appropriations packages and/or a Continuing Resolution to avoid a federal government shutdown.

There were several questions and comments on various components of Mr. Ballmann's presentation. In response to a question regarding the impact of the end of the Perkins loan program on NYS students and schools, Mr. Ballmann commented that the impact would vary depending on the student and that, while additional grant money will be available, it will not necessarily make up the amount lost in Perkins aid.

Mr. Sapienza commented that the PROPSEER Act would have an incredibly negative impact on CUNY, and SUNY as well, in that the bill calls for elimination of SEOG programs and cuts to the federal Work Study program which are heavily relied upon by CUNY. Mr. Ballmann added that the \$15 billion overall cut is being proposed under the guise of simplification of student aid.

Ms. Wright raised concerns over FAFSA simplification, explaining that while a mobile app is appealing to students, this approach may require significant follow up for materials necessary for verification. Mr. Ballmann pointed out that the release anticipated in a few weeks will not include a link to the NYS TAP application; however, the release scheduled for October will have that enhancement.

Concerns were also raised regarding changes to loan servicing and the impact on borrowers.

There being no further comments, Chairman Lackman turned the floor over to Ms. Cheryl Fisher, HESC Supervising Attorney and Secretary to the Board, to present several Resolutions to the Board.

Resolutions

Ms. Fisher explained that the regulations before the Board would be filed on an emergency basis, enabling HESC to ready the programs for the fall. She further explained that there would be an opportunity for public comment when HESC proceeds with permanent adoption of the regulations at a later date.

Ms. Fisher first presented the Excelsior Scholarship Regulation implementing the changes to the program enacted in the State Budget and other needed changes. Discussion ensued about there having been a spring application for the Excelsior Scholarship, but no spring application for the Enhanced Tuition Awards (ETA) program. It was explained that the ETA program allows schools to cap the dollar amount and/or number of awards made. As some of the participating colleges had met their cap(s) in the fall, there was no spring application offered.

A question was raised regarding an email from HESC to students requiring a response regarding their ETA award within 10-days. The email was sent at the end of the process to students from whom HESC was awaiting required documentation to process the award, to allow for students remaining in queue for the award to benefit all eligible students in a timely manner. There was a

comment suggesting HESC inform schools at the same time the students receive the emails.

Mr. Jerome and other Board members engaged in a dialogue about the application of college credits earned while in high school. Ms. Fisher clarified that those credits may be used to meet the 12 and/or the 30-credit, full-time, requirement provided they are accepted by the college as applicable to a student's program(s) of study. Ms. Fisher further explained that such credits may also be used toward the academic credit history ("look back") requirement; and, it is the responsibility of the school to identify and track that application of credits.

Ms. Felipe questioned why the Excelsior Scholarship program requires completion of 30 credits per year when 12 credits are sufficient for full-time status. Ms. Fisher explained that, although a student enrolled in 12 credits is considered full time by the college, the rationale for completion of 30 credits toward one's program of study was to promote the principles of on-time completion and relief from debt burden.

There being no further discussion, a motion to adopt the Resolution was made by Mr. Jerome and seconded by Dr. Collins. The Resolution was unanimously adopted.

Ms. Fisher next addressed the Enhanced Tuition Awards Regulation. There was some misconception that participation in the program would require an institution to freeze tuition across the board. It was clarified that the "freeze" is made on a per student basis based on the date of enrollment, pending continued

eligibility. HESC will review and clarify information provided to schools on its website.

There being no further discussion, a motion to adopt the Resolution was made by Mr. Lackman and seconded by Dr. Collins. The Resolution was unanimously adopted.

Ms. Fisher next addressed the NYS Science, Technology, Engineering and Mathematics (STEM) Incentive Program Regulation.

A few questions were asked regarding the STEM program, including how students are informed about the approved STEM programs and occupations and what type of outreach is made to high schools to inform them of the STEM program. In addition to placement on the HESC website, students are also reminded in various letters from HESC to review the lists of approved STEM programs and occupations. Information regarding the program is shared with high schools via the HESC outreach team at HESC as well as via HESC's quarterly newsletter to high school counselors and BOCES administrators. Dr. Collins suggested to add college admissions officers to the list of those receiving the newsletter.

