

AGENDA ITEM 2.

MINUTES OF THE JULY 28, 2006 AND AUGUST 2, 2006 MEETINGS

MINUTES OF A MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

July 28, 2006

Illinois Student Assistance Commission
1755 Lake Cook Road
Deerfield, Illinois

COMMISSIONERS PRESENT: Donald J. McNeil, Chair
Andrew Davis
Warren Daniels, Jr.
Ashley Dearborn
Dr. Mary Ann Louderback
Hugh Van Voorst

COMMISSIONERS PRESENT VIA TELEPHONE: Dr. Lynda Andre
Robert Casey
David Vaught

COMMISSIONERS ABSENT: Sharon Alpi

STAFF PRESENT: Larry E. Matejka, Executive Director
Kathy Rooney, Deputy Executive Director
Tom Breyer, Director, IDAPP
Randy Erford, *College Illinois!*
Sue Kleemann, RPPA
Shoba Nandhan, Comptroller
Sam Nelson, Public Service
Chris Peterson, Chief Program Officer
Karen Salas, General Counsel
Nancy Stephens, *College Illinois!*
Claude Walker, State Relations
Larry Freed, Budget and Finance Division
Doug Wilder, Information Services Division
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE: Fred Ash, JPMorgan Chase
Meegan Bassett, Women Employed
Lynda Berkoff, Argosy University
Deb Brody, Robert Morris College
Paul Frank, FIICU
Pat Krolak, Marquette Associates
Phil Lewis, J.P. Morgan
Brian Meehan, Celtic, Inc.
Lynn Murphy, IBHE
Joseph Payne, ILIS
David Ray, ILIS
Jane Spencer, ILIS
Joseph Starshak, Starshak, Welnhofner & Company
Tom Suffredin
Dan Tucci, Argosy University
Jerry Weber, Community College President

Item 1. Announcements

Chairman McNeil brought the July 28, 2006 meeting to order at 12:04 p.m. at the Deerfield office of the Illinois Student Assistance Commission, noting that staff had conducted a workshop on the *College Illinois!* program for members of the Commission prior to the regular meeting of the Commission. He then asked that a roll be taken, which established that a quorum was present. Chairman McNeil then indicated that the next regular meeting of the Commission has been changed to September 29, 2006 at Lake Forest College in Lake Forest. He then asked Mr. Matejka to read a resolution prepared by staff for consideration by the Commission.

WHEREAS, Marcia Thompson began her public service career in 1979 by graduating summa cum laude with a Bachelor of Arts degree from the James Milliken Scholar honors program at Milliken University in Decatur, Illinois; and

WHEREAS, Marcia Thompson soon thereafter moved to Springfield, Illinois, to join the Illinois Senate Democratic Staff where she worked from 1979 through 1992, beginning as a graduate intern assigned to the Senate appropriations committees, later as staff analyst for appropriations and elementary and secondary education, and finally as Appropriations Staff Director during 1989-1990 and as Committee Staff Director during 1991-1992; and

WHEREAS, during her years on legislative staff, Marcia Thompson became one of the state's foremost authorities on the State Finance Act; developed legislation relating to job training, consolidation of alcoholism and substance abuse programs, and implementation of federal block grants; and participated in policy development as primary staff for the state's school aid formula and for the comprehensive Chicago school reform legislation of 1985; and

WHEREAS, in 1999 Marcia Thompson was inducted into the Samuel Gove Illinois Legislative Internship Hall of Fame, which honors former legislative interns whose careers have exemplified distinguished public service; and

WHEREAS, from 1992-1994 Marcia Thompson joined the Illinois Board of Higher Education as Associate Director for Fiscal Affairs; and

WHEREAS, in 1994 Marcia Thompson served as Issues and Research Director for the *Netsch-Severns for Illinois* Gubernatorial Campaign; and

WHEREAS, in 1994, Marcia Thompson joined the Illinois Student Assistance Commission (ISAC) where for nearly 12 years she served in various capacities, including Budget Director, Chief Financial Officer and Chief Operating and Administrative Officer; and

WHEREAS, during her long tenure at ISAC Marcia Thompson served with extraordinary distinction: developing and implementing the agency's internal budget and financial control process; providing senior management oversight for transition to the new financing structure for student loan guarantors (authorized by Congress for 1998 and thereafter); advocating within ISAC for creation of the Silas Purnell Illinois Incentive for Access need-based grant program, for creation of the *College Illinois!* prepaid tuition program, and for establishment of the Monetary Award Program (MAP) 135-hour rule, which enabled the agency to extend MAP funding to additional students without receiving additional appropriations for this purpose; and

