

Texas Higher Education Coordinating Board
 Financial Aid Advisory Committee
 Meeting Notes
 December 10, 2015

<u>Committee Members in Attendance</u>	<u>Committee Members Absent</u>	<u>THECB Staff</u>	<u>Audience</u>
Lisa Blazer Harold Whitis Zelma De Leon Delisa Falks Anna Drake Sandi Jones Carl Gordon Doris Constantine Carolyn Mallory Audree Hernandez Chris Murr Shannon Crossland Lyn Kinyon Rosario Juarez Jennie Gage Mary Gallegos-Adams (via teleconference)	Melissa Elliot Cathy Sanchez	Ken Martin Charles Puls Linda Battles Lesa Moller Katherine Carson Wanda Carr DeCha Reid Janie Miramontes Roosevelt Sanchez Michelle Williams Michelle Salazar	Maria Luna-Torres-TG Diane Todd Sprague-UT Austin Jeff Webster-TG Lois Hollis-ICUT Rissa Potter-CPUPC

<u>Agenda Item</u>	<u>Main Discussion Points</u>	<u>Formal Decision/Action Required</u>
<u>Welcome, Introductions, and Overview of Meeting</u> Chris Murr-FAAC Chair	<p style="text-align: center;">Introduction of New Chair and Members</p> <ul style="list-style-type: none"> • Meeting called to order • New Member introductions <p style="text-align: center;">Chad Puls (Deputy Assistant Commissioner, SFAP) - Went over "housekeeping" items</p>	None

<u>Agenda Item</u>	<u>Main Discussion Points</u>	<u>Formal Decision/Action Required</u>
<u>Approval of Minutes</u> Chris Murr-FAAC Chair	Motion to approve minutes.	Minutes approved

<u>Agenda Item</u>	<u>Main Discussion Points</u>	<u>Formal Decision/Action Required</u>
<u>Selection of Vice-Chair</u> Chris Murr-FAAC Chair	<p style="text-align: center;">Vice-Chair Duties and Service</p> <p>The Vice-Chair will serve for the remaining year and then will assume the Chair position, serving for a total of three years. Chris Murr nominated Delisa Falks; no other nominations were made.</p>	Motion to approve Delisa Falks as Vice-Chair; all agreed.

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<p><u>Update from Prior-Prior Year Subcommittee</u></p> <p>Chris Murr-FAAC Chair</p>	<p style="text-align: center;">“Prior-Prior Year” Subcommittee</p> <p>The subcommittee was asked to evaluate suggestions and advise the Coordinating Board (CB) regarding how the agency can help in the transition to the new Federal Prior-Prior Year verification model and the October 1st FAFSA availability deadline.</p> <p>The subcommittee made five recommendations.</p> <ol style="list-style-type: none"> 1. Before funds are appropriated by the Legislature, the CB should consider providing each institution a “hold harmless” (base) amount for the first year of a biennium. 2. Once funds are appropriated, the CB should consider announcing institutional allocations for the full biennium for each state financial aid program. 3. The CB could continue to conduct outreach with existing and new partners throughout the state to increase high school counselor awareness of the new October 1st FAFSA start date. 4. Maintain current March 15 deadline for the first year (2017-2018) and reevaluate before summer 2016 to determine if any of the deadlines should be adjusted in the second year (2018-2019) of the new FAFSA environment. 5. Make appropriate changes to online and other materials as quickly as practicable to facilitate the smooth transition to the new verification model and FAFSA availability date. 	<p style="text-align: center;">None</p>

Agenda Item	Main Discussion Points	Formal Decision/Action Required
<p><u>Update on Data Collection Subcommittee</u></p> <p>Charles Puls, Deputy Assistant Commissioner – Student Financial Aid Programs</p>	<p style="text-align: center;">Data Subcommittee</p> <p>Doris Constantine, Chair of the Data Subcommittee, had previously been asked to delay selection of subcommittee members to allow for research on what type of data available within the agency the subcommittee should review.</p> <p>The following staff members will share with the subcommittee any reports that the CB is now collecting to administer the aid programs:</p> <ul style="list-style-type: none"> • DeChá Reid, Director of Financial Aid Services at the CB • Shebah Spears, Program Manager, Financial Aid Services • Information Support Services Department at the CB • Strategic Planning and Funding Department at the CB <p>Doris will assemble the subcommittee by soliciting volunteers, which can include FAAC members and financial aid professionals who are not on the FAAC. The subcommittee Chair must be a member of the FAAC.</p> <p>The committee will review whether or not there can be a reduction in the number of different reports collected by the CB for administration of the aid programs.</p>	<p>Recommendations from FAAC Members</p> <ul style="list-style-type: none"> • Chris Murr recommended Dee Dee Gonzalez • Harold Whitis recommended Alan Ahamad • Zelma De Leon recommended Ed Turney • Lyn Kinyon recommended Terry Wright • Delisa Falks recommended Julie Shaddox • Lisa Blazer recommended Sylvia Dorgan • Rosario Juarez volunteered •Carolynn Jones volunteered