A question was raised about HESC's reliance on high schools in reaching a determination on the top 10 percent requirement. Ms. Fisher explained that HESC relies on the books and records of the high school including transcripts and the information provided on the high school verification form. She assured the Board that where information is unclear, especially for districts that do not rank its students, discussions are held with the high schools. She informed the Board that

many districts that don't "officially" rank its students on the transcript provide the internal ranking to HESC.

There being no further discussion, a motion to adopt the Resolution was made by Dr. Collins and seconded by Dr. Alicea. The Resolution was unanimously adopted.

Ms. Fisher next addressed the NYS Child Welfare Worker Incentive Scholarship Program Regulation. There being no discussion, a motion to adopt the Resolution was made by Mr. Jerome and seconded by Dr. Alicea. The Resolution was unanimously adopted.

Ms. Fisher next addressed the NYS Child Welfare Worker Loan Forgiveness Incentive Program Regulation.

In response to a question regarding eligibility, Ms. Magee explained that the program was not anticipated to assist State workers but, rather, was targeted for non-profits which often lose employees to the State and counties.

There being no further discussion, a motion to adopt the Resolution was made by Mr. Braun and seconded by Mr. Sapienza. The Resolution was unanimously adopted.

Finally, Ms. Fisher addressed the NYS Teacher Loan Forgiveness Program Regulation.

Ms. Fisher confirmed that the program does not require the applicant to have received their degree in NYS.

There being no further discussion, a motion to adopt the Resolution was made by Dr. Collins and seconded by Mr. Chamberlain. The Resolution was unanimously adopted.

Chairman Lackman paused for a moment to welcome Mr. John Aderonmou to the table, who had earlier informed the board of train delays as he travelled from NYC.

Ms. Fisher then presented several Resolutions of Appreciation. The first was for Mr. Alan Klinger. A motion to adopt the Resolution was made by Ms. Thompson and seconded by Mr. Aderonmou. The Resolution was unanimously adopted.

The second Resolution of Appreciation was for Mr. Marc Cohen. A motion to adopt the Resolution was made by Mr. Lackman and seconded by Mr. Braun, who expressed Mr. Cohen's appreciation to the Board for welcoming the student perspective to the discussion, offered the assistance of the SUNY Student Assembly and shared his gratitude for HESC's role in his college experience. The Resolution was unanimously adopted.

The final Resolution of Appreciation was for Ms. Doreen Alexander. A motion to adopt the Resolution was made by Ms. Wright and seconded by Mr. Chamberlain. The Resolution was unanimously adopted.

Mr. Jerome inquired as to whether it is HESC's intention to track the outcomes of Excelsior Scholarship and ETA students and whether HESC is statutorily identified as a steward of the award funds. Mr. Lackman expressed that the metrics he would most like to see, if HESC is directed to identify them are, increase in on-time graduation of recipients and, if measurable, whether the programs led to more students remaining in NYS for work, due to the required service provisions. Ms. Fisher commented that the new NYS Part-time Scholarship (PTS) Award Program requires HESC track certain outcomes.

Leadership Council

Chairman Lackman next invited comment from the members of the Leadership Council, Mr. Darrin Rooker (NYSFAAA) and Ms. Sarah Buell (SUNYFAP). Both expressed thanks to HESC staff for participation in various training conferences and shared concern over the lack of formal, written, comprehensive guidance regarding administration of the Excelsior Scholarship program.

Dr. Linares acknowledged the need for such guidance given the enormity of the program and recognized the financial aid administrators for their role in ensuring the successful implementation of the Excelsior Scholarship program to date. Ms. Magee offered that, as the program has been implemented in various phases, related resources including webinars and memos, have been provided for reference. The website will be reviewed to ensure certain materials have been

made available and questions and comments are invited to ensure materials are up to date.

Set Date for Fall Meeting

Chairman Lackman announced that the next meeting of the HESC Board of Trustees will be held on Wednesday, December 12, 2018.

Questions were raised by Board members about the required financial disclosure filing and were responded to by Ms. Fisher and Mr. Lackman. Information will be provided to the Board members as it becomes available.

Adjournment

Chairman Lackman asked for a motion to end the meeting. The motion was made by Mr. Jerome and seconded by Ms. Wright. The meeting was adjourned at 12:44 p.m.