(Minutes Approved at November 21, 2019 FAAC Meeting)

Committee Members in Attendance	Committee Members Absent	THECB Staff	Audience
Diane Todd Sprague (Chair) Jose Merino (Vice Chair) Zelma De Leon (Past Chair) Shannon Crossland Christine Stuart Carruthers Delisa Falks Karla Flores Paul Galyean - Teleconferenced Heidi Granger - Teleconferenced Bridget Jans Ed Kerestly Tam Nguyen - Teleconferenced Alan Pixley Charles Puls Samantha Stalnaker Kelly Steelman - Teleconferenced Kara Tappendorf	Terry Sheneman Marilyn Abedrabbo (Student Rep.)	Jerel Booker Connie Cooper Rinn Harper Claudette Jenks Ken Martin Lesa Moller DeChá Reid Lourdes Sanchez Leah Smalley Michelle Soto Erin Willig	Raul Cavazos
Denise Welch Brent Williford Johnathan Cereceres (Student Rep.) – Teleconference	ced		

Agenda Item A. Welcome, Introductions, and Overview of Meeting	Formal Decision/Action Required
Diane Todd Sprague, Chair	Vice-Chair Nominations
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#### **Critical Discussion Points**

- Introductions in person and teleconference attendees
- Ms. Sprague's term as Chair is coming to an end and she will then serve in the Past Chair capacity and Mr. Merino will become Committee Chair
- At the next meeting (Nov. 21), the Committee will consider nominations for Vice-Chair; please be prepared to discuss.

Agenda Item B. Consideration of Approval of Minutes from meetings held	Formal Decision/Action Required
June 6, 2019 Diane Todd Sprague, Chair	Minutes approved
Critical Discussion Boints	

- Committee made a last review of the prior meeting's minutes
- Clarification Ms. DeLeon cited a correction on page 6 under Senate Bill 499, it was clarified that Zelma and Alan created the letter, Delisa Falks submitted the letter, and Ms. Falks, Chris Myrr, and Jimmy Parker went to the Capitol for support to Senator Zelkin's office.
- Minutes were approved A. Pixley motion to approve; D. Falks second

<b>Agenda Item C. Update: Prior FAAC Business</b> Charles Puls, Deputy Assistant Commissioner	Formal Decision/Action Required
Critical Discussion Points	
None at this time.	

Agenda Item D. Presentation: THECB Chatbot	Formal Decision/Action Required
Erin Willig, Program Specialist, College Readiness and Success	

#### **Critical Discussion Points**

- New project very excited
- The state and Coordinating Board are very invested in the success of college advising initiatives in support of the goals of the 60x30TX.
- Effective college advising done at the right time is critical to student success
- The virtual advising project is one piece of that puzzle, sharing that project now
- In partnership with UT-Austin under the AdviseTexas program
- Introducing a chatbot named ADVI -

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- Launched this past May in South Texas Rio Grande Valley with a set of stop out students that were close to a degree but not yet graduated going back to 2012
- Have had some success in reaching these students and having conversation about identifying their barriers with returning
  to college, interests with returning to college, and continuing to talk via text using the textbot and advisers monitoring the
  program getting them re-enrolled
- Now focusing on using the information we have on how to scale this kind of initiative, nudging is in the news in particular how to scale nudging initiatives, works best when it's done regionally and is tied to something the student recognizes or is connected to their experience so we are expanding in a regional way and thoughtful way using on the ground partners so we're developing some partners now be able to talk about this in the near future.
- Talking with a number of institutions, entities at the local level, non-profits, and other organizations who support schools including ESCs to think about how we can reach students who may need some basic college information, who aren't getting support, in high school or between HS and college, help them get to the next level in talking to college or re-enrolling
- Who do we want to reach?
  - Generation Z ages 4-24, coming up after millennials, very tech savvy with high expectations ("tech native"), sees this type of technology as part of their world not separate, seamless works because it's not a static website, personalized, with suggestive tools in line with their likes
  - Returning students coming back to college to complete a degree, or to up-skill based on what they need in their careers, these people are very busy juggling jobs and family and other responsibilities. Info needs to be quick and digestible. Need to walk them through current processes that can be difficult.
- Want to free up time and energy for students to focus on learning and progressing toward graduation
- Why a Chatbot?
  - > Enables us to meet students when and where they are ready to engage and answer questions
  - > We can answer student questions at scale providing accessible information live peer advisers step in when chatbot cannot answer a question
  - > We can work with returning, under-resourced, and other hard-to-reach student populations to identify and overcome obstacles to entering, re-entering, and/or completing their post-secondary education
- We want to work with populations that are under-supported
- Interactive Design Process
  - ➤ Knowledgebase and campaign development → testing and troubleshooting →improvements and KB additions → target launch → evaluation and improvements → expansion and ongoing campaigns this means the Chatbot ADVI will continue to get smarter and smarter!
- How ADVI works ADVI responds to simple questions such as "Can I drop a class?" or "Will I get a refund if I drop?" ADVI provides general information or tells person where to find specific or more detailed information.
- UT Austin heading up advertising to reach stop out population
- Members expressed interest in using ADVI on their institution's websites.
- CRS is open to hearing from institutions who want to get involved in anyway; institutions can reach out to Erin and the CRS division