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<p><u>Approval of the Annual FAAC Report</u></p> <p>Lisa Blazer, FAAC Past Chair</p>	<p style="text-align: center;">Annual FAAC Report</p> <p>A new report on the FAAC activities throughout the past year will be presented by the past Chair to the Committee on Affordability, Accountability and Planning (CAAP), so that the Board understands the commitment and time members are devoting to the success of this committee.</p> <p>The report format is being tested for use by other agency advisory committees.</p> <p>Summary of FAAC Report:</p> <ul style="list-style-type: none"> • Solidify the nomination process for the FAAC • FAAC rules and loopholes • Work with CB to improve the allocation process, providing information in a timely manner • Provide feedback to legislators • Work with Student Financial Aid Programs (SFAP) by providing feedback on new initiatives • Provide feedback to THECB on data collection and reporting <p>This year the time and costs were estimated by the CB, but in the future a form will be distributed to the members after each meeting for their submission of estimated costs and time spent on committee business.</p>	<p>Motion to approve the report.</p> <p>The FAAC Annual Report is approved.</p>

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<p><u>Summary of Responses to Innovation and Policy Development Survey</u></p> <p>Holly Kosiewicz, Director of Policy Development at THECB</p>	<p style="text-align: center;">Student Debt Survey</p> <p>60X30 set out to ensure college is affordable for all Texans.</p> <ol style="list-style-type: none"> 1. Multiple hurdles prevent institutions from helping students to become better consumers of loan aid. <ul style="list-style-type: none"> • First Challenge: Students are overloaded with information about loans that is confusing. Students lack significant knowledge about the debt they incurred, options for repayment and the understanding that they have to repay the loan. • Second Challenge: For institutions, federal regulations are excessive, and the inordinate cost of institutional compliance with regulations discourage them from engaging in efforts that might steer students toward making better loan decisions. • Third Challenge: It is difficult for staff to estimate what students need versus what they unnecessarily want. • Final Challenge: College students take excess semester credit hours before formally applying for graduation, possibly increasing the number and the size of loans they need to borrow for college. 2. Freshmen, non-traditional students, and graduate students have the hardest time making sensible decisions about loans. Surveys indicate that these students have little or no experience making significant financial decisions, are averse to taking out a loan, are from a family with little or no experience in higher education, or have an unclear educational goal. 	<p style="text-align: center;">None</p>

