

Financial Aid Advisory Committee
Meeting Notes
December 8, 2017
(Minutes Approved at March 8, 2018 FAAC Meeting)

Committee Members in Attendance	Committee Members Absent	THECB Staff	Audience
Zelma De Leon Delisa Falks Doris Constantine Karla Flores Jeannie Gage - Teleconference Bridget Jans Robert Merino Dana Mingo – Teleconference Christopher Murr Alan Pixley Cathy Sanchez Billy Satterfield Mike Scott Terry Sheneman Diane Todd Sprague Samantha Stalnaker Christine Stuart-Carruthers – Teleconference Kara Tappendorf Peggy Watts Brent Williford Matthew Vandermause - Teleconference	Sandi Jones	Terri Daniels Ginger Gossman Ken Martin Lesla Moeller Charles Puls DeChà Reid Shebah Spears	Bob Collins, WGU Jordan Williford, WGU

Agenda Item	Critical Discussion Points	Formal Decision/Action Required
B. Consideration of Approval of Minutes of the meeting held on September 7, 2017. Zelma De Leon, FAAC Chair	Motion to approve meeting minutes from September 7, 2017.	Vote: Unanimously approved, as corrected.

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C. Update: Prior FAAC Business Charles Puls, Deputy Assistant Commissioner	Overview/Update: (prior agenda item in review) Agency's Internal Audit & Compliance suggestions <ol style="list-style-type: none"> 1. More regular student by student reconciliation (monthly and mandatory) 2. Reduction in large EOY refunds 3. Reduction in audit findings that requires scope of audit to expand 4. Move to an automated process for paying out payments to institutions 	The Financial Aid Services (FAS) and ISS offices are currently working on items 1 and 4. More information for items 2 and 3 will be provided at next meeting in March 2018 meeting. Committee requested information on schools currently not performing monthly reconciliations on state aid programs in next meeting.

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D. Consideration of selection of a Vice Chair	Vice Chair Nominations: <ul style="list-style-type: none"> • Diane Todd Sprague, UT Austin 	Motion: Delisa Falks Seconded: Doris Constantine

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Zelma De Leon, FAAC Chair		By unanimous vote Diane Todd Sprague new Vice Chair.
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E. Consideration of selection of 2018 FAAC Meeting Dates Zelma De Leon, FAAC Chair	Proposed future meeting dates: <ul style="list-style-type: none"> • March 8, 2018 • June 7, 2018 • September 6, 2018 • December 6, 2018 	Consensus met - proposed meeting dates calendared for 2018. <ul style="list-style-type: none"> • March 8, 2018 • June 7, 2018 • September 6, 2018 • December 6, 2018

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F. Presentation: Debt Management Strategies at Western Governor's University Bob Collins, VP of Financial Aid	<p>Overview: Mr. Collins provided information on significant student loan changes featured in the House of Representatives draft bill for the reauthorization of the Higher Education Act (See slide one of the PowerPoint presentation located at: http://www.theccb.state.tx.us/reports/PDF/10318.PDF?CFID=70764158&CFTOKEN=99353343). He also recommended that the committee members read a policy brief written by the Committee for Economic Development, which includes 13 recommendations for inclusion in the Higher Education Reauthorization Act. He noted that the proposals represent a major overhaul.</p> <p>The elements of the WGU financial aid delivery model, called the Responsible Borrowing Initiative (RBI), are presented in detail in the slides. WGU participated in the following two institutional waivers (of certain regulations) allowed by the Department of Education as part of its "Experimental Sites" program: (1) the unequal loan disbursements and (2) limiting unsubsidized Direct Loans. The latter was based on an analysis of prior borrowing by WGU students applying for financial aid.</p> <p>Discussion:</p> <ul style="list-style-type: none"> • Has WGU done any studies to determine if offering students loan amounts that are less than the amount for which they are eligible affected the perception of high-need students regarding their access to higher education? <p style="padding-left: 40px;">WGU is not denying loans for which students are eligible.</p> <ul style="list-style-type: none"> • In year one this was implemented for all students, including those who had received maximum amounts in prior years. • Some students were unhappy when they realized that they had accepted loan amounts that would only cover tuition and fees. • Year one was a lot of re-working (students requesting additional funds). After that cohort, approximately 2/3 of students accepted the recommended amount, with the remainder requesting the maximum amount allowed. • Has the average EFC of the class changed after the new model was implemented? <p style="padding-left: 40px;">The demographic profile of WGU students has remained somewhat consistent.</p>	N/A