#### **Agenda Item E. Presentation: Overview of College Access Loan Bond Funding** Ken Martin, Assistant Commissioner/CFO

Formal Decision/Action Required

- College Access Loan Program (CAL) how do we get the money, fund the program, and get it to students.
- B-On-Time phasing out last year to have funding/issue loans; will service loans for about the next 15 years and any defaulted loans
- TASSP funded by general revenue; for ROTC programs such as the corps at A&M
- Outstanding loans B-On-Time has \$180 million and TASSP has \$15 million
- College Access Loan Program (CAL) was authorized in 1988 created in 1965 under the Hinson-Hazlewood College Student Loan Program \$1.4 billion in student loans outstanding
- CAL is supported by tax exempt general obligation bonds
- Originally started in 1966 with \$10 million of bonds issued lasted a couple of years; that amount would last about two
  weeks now
- Since 1966 THECB has issued over \$3.1 billion in bonds
- Borrower loan payments are used to pay bond debt
- CAL Program is self-sufficient no general revenue has been utilized to support the CAL program
- All CAL funds are appropriated in the General Appropriations Act via rider
- Current CAL default rate is 5% it was around 3% up until a few years when THECB began making subprime loans.
- SB 1474 (Tax Exempt Bond Bill)
  - > Bipartisan bill that passed unanimously in both Senate and House
  - Increases bonding authority
  - > Indexes the project limits to the growth of the state allotment
  - > Increases the time to close on bonds (more flexibility on timing of sale)
  - Saves the CAL program \$4 million annually

**Agenda Item F. Discussion: CAL Loan Annual and Aggregate Maximums** Rinn Harper, Senior Director, Borrower Services **Formal Decision/Action Required** 

(Minutes Approved at November 21, 2019 FAAC Meeting)