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	<p>3. There are different approaches to inform students about their loan eligibility. Survey data show that four-year institutions generally inform students about their eligibility for need-based and non-need based loans in financial aid award letters. At some community colleges, students are notified that they are required to request loan aid, should they need it, regardless of their eligibility status.</p> <p>4. The majority of support services are student-initiated and focused on financial literacy and debt disclosure. Most institutions surveyed stated that federal regulations prohibit the THECB from reporting the B-On-Time and CAL loans to the NLSDS because the NLSDS is a central database for federal student loans, not state or private student loans.</p> <p>In most cases, institutions do not require students (or their parents) to participate in support activities beyond that which is mandated by the Federal Government. The emphasis on <i>encouraging</i> student participation rather than <i>requiring</i> it seems to be an artifact of federal regulations that prevent institutions from mandating that students meet additional requisites to obtain federal aid.</p> <p>5. Institutions chiefly advocate for better financial literacy interventions to improve student decision-making. The majority of respondents believe providing better financial literacy courses through more effective communication tools, like social media, could be an effective solution to problems like under-borrowing, over-borrowing, or default.</p> <p>Discussion:</p> <p>An economist that works at the Univ. of Maryland has been looking at the effect of packaging loans in financial aid award letters vs not packaging loans. The study is still in progress.</p> <p>Some research shows that even if students receive training regarding financial responsibility, they still make bad decisions.</p> <p>Institutions use volunteer or mandatory entrance counseling, newsletters, TG pilot programs and exit counseling.</p> <p>This survey was only offered to FAAC members; 11 of the 12 members participated.</p> <p>An indirect goal is to make sure students have a comfortable relationship with the Financial Aid Office. Do not wait for students to come to us, we go to the classrooms to talk about their Financial Aid.</p> <p>Texas State Univ. is developing an online application to, in part, better assist withdrawing students in understanding their student loan obligations.</p>	
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<p><u>Update on CAL Audit Findings and BOT Reconciliation Review</u></p> <p>Chad Puls, Deputy Assistant Commissioner – Student Financial Aid Programs</p>	<p>CAL Audit Findings and B-On-Time(BOT) Reconciliation Review</p> <p>This fall the following inquiries occurred:</p> <ul style="list-style-type: none"> • Scheduled CAL audit • BOT audit resulting from institutional returns of funds more than 120 days after disbursement <p>Corrective Actions:</p> <ol style="list-style-type: none"> 1. Loan software upgrade will allow institutions to retrieve their own reports, to reconcile data. 2. There will be a much greater focus by staff in reviewing institutional refunds and ensuring that they are within the required time frame. 3. We are submitting a Request for Proposal (RPA) for an external contractor to document/map our loan process, complete time studies, benchmark staffing and expenses, and make recommendations. 4. Record retention requirements and Financial Aid MOUs (Memoranda of Understanding) between the agency and institutions will be rewritten for clarity and alignment with state record retention expectations. 5. Agency-specific forms (i.e. forbearance and deferments) will be used instead of federal forms. 6. Responsibility for providing HELMS access for institutions will be transferred from Borrower Services to Financial Aid Services. 7. BOT and CAL loan records in HELMS (loan system) and FADs are being compared to identify discrepancies to be resolved. It is a manual process; our goal is to build a program that annually will do this automatically. <p>This may lead to certain limitations, such as institutions not being able to certify their FADs records until all of their students' loans have balanced, when comparing FADs and HELMS data.</p> <p>Negative consequences for borrowers:</p> <ol style="list-style-type: none"> 1. BOT loans certified by the school have been forgiven, but the funds were not provided to the student or refunded to the CB. 2. Borrowers received a 1099 for forgiven loans and may have paid taxes on income they did not receive. 3. Borrowers may have made payment(s) on a loan(s) not received. 4. Collections attempts have been made for loans that were not received by students. 5. Loans have been paid off even though the students did not receive the funds. 	<p style="text-align: center;">None</p>

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	<p>6. Judgments have been filed by the Office of the Attorney General against students who did not receive the funds.</p> <p>Discussion:</p> <p>Q: A question was asked regarding what happens if the data don't match.</p> <p>A: The CB will send a letter to the institution providing the loan details and asking the school to research the situation and help us understand what is occurring. If, for example, the institution has a record of refunding the loan and we do not have record of the refund, we will work with the institution to resolve that issue. If the institution should have taken action that was not taken, the CB will ask the institution to contact the student to explain the consequences and what is being done to rectify the issue.</p> <p>Q: There is an annual TEG audit procedure incorporated with the A133 audit; will there be additional requirements that the school will add to the audit?</p> <p>A: We are looking at how these pieces fit together and what items need to be included in the institutions' annual audit review.</p> <p>SFAP update</p> <p>Lesa Moller has been promoted to Sr. Director for the Student Financial Aid Central Office and will be taking a broad view of legislatively mandated activities.</p> <p>Connie Cooper has been promoted to Special Projects Director in the SFAP Central Office and will focus on the rules, operating budget, and system access.</p> <p>We will be filling four other positions, including training, accounting and specialist positions within the Financial Aid Services Department at the CB.</p>	
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<p>Update on TASFA and TFAIC Transition and Discussion</p> <p>Charles Puls, Deputy Assistant Commissioner – Student Financial Aid Programs</p>	<p>Chad has been working closely with Texas Guaranteed over the past 6 months, in identifying what we can do to best support success for both of our organizations.</p> <p>At the TASFA Conference, two specific changes were announced regarding the transition of the Texas Application for Student Financial Aid (TASFA) and Texas Financial Aid Information Center (TFAIC) hotline from TG to the Coordinating Board agency over the coming years.</p> <p>DeChá Reid, Director of the FAS Dept. will take the lead in transitioning TASFA. She has been shadowing TG for the development of the 16-17 TASFA. Once the Asst. Director, FAS at the CB is hired, that person will oversee the 17-18 TASFA with TG shadowing us. The 18-19 TASFA will transition to the CB.</p> <p>Once the SFAP department hires an Assistant Director for the Call Center, that person will lead the transition of the TFAIC hotline from TG to the Agency within a two-year period.</p> <p>Discussion:</p> <p>The suggestion was made to ensure THECB has enough Spanish speaking staff.</p> <p>The institutional role in the TASFA will not change - only the coordination will change.</p> <p>Plans on promoting the TFAIC hotline will occur after the transitions. We need to understand our baseline. Staffing for the number of calls needs to be appropriate.</p>	<p style="text-align: center;">None</p>

