**MEETING OF THE**

**LOUISIANA STUDENT FINANCIAL ASSISTANCE COMMISSION**

**MINUTES OF MEETING**

**DATE:** August 20, 2015

**TIME** 10:30 a.m.

**PLACE:** Louisiana Retirement Systems Building

Mr. F. Travis Lavigne, Jr., Commission Chair, called a meeting of the Louisiana Student Financial Assistance Commission to order at 10:37 a.m.

The following members of the Commission were present:

Mr. F. Travis Lavigne, Jr.

Dr. Toya Barnes-Teamer

Ms. Melanie Burke

Mr. Jeffery Ehlinger, Jr

Mr. Walter Guidry, Jr.

Mr. Myron Lawson

Mr. Jimmy Long, Sr

Mr. Winfred Sibille

Ms. Wendy Simoneaux

Dr. Larry Tremblay

The following members were absent:

Mr. Scott Ballard

Mr. Ken Bradford

Mr. Raymond Brandt

Mr. James Garvey

Mr. Benson Kinney

Mr. Richard Maciasz

Mr. Michael Murphy

Ms. Ann A. Smith

Mr. Stephen Toups

Ten members were present, which did not represent a quorum, therefore, in accordance with the Meeting Notice, the Chairman called the Executive Committee of the Louisiana Student Financial Assistance Commission to order.

The following members of the Commission’s Executive Committee were present:

Mr. F. Travis Lavigne, Jr.

Dr. Toya Barnes-Teamer

Mr. Jeffery Ehlinger, Jr

Mr. Jimmy Long, Sr

Mr. Winfred Sibille

Dr. Larry Tremblay

Six members were present, which did represent a quorum.

Mr. Lavigne temporarily appointed Ms. Burke, Mr. Guidry, Mr. Lawson, Mr. Murphy and Ms. Simoneaux.

The following staff members were present:

Dr. Sujuan Boutté

Ms. Rhonda Bridevaux

Ms. Sharon Chandler

Ms. Gayle Daigle

Mr. Kelvin Deloch

Ms. Shanna Estay

Ms. Carol Fulco

Mr. Jack Hart

Ms. Robyn Lively

Mr. Richard Omdal

Ms. Stacy Oubre

Ms. Deborah Paul

Mr. Gus Wales

The following guests were present:

Ms. Shan Davis

Ms. Tristen Guillory

Mr. Sam Karlin

Mr. Nicholas Martino

The minutes of the July 14, 2015 meeting of the Executive Committee of the Louisiana Student Financial Assistance Commission were presented for review and approval. Dr. Tremblay made a motion to approve. Mr. Long seconded the motion and it passed unanimously.

Mr. Lavigne offered a public comment period. There were no comments.

Under Program Updates, Mr. Wales, Director of Public Information Division presented the Field Services report for Statewide services for July 2015. Mr. Wales reported that in the month of July, PID representatives conducted two TOPS Seminars with 42 students and parents, two general financial aid workshops with 600 attendees, two Free Application for Federal Student Aid (FAFSA) workshops with 230 attendees, and one Financial Literacy Program with 450 attendees. Mr. Wales reported on the Trailblazer Leadership Program. Mr. Wales reported that the second round of Trailblazer Leadership conferences took place with the election of State Officers for the Trailblazer Leadership Program. Mr. Wales also stated that the Trailblazers came up with a motto for the program.

Dr. Boutté, Executive Director, reported on the new design that LOSFA is using for outreach services. Dr. Boutté reported that the GEAR UP grant was not renewed, but there is still a chance for the grant to receive funding. Dr. Boutté reported on the new model for concentrated and intensive services. Dr. Boutté stated there are 18 concentrated schools and 41 intensive services schools for a total of 59 schools. Dr. Boutté reported that the concentrated and intensive services schools are receiving some funding from LOSFA and are required to meet the standard initiatives and the special initiatives offered by LOSFA. Dr. Boutté reported that LOSFA will be able to serve 8,200 students in 59 schools with $1.3M in state funding compared to 3,200 students in 30 schools with $1.5M in federal funding in the last year of the LA GEAR UP grant.

Mr. Guidry asked if the school districts request to sign up for concentrated and intensive services. Dr. Boutté responded that Outreach Field Services reached out to the 30 LA GEAR UP schools that wanted to be included in these services and then reached out to other school districts which showed significant difficulties. Dr. Boutté commented that there is a gap in the Southwest portion of the state and as schools are interested in these services they can continue to sign up.