- Research over the past 4-5 months regarding annual and aggregate loan limits that affect our CAL program
- As a backup we currently do not have annual or aggregate limits with CAL; the only stipulations are a minimum loan amount of \$100 and maximum annual cost of attendance minus aid
- Wants to look at whether the agency needed to implement an aggregate and annual loan limit
- The agency is not recommending annual or aggregate loan limits do not worry
- Looking for feedback in case in the future we need to change
- Research what are others doing in the marketplace/industry
- · Looked at 20 agencies that issue private loans and found there really is not an industry standard on aggregate loans
- Industry standard 60% do NOT have limits set some do, their minimums are very small amounts from an aggregate standpoint there is not an industry standard with respect to setting those limits
- Looked at detailed analyses of CAL program and spending programs of borrowers in CAL
  - Looked at 2015 what was the borrowing patterns of our students
  - Graduate vs undergraduate
  - Different school types public vs private
  - Found 99% of loans made to undergrad students were amounts less than \$40k per year large balances were a very small percent of students
  - Graduate student loans were mid to upper \$80k
  - Not excessive borrowing on an annual perspective
  - FY15 cohort reviewed portfolio over next 4 yrs to look at pattern, research did not show excess outliers
  - Default rates are higher with lower loans
  - Default rates tied to lowest borrowing amounts those are borrowers that withdraw
  - Concluded that from a risk standpoint our portfolio is not at risk from not having an aggregate or annual loan limits, so the decision was made not to move forward and keep the policy of a minimum of \$100 borrowed and annual max is cost of attendance minus the aid
  - If in the future, we have to make a decision and implement annual or aggregate limit we don't want to be in the position to make a hurried decision for institutions to implement
  - if we had to implement this what kind of lead time would institutions need?
    - o Panel feedback 1 year at last
    - Would need to update publications and notify borrowers (Falks)
    - It would probably take a year to implement depending on what time of the year is was; best would be April or May, better than beginning of academic year (Jans)
  - Puls keep in mind we're assessing risk; the goal is to provide students with support but we all have to take
    it from a business perspective and manage the risk. If something changed in a way that we felt the risk was
    too high to continue to allow students to borrow. EMPHASIZE we are NOT doing this, we concluded that it's
    NOT necessary we are just talking proactively to be prepared especially since we would need to make an
    announcement at least 15 months prior to the next academic year, we need to build that into the risk
    analysis. We have not made any plans no financial markers or indicators are present yet.
- We are implementing procedures in our operations to target those individuals more aggressively with outreach and support
  those individuals, know that there is a higher risk with individuals in those lower credit ratings. Working to reduce our
  default rate
  - Puls clarifying we are not looking to do aggressive collections; looking to do proactive support at our institutions. We are not in the collections business. Do not misinterpret the word aggressive. Part of what we're looking at right now is that we know our default rate is higher due to an influx of individuals who are at much lower credit levels and so figuring out that piece and seeing how that plays out now that we have increased the credit requirement again that starts to bring the default rate down, but if we did an analysis three years from now and we see graduates with borrowing more than \$40k a year are twice as likely to default as folks who didn't, then that would be a risk piece we would look at. But as Rinn mentioned so far we haven't seen any of those indicators whatsoever
  - Rinn and as we look at the numbers when you look at thousands of borrowers over this period of time less than 500 actually had loan amounts greater than \$40k when you go further up, greater than \$200k I can count on one hand, so it's not large. We are implementing procedures in our operations to target those individuals more aggressively with outreaching and support to assist those individuals to know there is a higher risk associated with lower credit scores especially that withdrew vs graduating so we can attack those accounts or frequently assist and not only getting them in repayment but keeping them in a successful repayment. Looking at our data helps us determine how we'd use our resources to continue the work for reducing the default rate.

Agenda Item G. Presentation: TASFA and FAFSA Requirements from the 86 <sup>th</sup>	Formal Decision/Action Required
Legislative Session	
Jerel Booker, Assistant Commissioner	
Claudette Jenks, Director, College Readiness and Success	

(Minutes Approved at November 21, 2019 FAAC Meeting)

## **Critical Discussion Points**

Overview of HB 3, a public education finance bill under purview of TEA:

- · Creates college/career/military outcomes bonus monies, which may be used for college-prep training for teachers and students
- Provides funding for state to pay for one SAT, ACT, or TSIA and an industry-based certification exam for students
- HS seniors must complete and submit a FAFSA or TASFA in order to graduate

The THECB is working closely with TEA to implement HB 3; see TEA website for more info: https://tea.texas.gov/About\_TEA/Government\_Relations\_and\_Legal/Government\_Relations/House\_Bill\_3

#### High school graduation FAFSA/TASFA requirement:

- Begins with 2021-22 school year
- Allows three opt-out options (by parent or guardian; HS counselor; or self if over age 18); opt-out forms are created locally but must be approved by TEA
- Establishes an advisory board to advise on policy/implementation of FAFSA requirement
- Nominating form to volunteer for HB 3 FAFSA advisory subcommittee: https://www.txetests.com/acn/ACNForm.php
- Nov. 14—TEA informational video available (part of months-long video series)
- (The ApplyTexas suite can track FAFSA completion components, so students should ensure they select their high school when filling out applications.)

