

MINUTES
RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY
BOARD OF DIRECTORS' MEETING
FEBRUARY 15, 2005

The 254th meeting of the Rhode Island Higher Education Assistance Authority was held on Tuesday, February 15, 2005 in the McKenna Conference Room of the Authority, 560 Jefferson Boulevard, Warwick, Rhode Island. The meeting was called to order at 9:07 a.m.

The following members were in attendance:

Dr. Robert J. McKenna, Chairman
Dr. Anthony J. Santoro, Vice-Chair
Ms. Kerrie Bennett, Designee of General Treasurer
Mr. John Howell
Mr. Solomon A. Solomon

Members Absent:

Dr. William Croasdale
Ms. Miriam Curtis Coleman
Ms. Laura M. DiSano
Mr. William B. Hall

Also Attending:

Mr. William H. Hurry, Jr., Executive Director, RIHEAA
Ms. Gail Mance-Rios, Deputy Director, RIHEAA
Mr. Marc Lacroix, Chief Financial Officer, RIHEAA
Ms. Nancy Ann Dooley
Ms. Mary Ann Welch
Mr. Michael Joyce
Mr. Steven Mollica
Mrs. Sue Zube
Mr. Noel Simpson, RISLA

1) Approval of Minutes of the January 18, 2005 Board Meeting:

Minutes were not available.

2) Chairman's Report:

a. Chairman McKenna stated that he hoped that members of the Board and Authority were invited to the opening of the new CCRI campus in Newport.

3) Executive Director's Report:

a. Mr. Hurry noted that the NEBHE 50th anniversary event would be held on Friday, February 25. We will follow up with Board members to find out who will be attending.

b. NEBHE has had concerns regarding Massachusetts and Connecticut not paying their state assessment. As of last week both states' budgets for 2006 contain the amount of money required to pay the current year's assessment.

c. Senator Gallo has been appointed to the NEBHE Board replacing Senator Paiva-Weed as a Rhode Island delegate.

d. On the Federal level, Mr. Hurry distributed for review and discussion, a copy of the summary of the President's budget with respect to education. He also distributed a copy of the reaction and the federal budget scoring process. A debate regarding the competition between the federal direct student loan program (FDSLPL) and the FFELP program is starting again.

e. Mr. Hurry noted that with respect to the XAP Mentor System, he will be meeting later today with representatives from NEBHE which is also looking at a Mentor System for the region which they would use for certain regional applications. The four guarantor states in New England that do not currently have Mentor Systems have been meeting, and there will be another round of meetings on Wednesday and Thursday of this week in New Hampshire. This review continues.

4) Financial Report:

a. Mr. Lacroix noted that in budget versus actual for six months ended December 31, 2004 for the Scholarship and Grant Program and the College Savings Program the student

financial aid section of the revised request is the full year appropriation; whereas the personnel, purchased services and operating expenses are six months of actual versus half of the budget. There is nothing unusual to report in the Scholarship and Grant Program. Personnel is slightly under budget.

Mr. Lacroix reported that the Governor's recommended budget is slightly different from the revised request, but not materially so.

Regarding the College Savings Program, the general revenue grant awards have not yet been exhausted, and as a result no expense has yet been incurred for State Grant awards from College Savings Program funds.

b. Regarding budget versus actual for the Loan Division Mr. Lacroix noted that this is the revised request that includes substantial increases in the categories of purchased services and operating expenses that the Governor/Budget Office has recommended.

c. Mr. Lacroix and Mr. Hurry stated that the Federal Student Loan Reserve Fund Report is supporting documentation for Action Item 9.b and will be discussed at that time.

d. With regard to the update on the RFP for Banking Services, Mr. Lacroix reported that in the course of the review, information came to light that warranted inviting the remaining two institutions back to make presentations similar to those of the original group of three "finalists". It is hoped that there can be a recommendation to the Board at the next meeting.

Mr. Howell complimented Mr. Lacroix and staff for their careful work on this.

5) Investment Committee Report: Mr. Lacroix stated that there is nothing to report.

Mr. Hurry mentioned that with regard to the Authority's proposal on asset resolution, the Agency Operating Fund balance will drop when funds are transferred to settle the issues with the USDOE on the status of the building and the HEAL loans.

Mr. Lacroix updated the Board regarding his conversation with Gene Greene from the USDOE. The process is moving forward.

6) Scholarship and Grant Update:

6.0 Ms. Welch reported that additional awards for the spring semester only have been sent out to students on the waiting list. We may be able to go further into the waiting list to April 30.

6.1 The Academic Promise Scholarship Program is proceeding smoothly with 335 students with awards totaling \$813,000. There will be presentations in March for middle school superintendents, principals, guidance counselors, PTA and PTO organizations to introduce them to CollegeBoundfund® programs such as the Academic Promise Scholarship and the 5&10 Matching Grant Program as well as the state grant program.