Ms. Davis asked if the schools determined policy on summer remediation courses. Dr. Boutté responded that the policy is determined by the schools. Ms. Davis asked if schools would ever be required to have a uniform policy on summer remediation. Dr. Boutté responded that a uniform policy would not be determined by LOSFA.

Dr. Barnes-Teamer asked how the impact of the increased student population would be handled given the transition to a smaller amount of funding with present staff. Dr. Boutté responded that coordinators are assigned to specific regions of the state; on-site coordinators are assigned at each school being served, and LOSFA statewide service staff support the coordinators. In addition, an existing staff member with fewer schools has been assigned to data collection while existing staff on-site process and receive data to ensure that services are being delivered before invoices are paid. Mr. Murphy arrived during the updates and a quorum was established.

Mr. Hart, Assistant Executive Director of Fiscal and Administrative Affairs, presented the financial statements update. Mr. Hart presented the financials for the period ending June 30, 2015. Mr. Hart reported that the financial statement for June 2015 showed the Operating Fund closed the month of June with net assets of $8.1M and the Federal Fund with net assets of $7.3M. The Federal Fund had an increase for the month of $95K and an increase of $142K for the nine months. The reserve ratio increased to 0.649% on a portfolio of $1.13B. The Operating Fund had a decrease for the month of $370K and $2.7M for the nine months. Also rehabs were $2.8M for the month, which are $1.5M less than 2014 and 27% below the current year projection.

Mr. Hart reported on three handouts regarding recent developments in the United States Department of Education (USDOE) position on guaranty agencies assessing collection costs on borrowers who enter into a repayment agreement within 60 days of receiving a notice of default. Mr. Hart reported that a borrower sued USA Funds claiming they wrongly assessed collection costs. USA Funds prevailed at the district court level and the plaintiff appealed. A panel at the 7th Circuit Court invited USDOE to answer questions regarding this area. The government filed a brief stating the Higher Education Act does not preempt a state law breach of contract claim. USA Funds and the National Council of Higher Education Resources (NCHER) believe the government brief misreads the USDOE regulations. NCHER filed an amicus brief with the approval of the guaranty agency industry in support of USA Funds’ motion to dismiss. A panel of the appeal court ruled 2 to 1 in favor of the plaintiff; however one of the judges issued a strong dissenting opinion stating that there is no evidence to suggest that the USDOE ever interpreted the regulations in the way advanced by the plaintiff, that the regulatory waiting period for charging costs applies to a different kind of repayment agreement rather than a rehabilitation agreement, that the collection cost requirements contain no exemption for rehabilitated loans and does not contain an exception for charging costs for any kind repayment agreement, let alone a rehabilitation agreement. Mr. Hart reported that the judge closed his dissent by stating that subjecting USA Funds and the entire guaranty industry to RICO liability based on a rule that was announced recently is manifestly unjust. Mr. Hart stated that USA Funds is going to ask the full 7th Circuit Court to look at the case and has filed a separate lawsuit against the USDOE concerning the recent Dear Colleague letter with the interpretation of the collection costs.

Mr. Sibille asked how LOSFA will be impacted by this lawsuit. Mr. Hart stated that it would reduce what LOSFA will be able to collect in collection costs. Ms. Lively further clarified that currently it does not have any affect because the 7th Circuit Court will send the case back to the lower court to review and the lower court dismissed the case. Ms. Lively stated that this lawsuit could go on for years and the main issue right now is when the USDOE is going to enforce the new Dear Colleague Letter. Ms. Lively stated if the USDOE goes from this point forward, it would have some impact on collection costs, but if they go backwards to 1992 when collection costs became mandatory, that would affect the entire guaranty agency industry. Mr. Hart stated it is affecting LOSFA to the extent that Navient, LOSFA’s collection contractor, is already updating policies regarding the collection costs.

Ms. Paul, Scholarship and Grant Program Director, presented a GO Grant update as of August 19, 2015. Ms. Paul stated that there is currently a balance of $7,044 dollars due to refunds received after closing out the 2014-2015 academic year. Ms. Paul reported that for the 2015–2016 academic year, schools have received the allocations and can begin billing after the 14th day of class or the 9th day of class for Louisiana Tech. Ms. Paul stated that the GO Grant billing deadline for the fall semester will be November 2, 2015.