Questions from Diane: How are school districts implementing the requirement? How is the THECB involved? How are IHE affected? **Responses:** Pflugerville ISD is implementing the FAFSA/TASFA requirement now, for the 2019-20 school year, with opt-out options. Chad noted that Louisiana has already implemented the policy and that the THECB is researching LA's process, as well as how the requirement will affect enrollment, financial aid projections, etc. Each November, the THECB has a campaign encouraging students to complete both ApplyTexas and either a FAFSA or TASFA. IHEs anticipate a greater influx of financial aid applications. An East Texas institution is helping rural school districts near the Texas-Louisiana border to educate students about the new requirement.

### HB 2140 formally creates the TASFA and that an online version be available

- Establish electronic TASFA through ApplyTexas system
- Establish advisory committee of financial aid personnel and other stakeholders
- The board of the THECB will adopt procedures for TASFA and develop recommendations
- By Jan. 1, 2021, the board will report the advisory committee's recommendations (committee expires Jan. 1, 2023)
- Maintain online database of institutions that will accept the TASFA (list currently exists on <u>CollegeforAllTexans</u>)
- Note: Student/parent information is confidential and not to be submitted to disclosure

Question from Diane: Will the advisory committee convene or report to legislature on Jan. 1, 2021? Response: Advisory committee must report in 2021, so the committee will convene in early 2020. The THECB is working internally on how to form this committee. Question on SB 232: Algebra II is no longer required for HS graduation. Will regs be written? Response from Chad: The bill says districts must provide info on consequences of not completing Alg II; there may be impact to eligibility for funding or college admission. None of the FA programs state outright that you need Alg II for funding. Districts just need to alert students to possible consequences. Question: What is the purpose behind the "no disclosure of confidential information" aspect of the bill? Response: Collected information can only be used to determine financial aid and is not subject to public information act requests or similar.

Chad: We should determine whether we need two committees that might have dueling purposes: (1) existing TASFA subcommittee of FAAC and (2) new advisory committee for online TASFA. Claudette: Current stakeholders for the online TASFA committee are SFAP, ApplyTexas staff, nonprofits serving students, and others. The online committee will expire in 2023, so it would be a disservice to drop existing TASFA subcommittee. Three key issues for the online TASFA committee are:

- What are mechanics of transferring data from online form to all IHE?
- Current monies for maintaining ApplyTexas come through IHE admission fees. What are costs of creating the online form, and where will monies come from?
- The ApplyTexas data is housed by the University of Texas, but the THECB owns the data. Where will online data go and who will store it?

Chad asks whether FAAC committee should be the online advisory committee. Most members say no; they lack experience with technical pieces. Perhaps the existing TASFA subcommittee may be a better fit. Diane: Opportunity to join the online TASFA committee should be widely publicized to IHE across the state. 24 members is limit for committee size.

Jerel: We must stay focused on the Jan. 1, 2021, date to report back to legislature. Recommend we seek additional guidance from legislature: Is there a rush to implement the online TASFA by January 2021? Or is main goal to have report/recommendations by January 2021

Agenda Item H. Update: TASFA Sub-Committee	Formal Decision/Action Required
Robert Merino, sub-committee Chair	

(Minutes Approved at November 21, 2019 FAAC Meeting)

#### **Critical Discussion Points**

TASFA subcommittee formed to assess the existing TASFA. Committee recommendations to the THECB:

- Continue releasing the TASFA; it's a necessary tool for high school students
- Create an online TASFA
- Update the current TASFA (see recommendations from June 6, 2019, FAAC meeting) and ensure it aligns with FAFSA
- Release English version early (Sept. 4) to allow institutions to customize and post on websites; Oct. 1—TASFA available in English and Spanish

The existing TASFA subcommittee members would be a great resource in the formation of an online TASFA advisory committee, per HB 3. Our current subcommittee members represent a range of schools using varied software systems, and many members have expressed interest in the online committee.