WHEREAS, Marcia Thompson's personal integrity, her dedication and contributions to the advancement of higher education in Illinois, and her devotion to equity in governmental

policy, her sense of public justice, and the diligence and sense of purpose that she applied toward every task, small or large, earned her the respect and friendship of all who had the good fortune to work with her; and

WHEREAS, Marcia Thompson passed away on June 20, 2006, at the age of 49 after a long struggle with cancer; and

WHEREAS, Marcia Thompson is sadly missed by everyone whose life she touched;

NOW, THEREFORE, BE IT RESOLVED, that the members and staff of the Illinois Student Assistance Commission recognize and honor the late Marcia E. Thompson for her service to the People of the State of Illinois through her commitment to the Commission and its mission; and

BE IT FURTHER RESOLVED, that the members and staff of the Illinois Student Assistance Commission extend their most sincere sympathy to her many friends and colleagues both within and outside of the Illinois higher education community and Illinois state government.

Dr. Louderback **MOVED THAT** the Commission adopt the resolution. Mr. Daniels seconded the motion. Chairman McNeil stated that Ms. Thompson was an extraordinarily gifted and dedicated public servant who will be sorely missed by the Commission. He then asked for a moment of silence in remembrance of Marcia Thompson. The motion was approved unanimously.

Item 2. Minutes of the June 16, 2006 Meeting

Mr. Daniels **MOVED THAT** the minutes of the June 16, 2006 meeting be approved as submitted, Dr. Louderback seconded the motion, which was approved unanimously.

Item 3. Executive Director's Report

Mr. Matejka opened the agenda item by sharing personal remarks on the life of and contributions made by Marcia Thompson to him personally and to the Commission.

Continuing, Mr. Matejka noted that the Governor would sign the MAP Plus bill in the near future. He indicated that the Commission has given operational directives to the financial aid community concerning how the program will be administered via a letter from Chairman McNeil. He then provided the Commission with an update on the status of the MAP and IIA programs.

Item 4. Fiscal Year 2007 – Internal Audit Charter and Plan Approval

Mr. Vaught asked that the item be amended striking the words “where appropriate” in paragraph two, page two of the FY 2007 Internal Audit Charter and Plan which was distributed to the Commission.

Mr. Daniels **MOVED THAT** the Commission approve the following resolution:

“BE IT RESOLVED that the Commission approves the Internal Audit Charter and Plan for the FY 2007 audit cycle as amended.”

“BE IT FURTHER RESOLVED that the Commission authorizes the Executive Director or his designee to approve any mid-year changes to the audit schedule during FY 2007, as needed, to

ensure compliance with the Standards and the FCIAA and to address any changes in Agency risks or audit resources.”

Dr. Louderback seconded the motion, which was approved unanimously.

Item 5. Appointment of *College Illinois!* Investment Advisory Panel Members

Mr. Matejka stated that the Commission is required by statute to appoint three members of the *College Illinois!* Investment Advisory Panel. All three of these appointments are up for reappointment at this time. He indicated that two of the members are being considered for reappointment but the third member did not seek reappointment. Mr. Vaught has recommended Ms. Susan Keegan as a candidate for the vacancy and Mr. Albin and Ms. Stafford have indicated their desire to be reappointed to the panel.

Dr. Louderback **MOVED THAT** the Commission approve the nominations of Ms. Ingrid Stafford, Mr. John Albin and Ms. Susan Keegan to serve concurrent terms as members of the *College Illinois!* Investment Advisory Panel, thru December 2008.

Mr. Vaught seconded the motion, which was approved unanimously.

Item 6. Institutional Applications to Participate in ISAC Gift Assistance Programs from Argosy University, Illinois Institute of Art-Chicago, and Illinois Institute of Art-Schaumburg

Mr. Matejka gave a brief explanation as to why these institutions are being presented to the Commission for participation in ISAC’s gift assistance programs and a brief description of each institution’s mission. He indicated that each institution has met all the requirements of the Illinois Board of Higher Education and the accrediting association.

Ms. Dearborn **MOVED THAT** the Commission approve the following resolution:

“**BE IT RESOLVED** that the Commission approves the applications of Argosy University, the Illinois Institute of Art-Chicago and the Illinois Institute of Art-Schaumburg to participate in ISAC-administered gift assistance programs for which they are eligible, effective for the fall term of the 2006-2007 academic year, with payment of awards subject to available funding.

Mr. Davis seconded the motion, which was approved unanimously.

Item 7. Proposed Rules

Noting that this is an information item only, Mr. Matejka stated that this item is the proposed rules for the Forensic Science Grant Program and the Nurse Educator Scholarship Program. He indicated that the proposed rules have been published in the Illinois Register, which starts the 45-day public comment period.