Ms. Paul presented a John R. Justice update as of August 19, 2015. Ms. Paul stated that there is one remaining award to disburse for public defenders and two remaining awards to disburse for prosecutors. Ms. Paul stated that the disbursements must be made by September 30, 2015, which is the close of the federal fiscal year.

Ms. Paul presented the TOPS Update. Ms. Paul reported that TOPS Initial Eligibility continues for students who graduated in May 2015. Ms. Paul stated that TOPS eligibility runs on Monday and Thursday nights and that 22,082 students have been awarded for the 2015-2016 academic year. Ms. Paul stated that 7,600 students have been determined ineligible and about 750 students have errors on the FAFSA which need to be corrected before TOPS eligibility can be determined.

Mr. Lavigne asked what the TOPS appropriation is for the 2015-2016 academic year. Mr. Hart replied that the appropriation is approximately $265M but projections show that actual costs will run approximately $285M. Mr. Hart stated that Board of Regents, Office of Planning and Budget, and Legislative Fiscal staff are aware of the projected shortfall.

Dr. Tremblay asked if any of the funds are covering prior year TOPS billing. Mr. Hart stated that LOSFA always covers prior academic years because of student exceptions and other issues.

Dr. Boutté presented the Executive Director’s update. Dr. Boutté reported on the effects of the personally identifiable information legislation that passed in 2014 on TOPS eligibility processing for 2015. Dr. Boutté reported that a lot more manual processing of TOPS Awards is occurring. Dr. Boutté stated that our Public Information Division is creating a list of common mistakes students are making on various applications and reports that LOSFA receives and creating a top ten list that will help students correct these mistakes and make their TOPS eligibility determination run smoother. Dr. Boutté mentioned that LOSFA has asked the postsecondary institutions to send a list of students who are having eligibility issues so LOSFA staff can research these students and determine the cause for delays in processing their eligibility. Dr. Boutté reported on an article from the Baton Rouge Business Report on TOPS Awards by schools. Dr. Boutté stated that the article was generated from a public records request from the Baton Rouge Business Report and that LOSFA notified the superintendents and the schools in each parish of the public records request. Dr. Boutté explained that LOSFA targeted many of the schools on the list for the concentrated and intensive services. Dr. Boutté reported on an article that explains that tuition free and debt free are not the same thing. Dr. Boutté stated that parents and policy makers are often not aware of the other costs of attendance at schools and that tuition free and cost free are two different things. Dr. Boutté reported on the cost gap at different institutions.

The first item under New Business was that the Commission consider Adoption of the Monetary Amount that will constitute the Average Award Amount (TOPS Tech), to be awarded to TOPS recipients pursuing a vocational or technical education certificate or diploma at a proprietary or cosmetology school during the 2015-16 academic year. Dr. Tremblay made a motion for approval. Mr. Long seconded the motion and it passed unanimously.

The second item under New Business was that the Commission consider awarding monetary performance adjustments in the amount of four (4) percent to the agency’s classified and unclassified staff. Mr. Sibille made a motion for approval. Dr. Barnes-Teamer seconded the motion and it passed unanimously.

The third item under New Business was that the Commission consider amending Sections 705 and 805 of the Scholarship and Grant Program Rules to amend the time by which a student must have attained the required cumulative grade point average to maintain their award and to amend Section 803 to add an expiration date to the current TOPS Tech core curriculum. Dr. Tremblay made a motion for approval. Mr. Lawson seconded the motion and it passed unanimously.

The fourth item under New Business was that the Commission consider and act upon Requests for Exception to the TOPS Provisions that Require Students to Enroll Full-Time, to Remain Continuously Enrolled, and to Earn at Least 24 Credit Hours During the Academic Year. Mr. Lawson made a motion for approval of requests from Alyssa (421327), Logan (630593), Jordan (619644), Jazzmin (241114), Whitley (648964), Phu (588372), Drew (661538), Jarred (543602), and Ethan (636969). Mr. Guidry seconded the motion and it passed unanimously.

There being no further business, Ms. Simoneaux made a motion to adjourn at 11:41 a.m. and Dr. Barnes-Teamer seconded the motion, which carried unanimously.

APPROVED:

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Chairman