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<p>FAAC Rule Review and Discussion</p> <p>Chris Murr-FAAC Chair and Chad Puls, Deputy Assist. Commissioner, Student Financial Aid Programs</p>	<p>Discussion Questions/Comments regarding FAAC Rule Review Regarding High School Counselors to serve on this Committee:</p> <ul style="list-style-type: none"> • The University of Texas is working on a statewide counseling initiative to build the capacity for HS counselors to better serve HS students. Anna Drake will work on getting contact information for this resource. • Contact Texas Association of Collegiate Registrars and Admissions officers (TACRAO) or place nominations on its list serve. National training and mentors. • Identify a state agency for High School counselors. • Education Service Centers have a counselor's network. • Financial outreach to counselors. • How do we make Presidents or Chancellors aware and how to get them to nominate HS counselors? • The CB has a separate set of rules for all of its advisory committees. Agency will take a closer look at the rules for a non-higher education representative. • Perhaps the school district superintendents should nominate. <p>The rules were discussed in-depth and formal decisions are listed to the right</p>	<p>Chad will combine the following items agreed upon by the Committee, for draft rule language to be reviewed at next meeting:</p> <ol style="list-style-type: none"> 1. The TASFAA representative should continue to be a non-voting member. 2. Update the rule to state one-year term since the TASFAA president only serves for one year (update rule 1.151 #4 G). 3. "Other persons" should be revised in the rules. 4. At least one member should be from a health-related higher education institution. 5. The membership should include two non-voting student representatives - one from a 2-year institution and one from a 4-year institution, if possible. 6. The Chair should be a financial aid professional. 7. "Interested persons" should be revised in the rules. 8. If rules change, those who are serving as members now will be "grandfathered" in.

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<p>Update on THECB 85th Legislative Recommendations and Discussion</p> <p>John Wyatt, Director of External Relations at the THECB</p>	<p>Recommendations regarding Financial Aid</p> <p>Oct. 2015-March 2016</p> <p>Continue to engage legislative, institutional, and other external stakeholders to solicit input and identify modifications that will accomplish Board goals while accommodating stakeholder's concerns.</p> <p>Current proposals being considered:</p> <ul style="list-style-type: none"> • Texas Educational Opportunity Grant (TEOG) and TEXAS Grant programs will play an important role in meeting our goals • Consider increasing the Expected Family Contribution (EFC) limit. • Consider making grant recipients eligible for funding during summer sessions. • TEXAS Grant: Consider limiting grant recipients to 135 semester credit hours to encourage timely completion. • TEOG: Consider expanding to 135 SCH the number of hours for which a recipient enrolled in a Community College baccalaureate program may receive the grant. • Texas Equalization Grant (TEG): Consider limiting eligibility to undergraduate students. • Work-Study Mentorship Program: Consider expanding the allowable use of funds to include student success programs. • Financial Aid Award Notifications: Consider informing students of both maximum loan eligibility and a recommended amount for loan awards. <p>Chad Puls clarified that the subject is direct costs as opposed to indirect expenses.</p> <p>Committee members expressed strong opposition to the State dictating what institutions can include on their award letters. Since many institutions use online award letters it could be costly to achieve.</p> <p>John Wyatt, Director of External Relations at the THECB explained that these are our policy recommendations for the next legislative session. We will be developing our Legislative Appropriations Request (LAR) and Exceptional Item requests separately.</p>	<p style="text-align: center;">None</p>

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Approval of 2016 FAAC Meeting Dates Chris Murr-FAAC Chair	The goal is to meet five to six weeks prior to the Committee on Affordability, Accountability and Planning (CAAP) meetings, whenever possible, since this provides more than enough time to place items on the Agenda.	Agreed upon future meeting dates Thur. Feb 25, 2016 Thur. May 26, 2016 Thur. Sep 8, 2016 Wed. Nov 16, 2016

Agenda Item	Main Discussion Points	Formal Decision/Action Required
Collection of suggestions for next Financial Aid Advisory Committee Chris Murr-FAAC Chair	Chris Murr, FAAC Chair Possible topics: Aid like a Paycheck; Pay As You Go repayment plans; Financial literacy efforts; College Readiness and Success collaborations; Please suggest any items you would like to see, such as the Financial Aid Annual Report and TX Grants Annual Report and how they can be improved.	None

	Main Discussion Points	Formal Decision/Action Required
<u>Adjournment</u>	Next FAAC Meeting set for February 25, 2016 Adjournment at 1:10pm	None