

MINUTES

RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY BOARD OF DIRECTORS' MEETING

November 10, 2011

The 306th meeting of the Rhode Island Higher Education Assistance Authority was held Thursday, November 10, 2011, in the McKenna Conference Room, 560 Jefferson Blvd., Warwick, RI. Chairman Santoro called the meeting to order at 10:10 a.m.

Board Members in Attendance:

Dr. Anthony J. Santoro, Chairman

Dr. William Croasdale, Vice Chair/Treasurer

Mr. John Howell, Secretary

Mr. Joshua Brumberger, designee for the General Treasurer Gina Raimondo

Ms. Faith Lasalle, Esq.

Mr. Solomon A. Solomon

Board Members Absent:

The Honorable Robert J. McKenna

Ms. Patricia Doyle

Mr. Steven Archer

Also Attending:

Mr. Charles Kelley, Interim Coordinating Officer

Ms. Gail Mance-Rios, Deputy Director
Mr. Joseph Palumbo, Esq., Legal Counsel
Mr. Marc Lacroix, Chief Financial Officer
Mr. Peter Kerwin, Chief Program Development
Mr. Charles Miller, Chief Information Officer
Mr. Michael Joyce, Director Scholarship & Grants
Ms. Dana Peterson-Fatuda, Assistant Administrative Officer
Ms. Kathleen Sisson, Director, WaytogoRI
Ms. Linda Makhlouf, Director, Human Resources
Ms. Clordine Cox, Director of Program Administration
Mr. Thomas Pearce, Manager of Account Resolutions
Ms. Winifred Antos, RIHEAA
Mr. Noel Simpson, RISLA
Mr. Chad Pasteouri, RISLA
Ms. Lisa Labelle, RISLA
Ms. Jane Creta, RISLA
Ms. Laurie Brayton, Legislative Fiscal Analyst
Mr. Justin Benevides, Legislative Budget Analyst
Ms. Peg Votta, Rhode Island Department of Education
Ms. Deborah Grossman-Garber, Office of Higher Education
Mr. Peter Knepper, President & CEO XAP Corporation
Mr. Frank Grieco, XAP Consultant
Mr. David Axelrod, Legal Counsel XAP
Ms. Susan Sowah, Regional Director, XAP

1. The Minutes of the Board of Director's meeting held on September

22, 2011 were unanimously approved.

2. Chairman's Report: Dr. Santoro stated that he would like to change the order in which the agenda was posted. We will begin with the XAP Presentation.

Dr. Santoro welcomed and introduced Mr. Peter Knepper, President of XAP to the Board. Dr. Santoro had each Board member and RIHEAA staff introduce themselves. Mr. Peter introduced Susan Sowah, the Regional Account Director at XAP.

Ms. Sowah thanked the Board and stated that we started this relationship with RIHEAA in 2007. XAP's role is similar to being an engine that drives WaytogoRI. Ms. Sowah stated that XAP services over 122,000 RI accounts; these kids are called "Millennium Generation" (phase coined by Department of Education Arne Duncan). "Our job is to teach twenty first century skills, to twenty first century kids by using twenty first century methods such as portals, web-sites, and technology".

Ms. Sowah stated, as we grow our relationship together, we will continue to support your efforts with Longitudinal Data Systems, e-transcripts, internet service, e-learning, and concerns that impact Rhode Island. XAP works with Georgia, Iowa, Illinois, Tennessee, and North Carolina. XAP received notice that we are the chosen vendor to support Pennsylvania's on-line application; the services

will be supported for the next three years.

Dr. Croasdale asked for the percentage of the 122,000 accounts, how many were elementary, middle and high schools? Ms. Sowah stated that she will get that data for the Board.

Peg Votta, of the RI Department of Education stated that the LDS grant of \$1.7 million, separates into three parts; first is the data quality and data training, second is course coding and electronic transcripts and the third is the link of Higher Education, K-12 and labor and training data. RIDE worked out the data sharing information agreement with Higher Education. We were not aware that RIHEAA had begun working with XAP to develop an electronic transcript, and that was exciting for us. We didn't have to duplicate our efforts. We found that working with RIHEAA and Waytogori improves the functionality of the program and it is our intention to continue the partnership with respect to the grant funding.