Ms. Welch mentioned that Ms. Mance-Rios, Ms. Dooley and she attended the College Board's New England Regional Forum at which Ms. Mance-Rios and a representative from Massachusetts gave excellent presentations on the states' ability/inability to meet the needs of their citizens through scholarship and grant programs.

6.b Regarding the Governor's proposed expanded scholarship investment, Ms. Welch stated the Governor proposed that \$20 million be given to Rhode Island Higher Education from revenues from new slot machines at Lincoln Park. One major program that he wants instituted with that money is the Tuition Opportunity Program. This program will insure that financially needy students going to any of the three state public schools are guaranteed grant aid sufficient to cover tuition, fees, and books.

The second part of the proposal is to increase the general state grant program.

The third part is to have a targeted awards program where there would be a bonus grant given to students that pursue majors in math, science or nursing. Those students could attend any school in Rhode Island.

Ms. Welch reviewed a chart that showed comparisons with current expenditures.

Included in the materials are "Talking Points" which have been submitted to the Governor's office. This reflects RIHEAA's position on the Governor's proposal.

Mr. Hurry noted that this proposal was not included in the budget document sent to the legislature, and will be codified after the May revenue estimating conference.

Ms. Welch reported that in speaking with the policy analyst working with RIHEAA on this project, it was suggested that the revenue forecast in May could show that approximately \$12 million may be available the first year rather than \$20 million. Hopefully, the full \$20 million would be available next year.

There are operational concerns. Ms. Welch noted that there are four issues; support for the Governor's proposal, award notifications, tuition opportunity grant and the incentive grant. With regard to the support for the Governor's proposal Ms. Welch sought the advice of the Board as to how strongly we should solicit for the money. Mr. Howell suggested that the best approach might be to lobby on a one-to-one basis with legislators. Ms. Bennett noted that legislators are also receiving pressure from individual schools.

Mr. Hurry noted that it would be prudent for the Board to be supportive of the Governor's proposal.

Mr. Hurry explained that there is no need for action today but hopefully at the next meeting. He noted that we should go out with initial awards in March/April on the assumption of level funding with a notation referencing the Governor's proposal and, pending subsequent action, there could be revised awards.

9.a) Action Item: Chairman McKenna deferred action at this time. Mr. Hurry reported that he has spoken to Ms. Coleman regarding nomination of secretary for the Board of Directors. She indicated that she cannot commit to this position and has declined the nomination.

9.b) Action Item:

On motion duly made by Dr. Santoro and seconded by Mr. Howell, it was

VOTED: To continue with the Extension of the waiver of 1.0% Guaranty Fee through June 30, 2006.

Dr. Santoro asked if the Authority could afford the extension of the waiver of the 1% guaranty fee. After explanation by Mr. Lacroix, it was concluded that this would not put the Authority in any danger of falling below the regulatory requirement.

Mr. Hurry assured the Board that there is no concern and strongly recommended that the Board approve action item 9.b.

Voting in favor: Chairman McKenna, Dr. Santoro, Mr. Howell, Mr. Solomon, Ms. Bennett. Voting against: none.

11) The date for the next meeting will be March 8; however, the Board members will be polled prior to that time, as some members indicated they cannot be available on March 8.

7) Loan Division Update: Ms. Dooley reported that in reviewing the non-Rhode Island school numbers, there is a substantial increase due primarily to the hard work from Ms. Mance-Rios and Mr. Silva and RISLA/NESLA to get Emerson College on board with their business. Emerson College was a direct loan school that left the program and started with the FFELP.

She, Ms. Mance-Rios and Ms. Welch attended a conference in Newport that was sponsored by RISLA and NESLA staff. The conference was extremely informative.

8) CollegeBoundfund Update: Mr. Joyce reported that the program is over \$5 billion in total assets with over 13,000 Rhode Island accounts with over \$126 million in Rhode Island assets.

A breakfast will be held in March for school superintendents, principles, PTA's and PTO's.

Ms. Bennett noted that the General Treasurer has reintroduced the state tax parity legislation. He has also introduced a bill to increase the state income tax deduction, to double it for single and for married people from \$500 to \$1,000.

Performance data is included in the Board materials and Mr. Joyce noted that the program is doing well.

10) Communications: There were no communications

There was no need for an Executive Session.

There being no further business to come before the Board it was agreed to adjourn the meeting.

On motion duly made by Mr. Solomon and seconded by Ms. Bennett, it was

VOTED: To adjourn the meeting.

Voting in favor: Chairman McKenna, Dr. Santoro, Ms. Bennett, Mr. Howell, and Mr. Solomon.

Voting against: none.

The meeting adjourned at 10:55 a.m.

William H. Hurry, Jr.
Executive Director