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	<ul style="list-style-type: none"> • Some students entering WGU with high loan debt wanted loan funds for living expenses, but were denied as part of the Experimental Sites initiative. They were advised to attend another institution if they must borrow for more than tuition and fees. • The proposed federal legislation allows institutions to use professional judgement in determining loan limits. If a student truly needs funds to pay for living expenses, the institution has the flexibility to allow that. • Has the WGU tuition and fee structure changed? It has not changed since 2008. Also, most of the students have full-time jobs that cover living expenses. • WGU reframed the Consumer Financial Protection Bureau’s “shopping sheet” to make it simple, hiring a third-party software services provider to build an electronic version of the form. The form is launched from the WGU student portal, and the student’s action is passed back to WGU. The continued development of this tool was done by WGU staff, introducing “gaming” features. • Is the loan debt information used in determining loan amounts limited to federal student loan debt, and does WGU certify private loans? WGU certifies a minimal amount (approximately \$1 million per year) of private loans and the debt information it reviews for students is federal debt only. • Has the staffing structure returned to a normal state after the initial transition year? The first year was “noisy” and required “staffing up” for the re-working of loan amounts, but after that, the situation stabilized. Also, WGU has partnered with some organizations to provide financial literacy training geared for the adult student population. 	
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<p>G. Presentation: Presentation: Work-Study Student Mentorship Program</p> <p>Terri Daniels, Asst. Director, College Readiness and Success</p>	<p>Overview: Program highlights</p> <ul style="list-style-type: none"> • Provides funding to institutions to employ college students for peer to peer activities on college campuses or mentorship on high school campuses • Program goal is to improve student access, success, and completion of higher education • Slight difference from College Work-Study as students can only work in peer or mentorship activities and a minimum salary of \$10.00/hour is required • Program requirements include student training for mentoring and reporting of specific data elements to the Coordinating Board • Program allocation for 2018-2019 biennium is \$5.5 million • For FY 2016, 41 IHEs were funded and 15 IHEs place mentors in local high schools and on their college campus • 2018 will include a website release and Negotiated Rulemaking 	

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<p>H. Update: External Relations</p> <p>Charles Puls, Deputy Assistant Commissioner</p>	<p>Update: External Relations (ER) is currently collecting all ideas developed across the Agency for legislative recommendations. ER will be working with the executive officers and the Board to determine which ideals/recommendations will take top priority.</p> <p>More vetting of recommendations will take place in January at the Board's retreat.</p>	
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<p>I. Update: SB0887 Loan Letter</p> <p>Ginger Gossman, Sr. Director, Innovation and Policy Development</p>	<p>Discussion: Ginger presented information on this topic at the TASFAA conference. Questions and suggestions from the conference and the FAAC are shown in bold:</p> <p>The THECB should consider sending the letter to students, rather than the institutions, because the agency has access to a larger profile of the students than the institutions, although it is not the same data that the institutions have.</p> <p>A statutory change would be required for this, and the agency doesn't have all the information that must be included in the letter. Senator Seliger's comments on the bill expressed intent regarding the relationship between students and institutions.</p> <p>What is considered "reasonable" in terms of the statutory requirement that an institution must disclose information to students that it may "reasonably collect from its own records"?</p> <p>Proposed rules will allow institutions the flexibility to determine what they are reasonably able to collect from their own records. The rules will not require institutions to include parent loans in the disclosures.</p> <p>Are institutions required to continue to send the annual communication even to students who do not continue to apply for financial aid in subsequent years?</p> <p>Yes, if the student carries debt. Ginger's understanding of the statute is that an institution is only responsible for sending the communication to students who are enrolled at the institution.</p> <p>When will the communication template for voluntary use be provided to institutions?</p> <p>When the rules are approved. Proposed rules will require institutions to begin sending the communications every spring, beginning in 2019.</p> <p>Can the communication be electronic?</p> <p>The statute requires that the disclosures be provided electronically.</p> <p>Does the THECB plan to send state loan information to schools? What if a student borrows a state loan, leaves the institution, pays on the loan, and returns to the institution?</p> <p>Currently the agency doesn't have a mechanism in place to do that, although this will be explored for the future. It is not reasonable for institutions to be expected to know what the student has paid on the loan and therefore the institution is not required to include the private loan, in that scenario.</p>	<p>After the rules are implemented, the THECB will explore how the agency might provide institutions access to THECB data for the communication.</p> <p>THECB is now reconsidering whether the exact timing of the annual letter needs to be defined. This will be clarified in the rules.</p>