Josh Brumberger asked with multiple email accounts, how do you differentiate utilization, and actual completion or critical task completed. Ms. Sowah stated that transcripts are the best way to do it, transcripts can not be duplicated. We have a professional center that monitors this activity.

Mr. Brumberger asked with the jobs crisis in RI, "How does WaytogoRI fill the gap with teaching our kids to get to the

right jobs”? Ms. Sowah stated that by using Iowa as a model, they were able to “high-light” certain jobs that are critical, and have the kids look at job opportunities.

Dr. Croasdale asked when kids that are logged in, what types of jobs are they looking into. Ms. Sowah stated that there are ways to determine what types of jobs students are looking at and how to steer them to those jobs.

Mr. Howell asked if programs are free to the students. Ms. Sowah stated that yes, they are free and supported by states and individual organization such as RIHEAA. Mr. Howell asked if there are systems that students have to pay for. Ms. Sowah stated yes, there are some organizations that do charge, such as independent education consultants.

Mr. Brumberger asked about Iowa, how do you get the key stakeholders to get together to have these discussions? How do you match the jobs to the students? Ms. Sowah stated that she could send the Board case studies to show Iowa’s outcome.

Mr. Howell asked; the types of programs that WaytogoRI is asking XAP to develop are these programs familiar to XAP? Ms. Sowah stated that some are new, but some are not. We have the ability to collect data on the transcript, but each application must be customized to the needs of the state. The earlier you can impact the

student, the more you can see on the back-end.

Legal Counsel Joe Palumbo stated that the financial statements provided by XAP Corporation are confidential material. And, any private financial information does not constitute a public record. XAP understandably is desirous of maintaining the confidentiality of those records, therefore it seems illogical not to be able to go into closed session, and otherwise those records would lose their confidential status. In addition, in his opinion the board can go into closed session, because those financial statements have a bearing on the board's decision regarding the investment of the authority in the program. The Board is permitted to go into closed session pursuant to RIGL 42-46-5 §(a)(7), to discuss matters of the Investment of Public Funds.

A motion was duly made by Mr. Solomon and seconded by Mr. Howell to go into Executive Session, pursuant to RIGL 42-46-5 §(a)(7), Investment of Public Funds.

Voting in favor: Dr. Santoro, Dr. Croasdale, Mr. Howell, Mr. Solomon, Mr. Brumberger, and Ms. Lasalle.

Voting against: None

It was unanimously voted to go into Executive Session.

Public Session resumed at 11:40 a.m.

It should be noted that Mr. Solomon A. Solomon left the meeting at 11:40 a.m.

Dr. Santoro stated that no votes were taken in the Executive Session.

Dr. Santoro asked for a motion to have the minutes from the Executive Session sealed, seconded by Mr. Howell. It was unanimously voted to have the minutes of the Executive Session sealed.

Voted against: None

Dr. Croasdale read a statement aloud, “The Rhode Island Higher Education Assistance agency was initiated by Governor Garrahy, and authorized by the legislature, to assist families and students financially allowing students to attend a college of their choice.

In recent years RIHEAA made available the waytogo portal, to allow students to explore a career in which they might be interested”. Dr. Croasdale continued; that RIHEAA and RISLA should be separated since they have different purposes and goals. RIHEAA has dedicated and experience staff and should have a full time Acting Director to continue its mission using the \$20 million that I helped build up (as Finance Chairman)over the years. Finally, I think the

Board should take the stance that the agency should be continued separately.

Dr. Santoro asked, what do you mean, should RISLA and RIHEAA not be joined, or RIHEAA and the OHE?

Dr. Croasdale stated that RIHEAA should be separate and not coordinated with anyone else, they have a dedicated staff and I would like to see RIHEAA continue.

Dr. Santoro stated that he doesn't think RIHEAA can continue, the reserves should not be continued to pay salaries. Dr. Santoro stated that we would like to see the programs continue in some fashion or another. The personnel of RIHEAA should try to continue the "wind-down" of the portfolio beyond 2014. If this proposal goes through, once the guarantee portfolio is turned over to the Federal government, there will not be any jobs left, unless the Office of Higher Education can absorb twenty six employees.