## Agenda Item I. Presentation: Texas WORKS Planning Efforts

Jerel Booker, Assistant Commissioner, College Readiness and Success

### **Formal Decision/Action Required**

#### **Critical Discussion Points**

- The THECB worked with legislators to create Texas WORKS to help institutions meet the off-campus work-study requirement introduced two sessions ago.
- In Texas WORKS, state agencies help administer the funds for off-campus internships.
  - > The THECB will work closely with the Texas Workforce Commission (TWC) to create an online portal.
  - > We'll piggyback off the existing TWC internship challenge.
  - We'll advertise internship possibilities to companies across the state
  - > Employers must demonstrate that their internships helps students attain marketable skills.
  - Allocated funds will help pay for worker salaries.
  - Draft rules completed by end of September.
  - > Final rules to come in late fall or early winter.
  - We'll solicit employers to participate.
  - In early spring 2020, students will begin applying.
  - First group of Texas WORKS interns to begin working in summer 2020. Initial group may be small as we work out program kinks.
- Question from Ed Kerestly: Since FY 2020 college work-study funds have been reduced to help fund Texas WORKS, do we still need to meet the FY 2020 off-campus requirement for work-study? Response from Chad: Yes. This bill passed right before midnight on the last day of session, and there's an awkward overlap of timing. Texas WORKS takes effect in summer 2020, so institutions must meet the current off-campus requirement with limited work-study funds. Neither Chad nor Jerel has heard any agency discussion about the off-campus requirement being a core compliance risk concern in the near future.

## Agenda Item J. Presentation: Peace Officers Loan Repayment Assistance program

**Formal Decision/Action Required** 

Lesa Moller, Senior Director, Student Financial Aid Programs

#### **Critical Discussion Points**

- Overview of the six active loan repayment programs
- Various statutes list loans as LRP—"loan repayment program" or LRAP—"loan repayment assistance program"
- The THECB definition of "loan forgiveness": loan requires a promissory note that includes forgiveness provisions. If provisions are met, then loan is forgiven; if not, then loan must be repaid.
- Advantages of LRP model
- Newest program for peace officers had almost unanimous support in the 86th Texas Legislature
  - We submitted draft rules in July 2019.
  - We will have an online application process.
  - Sept. 1, 2020, is first day peace officers can apply for LRAP.
  - > LRAP intended for college attendees, not just college graduates.
  - > Not applicable to out-of-state institutions.
- A lot of interest in program; difficult to predict number of peace officers that may apply next year.

Agenda Item K. Update: Slate of Nominees to be Presented at September
Committee on Affordability, Accountability, and Planning

Formal Decision/Action Required

Charles Puls, Deputy Assistant Commissioner

(Minutes Approved at November 21, 2019 FAAC Meeting)

## **Critical Discussion Points**

- Chad presented slate of seven candidates.
- We had a difficult selection process, with a large candidate pool. If you were not selected, it was not for lack of being a
  great candidate. We focused on representation across all sectors and geographic areas and looked for rotating
  opportunities so that new institutions can participate.
- If slate is approved by the board of the THECB in October, new members can attend the Nov. 21 FAAC meeting.

## Agenda Item L. Update: Data Collection Sub-Committee

**Formal Decision/Action Required** 

Samantha Stalnaker, sub-committee Chair

#### Overview of June 12 committee meeting:

- Members had the opportunity to test the new Grant Payment System (some issues/bugs were identified)
- Members discussed open and end dates for the 2019-20 FAD Report
  - Proposed open/end dates for the 2019-20 FAD Report were identified after this meeting (via email)
- Next committee meeting will take place in the fall (date TBD)
  - Members will discuss edits that are identified due to summer grants
  - > The 2019-20 FAD Report dates will be finalized.

## **Grant Payment System Updates**

- Successful August 1 release
  - Over 46M currently requested
  - Some login issues/bugs identified during initial release
  - > THECB continuously working to enhance the system institutional feedback is welcomed

#### Cycle 2 FADS Update

- Fifty-seven institutions not validated
  - > Non-validation of Cycle 2 FADS halts some institutional disbursements for the 2019-20 award year
  - Reminder: Cycle 3 FADS opens September 30

## Agenda Item M. Presentation: Review of proposed rules whose 30-day comment period recently ended

Formal Decision/Action Required

Charles Puls, Deputy Assistant Commissioner

## Handouts provided.

#### Overview:

THECB currently performing 4-year review process where all program rules are reviewed to identify applicable updates/changes needed.