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	<p>As a "Phase II" of this initiative, for the next legislative session, could we move to a more centralized model, which would be more efficient and allow for a more comprehensive picture of loan indebtedness to be presented to the student?</p> <p>The THECB is interested in pursuing all avenues that benefit the students.</p> <p>When are the draft rules going to be published?</p> <p>Rules to be approved at the April Board meeting must be presented at the March meeting of the appropriate Board Committee (CAAP or CAWS); thus, the proposed rules must be posted in the Texas Register in February. If the decision is to send the rules straight to the Board, they would be posted in early March.</p>	
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<p>J. Discussion: User Access Portal Improvements –</p> <p>Zelma De Leon, Chair</p>	<p>Overview: Financial Aid Services launched their annual user access cleanup for their secure web portals. A recommendation has been made by the financial aid community to have the CB use a web based portal to update user information instead of the current procedure which involves printing a user authorization form from a website, obtaining a designated signature, and sending it back to the CB as an attachment in an email.</p> <p>Discussion:</p> <p>Committee members:</p> <ul style="list-style-type: none"> • A web based system that can be logged into to add and delete users instead of passing paper back and forth would be more efficient and more helpful in keeping user access information up to date. • Currently there are three different platforms that institutions must provide user access information for and if the CB can build a portal that feeds all three databases into one system, then administrators can reduce some of the steps they have to go through. • A web based portal can also aid in audit process showing timely updates without having to find emails, attachments etc. • Right now the paperwork is updated annually but web-based would allow updates throughout the year. • Having an online system will aid the institutions in maintaining their own records of user access when staff exits. • Some institutions have this capability with other agencies and this has proven to make things a lot easier and done in a more timely fashion. <p>DeCha Reid:</p> <ul style="list-style-type: none"> • CB staff is meeting to discuss best ways to ensure capturing all contact information changes for multiple systems. • CB needs to make sure that documentation covers all portals. • CB will look into a web based portal similar to the Department of Education. • Currently the process is very manual on the CB's end. FAS wants to make the process user friendly and useful across the board for everybody. • The CB is looking into a quarterly review rather than annual review which is what CB internal audit prefers. 	

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<p>K. Update: Data Collection Sub-Committee</p> <p>Doris Constantine, Sub-Committee Chair</p> <p>DeChà Reid, Director, Financial Aid Services</p>	<p>Update:</p> <ul style="list-style-type: none"> • CB opened up the FY 2018 FAD reporting portal December 1. The CB has had a few institutions that have already submitted files for FY 2018 which allows the CB to review initially programed errors, edits and comments. The CB will revise/update some of the new changes based on findings during the reviews. The more submitted files and feedback from institutions that are received the better so the CB can ensure that programming is performing correctly. • Additional webinars regarding the FAD reporting change have been created. A memo was sent December 7, 2017 listing two different modules that are available. One is a high level overview of what FY 2018 FAD reporting will look like for institutions. The second module consists of commonly asked questions regarding FY 2018 FAD. This module will be updated as the CB receives more feedback and reviews more submissions from institutions. • The CB is also reviewing the FAD instruction manual and the definitions for the data elements. Some definitions will be updated in order for institutions to more fully understand the data that needs to be pulled for the report. Notifications will be sent out detailing which definitions in the instruction manual are revised, as well as any additional guidance that the CB can provide. • The sub-committee will now work on the next phase which is disbursement and reporting back and forth. This will begin in early spring after the CB team decides on a clear objective and goal. • The FAAC chair reminded institutions that an email was sent December 1 with the reporting cycles and the dates and deadlines for submission. 	
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<p>L. Update: Legislative Recommendations Sub-Committee</p> <p>Delisa Falks, Sub-Committee Chair</p>	<p>Update: Proposed legislative recommendations:</p> <ul style="list-style-type: none"> • Funding – consider timing of appropriations due to FAFSA awards now taking place earlier. • Align policies for TEXAS Grant, TEOG and TEG (and appropriate waivers and exemptions) regarding SAP with federal SAP policies. • Eliminate separate confirmation of conviction regarding offenses involving control substance and rely on the related question on the FAFSA • Authorize the THECB to administer the application for TASFA and relevant data submissions to IHEs • Secure appropriations and authorize for THECB to centralize functions required under SB887 • Monitor the changes to federal aid programs and consider those changes for state aid programs and allocation processes. • Fully fund the Hazelwood Exemption Program which is currently administered by Texas Veterans Commission (TDC) <p>Discussion: Overall financial aid – Considering the growth rate for each IHE, find innovative ways to better structure the current model for financial aid to meet the <i>60x30TX</i> goals.</p>	<p>Subcommittee will continue vetting legislative recommendations.</p>