Dr. Santoro stated that he has met with Steve Hourihan and Richard Licht to discuss RIHEAA and is planning to meet with Helio Mello and Teresa Paiva Weed. A business plan is being created. Dr. Santoro concerns are, now that we have Direct Lending there isn't a reason for RIHEAA and RISLA. There are no guarantee loans and RISLA doesn't make federal loans. The other activities should be on-going, in RISLA's case they could do the state based private

loans, also they have the College Planning Center, and the capability of servicing 100,000 Federal Loans so that income can be generated. In the context of RIHEAA the four basic functions; wind down of the portfolio, Scholarship & Grants, CollegeBoundfund and WaytogoRI. In the case with Mello, Hourihan and Licht, I told them that I would like to see waytogo go to RISLA, I think there is a synergy between that and the College Planning Center and I think that RISLA can afford to keep it in existence without state funding. I did acknowledge that it could go to the Board of Governors. The important thing is to keep waytogo going. The question of finance, I will leave to them. A working committee is being discussed.

Mr. Brumberger asked if Dr. Santoro wanted to send the portfolio to the federal government. Dr. Santoro explained that he does not want to do that, but based on the information from Senator O'Neil, he would like to see a Business Plan.

Dr. Santoro stated, with regard to the Scholarship & Grants, we get about \$620,000 to administer, the incremental cost is \$135,000 equal to one full-time person and a part-time person, plus computer support. We need to take a look at the State Grant program, to see if what we are doing is the appropriate thing to do. I have some doubt about whether a \$700.00 grant going to someone for higher education is as significant as maybe a \$1400.00 grant going to CCRI. That program can be moved to RISLA and supported by RISLA without state funds, if it stays with RIHEAA, the state will have to

support it.

Dr. Santoro stated that the CollegeBoundfund can be handled by the Treasurer's Office; but would want the funds to be used for educational purposes.

Dr. Santoro stated that the \$18 million dollars in reserves can not be used to pay salaries until there is not money left. Holihan, DiPalma, Mello and Licht all agreed that they too do not want that to happen. A continuation of the State Grant fund should be augmented into the reserve discussions.

Dr. Croasdale reiterated that the agency keeps going, and the state does not support the employees by much. Dr. Santoro asked Mr. Lacroix how much money does the state support the employees? Mr. Lacroix stated that the number is reduced, due mainly to retirements and attrition.

Dr. Santoro stated that we could extend the life of the agency by moving RIHEAA to RISLA. Mr. Lacroix stated that the wind down of FFEL is viable for several years, not using reserves and over time we would have the opportunity to manage it. We can shed salary expense, which would happen naturally. Along the way, we can understand what is happening to our environment and manage it.

Mr. Lacroix, stated that the VFA situation is not resolved, and some are cynical about participating.

Dr. Croasdale stated that he managed RIHEAA's account for over 10 years and never loss a cent. Dr. Santoro asked Dr. Croasdale, then should we develop a plan that would utilize the reserves to off-set the losses? Dr. Croasdale responded yes, but Dr. Santoro said that is not going to happen, and the legislature will not allow it.

Ms. Lasalle and Mr. Howell asked that we defer the motion to keep RIHEAA viable until further information becomes available.

Dr. Santoro stated that we have two paths that we can walk, one is to do nothing, or do we try to save those pieces that are important? From Dr. Santoro's point of view, "do we really care if waytogo goes to the Office of Higher Education; it solves a really nice problem in which integration of state employees from non state employees. Is that the right way to go, I come from private higher education, I would like to see that in an agency that serves private higher education, as well as public education. Does it make sense fiscally? I don't know if we can afford to pay for it; the state will have to come up with the money, would it be a disaster, probably not".

Ms. Lasalle stated that right now RIHEAA can operate for a couple of years, so we don't have to decide today.

Dr. Santoro stated that when the Pension Reform is completed, some discussion will ensue about this situation.

3. Interim Coordinating Officer's Report: Mr. Kelley stated that he offered the RIHEAA staff the opportunity to vote on the proposals: The choices were 1. Remain a free standing agency, 2. Merge with OHE or 3. Merge with RISLA, 4. Abstain from voting. Mr. Kelley reported that two thirds of the staff wants to merge with OHE, one third voted to be an independent agency and the other third abstained from voting, no votes for merging with RISLA. Mr. Kelley stated that he told RIHEAA staff that he would provide this information to the Board.

4. XAP Presentation: Notes under the Chairman's Report.

There being no further business to come before the Board of Director's, the meeting adjourned.

Adjournment was at 12:10 p.m.

Mr. John Howell

Secretary