Other Business

Chairman McNeil said that an additional agenda item was to be brought before the Commission today but it was added too late to comply with the Open Meetings Act. Therefore, action on the item will be taken at a special teleconference meeting to be held next week.

Chairman McNeil noted that the agenda item is a proposed change in the FY 2007 MAP Recompute formula and was to be considered at today’s meeting. He indicated that he has been informed

that the intent of the legislature when passing the MAP Plus bill was to eliminate the reduction factor in the formula. The original recompute formula reduced the reduction factor from 9 percent to 2 percent. To completely eliminate the reduction factor will cost an additional \$7.6 million. The Governor's office has committed to seeking the additional funding, if necessary.

Dr. Louderback questioned what the actual legislative intent was for the program and why this is being revised at the eleventh hour. Chairman McNeil stated that it is not in the legislation language, but once the MAP Recompute formula was publicized after our June meeting, those who were involved in negotiating the legislation itself approached us about the change. He indicated that the elimination of the 2 percent reduction factor will result in recipients receiving larger awards with no earlier cut off dates.

Dr. Louderback asked where the \$7.6 million funding was to come from since most of the increases in our programs this year are coming from the sale of the Commission's assets. Chairman McNeil stated that there will be a supplemental appropriation requested, if necessary, and those funds could come from money the Commission may contribute to the General Revenue Fund. He reminded the Commission that the funding for MAP Plus and an additional \$28 million in MAP will be money raised through reorganization or restructuring and the potential sale of assets.

Dr. Louderback agreed that the increase funding for the program is good, but expressed her concern about making awards to students before the actual supplemental appropriation is obtained during the fall veto session. Mr. Davis stated, with Mr. Daniels concurring, that it is good that there will be more money for more students. Chairman McNeil reiterated that this is not an action item at this time. A teleconference meeting will be held next week to take action.

Chairman McNeil stated that the following message has been sent to the Commission from Women Employed for inclusion in the minutes:

“Women Employed wishes to formally register our opposition to the proposed formula change. To maximize the benefit to the neediest MAP students, any additional MAP funds should be applied in a combined approach. Implementing a tiered reduction factor, using more recent tuition and fees to determine grant amounts, or extending the suspension date would do much more to increase access to higher education for the students with the most barriers. We hope that each of you will do all in your power to ensure that the neediest students are prioritized this year.”

Dr. Louderback **MOVED THAT** the meeting of the Commission adjourn. Mr. Daniels seconded the motion, which was approved unanimously. The meeting adjourned at 12:50 p.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission

MINUTES OF A TELECONFERENCE MEETING
OF THE
ILLINOIS STUDENT ASSISTANCE COMMISSION

August 2, 2006

James R. Thompson Center
100 W. Randolph
Room 9-040
Chicago, Illinois

Illinois Student Assistance Commission
1755 Lake Cook Road
Room 3114
Deerfield, Illinois

Illinois Student Assistance Commission
Third Floor
500 W. Monroe St.
Springfield, Illinois

**COMMISSIONERS PRESENT
VIA TELEPHONE:**

Donald J. McNeil, Chair
Dr. Lynda Andre
Andrew Davis
Warren Daniels, Jr.
Dr. Mary Ann Louderback
Hugh Van Voorst

**COMMISSIONERS PRESENT
ON LOCATION:**

Ashley Dearborn

COMMISSIONERS ABSENT:

Sharon Alpi
Robert Casey
David Vaught

STAFF PRESENT:

Larry E. Matejka, Executive Director
Tom Breyer, Director, IDAPP
Sue Kleemann, RPPA
Sam Nelson, Public Service
Chris Peterson, Chief Program Officer
Claude Walker, State Relations
Debora Calcara, Commission Secretary

PUBLIC ATTENDANCE:

Colleen Atterbury, House Republican Staff
Meegan Bassett, Women Employed
Curt Fiedler, House Republican Staff
Karen Hunter Anderson, ICCB
Patrick James, School of the Art Institute, Chicago
Jeanette Matafa, Senate Republican Staff
Nicole Rogers, IBHE
Sandy Street, University of Illinois

Item 1. Announcements

Chairman McNeil brought the August 2, 2006 teleconference meeting to order at 10:07 a.m. and asked that a roll call be taken, which established that a quorum was present.

Item 2. Change to the FY 2007 Monetary Award Program (MAP) Recompute Formula

Chairman McNeil stated that the purpose of the special teleconference meeting is to consider a change to the MAP formula for FY 2007. He indicated that Commissioners had been presented with the agenda item at the meeting on July 28, but in order to comply with the Open Meetings Act, the agenda item must be made public 48 hours in advance of action being taken. He then opened the floor for discussion.