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<p>M. Update: Office of Student Financial Aid Programs</p>	<ul style="list-style-type: none"> • Borrower Services <ul style="list-style-type: none"> ○ Our new IVR system will be launched in January, which should significantly improve the borrower experience. • Financial Aid Services <ul style="list-style-type: none"> ○ The new FADS process has been launched, allowing us to eliminate the end-of-year reports and the TEG Need 	

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<p>Charles Puls, Deputy Assistant Commissioner</p>	<p>survey. We are currently investigating other reports we may be able to eliminate to ease the burden on institutions.</p> <ul style="list-style-type: none"> ○ Trainers have been very active at TASFAA, TACRAO, and individual campuses. <ul style="list-style-type: none"> • Legislative Ideas <ul style="list-style-type: none"> ○ These are just ideas. ○ CAL Updates: Reintroduction of a cleanup bill from the last Legislative Session to correct statutory language regarding the funds used for the CAL program, remove some outdated language, eliminate sections that have never been implemented, and provide clarity in the section regarding total loan eligibility. ○ Bond authority: Update the Government Code to help ensure that there is enough bond authority to meet CAL demand. ○ Texas WORKS: Reintroduction of a bill from the last legislative session to remove the off-campus requirement for institutions, allowing institutions to focus on on-campus opportunities, while the agency coordinates an off-campus internship program for students and employers across the state, in support of 60x30TX, especially the marketable skills goal. ○ TASSP Modification: Re-work TASSP as a loan repayment, rather than loan forgiveness, program. Loan repayment programs incur less administrative expense and operate more efficiently than loan forgiveness programs. ○ Limiting state aid to required coursework: Extend the current federal financial aid expectation – limiting federal financial aid to coursework that counts toward the degree – to state aid programs in support of 60x30TX. This expectation would provide an active link between student financial aid programs and the degree plan expectations. While it does not provide a complete roadblock to excess credit hours, it implements actions that will require institutions to identify unnecessary coursework and to limit a student’s access to state funding in situations where the student does not pursue alterations to their course schedule. It will encourage earlier filing of degree plans, as well as more timely completion of the steps necessary to change majors, minors, and other academic credentials. • Negotiated Rule-Making <ul style="list-style-type: none"> ○ The agency plans to launch a negotiated rule-making process in the new calendar year to provide institutions with greater flexibility in spending the grant and work-study program funds, and to provide a longer period of time to utilize funds to best help their student populations. ○ It will also serve as a preliminary step toward eventually being able to allow institutions to utilize funds during the summer. ○ Notices inviting nominations for the committees will occur shortly after the New Year, with the goal of having a negotiated rule ready for the July Board meeting. (Thus, the current year would be unaffected.) Negotiated rule-making committee members will help 	
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	<p>develop a rule that is in the best interests of all students in the State.</p> <ul style="list-style-type: none"> ○ The current reallocation system limits flexibility, since it requires institutions to return funds well before the end of the school year. The current system also creates inequitable distributions due to reallocations only going to a limited number of schools who then see increases in their future allocations due to being recipients of the reallocated funds. Thus, a school that does not utilize their full allocation not only has to return funds, but also sees a decrease in their percentage share of the next year's funding. ○ The goal is to allow institutions the full spring semester to manage their allocation. Allocated funds an institution was not able to utilize (as demonstrated on the summer submission of FADS) would then be used to provide updated allocations to all institutions in October. This redistribution provides funds six months earlier than the current reallocation process. It also allows for all institutions to benefit from unutilized funding. 	
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N. Adjournment Zelma De Leon, Chair	<ul style="list-style-type: none"> • Next FAAC meeting set for March 8, 2018. • Adjournment at 1:10 pm. 	