- Thirty-day comment period ended August 26<sup>th</sup>
- Financial Literacy Advisory Committee (FLAC)
  - Repealed no longer exists
- Hinson-Hazlewood Program
  - Redundant verbiage removed
  - > Language aligned with statutory updates
- Academic Transcript Hold Requirement
  - Repealed institutions are no longer required to place holds on students who are delinquent in state loan payments
- Hinson-Hazlewood Program Prior to Fall 1971
  - > Removed several parts of the rule since loans no longer issued
- Top 10% Scholarship Program
  - Repealed phased out
- Physician Education Loan Repayment Program
  - Updated to align with the statutory maximum allowed
- Non-funded Loan Repayment Programs
  - > Repealed not funded in the past 2 biennia

## **Programs that received Comments**

- Dental Education Loan Program
  - > Comment: Concerns regarding repeal of program since it still exists in statute Response: Program will re-occur if funded in the future
- General Provisions
  - > Comment: TX State Univ and TX Tech Univ in opposition to the Descriptive Timing of GPA Calculations required

(Minutes Approved at November 21, 2019 FAAC Meeting)

Response: Staff agrees that TAC, Section 22.10(b) adds unnecessary complications to the SAP calculation – will be removed

- > Comment: TX State Univ commented in opposition to the Definition of an Academic Year in conjunction with the GPA Calculation
  - Response: Staff agrees the definition adds an unnecessary complication to the provision will be removed
- Comment: TX Tech Univ commented on the requirement to include all attempted hours
  - Response: Staff disagrees because the provision includes all "earned" grades which differs from attempted hours *no change*

## Agenda Item N. Discussion: Proposed updates to Texas Administrative Code

**Formal Decision/Action Required** 

## Charles Puls, Deputy Assistant Commissioner

## Handouts provided.

#### Overview:

- BOT Program
  - > Remove academic transcript hold requirement
- Conditional Grant Program Teacher Texas Program
  - Remove all criteria related to issuance of new loans
- TASSP Program
  - Remove academic transcript hold requirement
  - Reviewing for potential to allow for 5-year programs (e.g., Engineering)
- TEOG Program
  - Overall re-write of rules to provide clarity, remove redundancy, and better align with other rules
  - No changes in connotation

## Agenda Item O. Discussion: Establishing a Sub-committee to Develop Legislative Recommendations

**Formal Decision/Action Required** 

Diane Todd Sprague, Chair

## **Critical Discussion Points**

- The FAAC committee motioned to establish a subcommittee to develop and track legislation; the motion was seconded and passed.
- Volunteers were requested
- Shannon Crossland was nominated as Chair

## Agenda Item P. Discussion: Preliminary Considerations for 87<sup>th</sup> Legislative Session

Formal Decision/Action Required

Charles Puls, Deputy Assistant Commissioner

### **Critical Discussion Points**

- Priority viewed as end date, not priority deadline
- For some deadline is "drop dead" date to qualify for Texas Grant
- How do we get away from prior deadlines need more money. Fair and equitable in order to ration resources
- Data over several years does it look any different now than then (March 15)? Did moving the date really make a difference or not? TAMU used December date, for example, so students are packaged earlier
- Transfer students are one issue; dates help students know all deadlines
- Some schools have a "wait list" because they run out of money before prior deadline
- Can we align state aid with federal requirements? Asked schools to look at it.
- Populations not served
- More funding is needed to serve more students (they award less than target to serve more students) seeking more examples (graduate students) middle income students
- Work as a resource what are benefits and drawbacks of current WS? How do we capitalize on current programs? Looking for committee's thoughts for improvement
- Consider adding: bring TEXAS Grant and TEOG into alignment (i.e. not allowed to use Pell as match) greater alignment between all programs. What are we trying to achieve with our state programs? (i.e. promise programs). Does covering tuition fees allow students to attend and succeed.
- Extensions and waivers need guidance

## **Agenda Item Q. Update: Acknowledging Members whose Terms are Ending** Diane Todd Sprague, Chair

Formal Decision/Action Required

## **Critical Discussion Points**

- Members whose terms are ending: Zelma, Delisa, Alan, Kara, and Diane
- Robert new chair
- Nov 21st is the next meeting.

(Minutes Approved at November 21, 2019 FAAC Meeting)

# **Agenda Item R. Transition of Leadership** Diane Todd Sprague, Chair

Formal Decision/Action Required

## **Critical Discussion Points**

- Robert Merino is the next chair
- She will become past chair Zelma DeLeon is retiring from the committee