Chairman McNeil indicated that the proposed elimination of the 2 percent reduction factor in the MAP recompute formula will cost approximately \$7.6 million. The Governor has committed to seek supplemental appropriation to pay for this increase.

Ms. Dearborn inquired if the information presented in the Executive Director's report at the July 28 meeting is still correct where he said that the Commission expects to give an additional 3,900 awards this year with the end of August being the anticipated cut-off date for awarding grants. Mr. Matejka indicated that the information given at the July 28 meeting is current and that the 3,900 students represent eligible students, which not all eligible students will claim an award.

Mr. Davis reiterated that if the resolution is passed, the Commission will give awards to just as many eligible students than if the resolution was not passed, but each student will receive more money due to the 2 percent reduction factor being eliminated.

Responding to Ms. Dearborn, Mr. Matejka indicated that an average of about 70 percent of eligible students will actually claim their awards. Claim rates vary by the student's dependency status, and other factors.

Chairman McNeil indicated that this change in the MAP recompute formula is meant to reflect the intent of the legislature and the Governor at the time the bill to fund the MAP and MAP Plus was passed. He stated that since this was the intent of the bill and additional funding is going to be made available, the Commission is willing to make the change, but the change does not represent any policy decision on behalf of the Commission.

Dr. Louderback stressed that she feels that due to the current budget crisis it might be a problem seeking a supplemental appropriation would not want to go back to students and cut awards when funding is not made available for the increase. Chairman McNeil stated that he has been told by the Governor's Office of Management and Budget (GOMB) that the actual revenues for the year are ahead of what was anticipated and obtaining the funding should not be difficult. He also indicated that it is also possible that the Commission might be expected to raise the money from the restructuring efforts of the Commission that are currently underway.

Dr. Louderback indicated that she hesitates spending an appropriation before the Commission has the actual funds to spend. Chairman McNeil stated that sponsors of the bill have been in discussions with the Governor's office and supplemental appropriation should be sought in the fall.

Chairman McNeil stated that Women Employed had submitted a statement at the July 28 meeting and asked that it be replaced with the following statement:

“Women Employed is extremely pleased that the Governor and General Assembly have made such a significant investment in college access. This is a crucial step in increasing the skills of Illinois workforce so that we can attract and keep good jobs in Illinois that pay family supporting wages. The \$34 million increase to MAP is about opportunity, advancement, and allowing all Illinoisans, regardless of income, to imagine the possibilities that a college education provides. We are also very pleased that there may be an opportunity to add even more funding to MAP during the veto session. MAP is one of Illinois’ greatest assets and the closer we can move the program to full funding, the better it is for our families, communities, and our state as a whole.

Women Employed recognizes the growing unmet need for financial aid, even among those who receive the MAP grant. Reduction factors are a rationing mechanism that was put into place to address program under-funding. The proposal to eliminate the reduction factor on MAP grants will help all students better afford the costs of college. We support such strategies. However, we ask that when deciding on such strategies, the needs of the lowest-income students be taken into account. In particular, we ask the Commission to explore the elimination of other rationing mechanisms that may result in greater benefits for the lowest income students. These strategies include instituting a tiered reduction factor so that more eligible students can receive grants later into the year and updating tuition and fees in the formula to reflect current college costs.”

Ms. Dearborn inquired how the increase in awards would change by the type of institution. Mr. Matejka stated that it would depend on the type tuition and fees charged. Students attending public universities would, on average, see a larger increase than those attending a community college.

Mr. Daniels **MOVED THAT** the Commission eliminate the 2 percent reduction factor as part of the FY 2007 MAP recompute formula.

Mr. Davis seconded the motion. Dr. Louderback voted present for the reasons stated in the discussion of the agenda item. Ms. Dearborn voted no. Seeing a majority of the quorum voting to approve the motion, the motion was passed.

Ms. Dearborn asked that when looking for additional funds for students, she asked that the Commission considering making funds available later in the year so we can serve those students who apply later and have the least amount of resources to attend school.

Chairman McNeil stated that the goal for the future is to fund MAP to the greatest extent possible and to continue to urge legislature and the Governor to find as much money as they can. MAP is designed to give students the choices they deserve and it is the Commission’s goal for the future to continue to seek to eliminate any reduction factor and fully fund the MAP.

Dr. Louderback agreed and asked that in the future any changes being made should be done during the spring legislature.

Mr. Matejka announced that the next meeting of the Commission will be held on September 29 as mentioned at the July meeting, but due to a scheduling conflict a new location will be identified as soon as possible.

Dr. Louderback **MOVED THAT** the August 2, 2006 meeting of the Commission be adjourned. Mr. Daniels seconded the motion, which was approved unanimously. The meeting was adjourned at 10:28 a.m.

Respectfully submitted,



Debora A. Calcara
Secretary to the Commission