

**NEW YORK STATE HIGHER EDUCATION  
CAPITAL MATCHING GRANT BOARD  
MEETING AGENDA**

State Capitol - Room 143  
November 3, 2006 – 11:00 am

- I. Adoption of the By-Laws of the Board
- II. Election of Chair of the Board
- III. Overview of Higher Education Capital Matching Grant Program
- IV. Approval of form of standard application for Higher Education Capital Matching Grants
- V. Discussion of model contract to be executed by Higher Education Capital Matching Grant Recipients
- VI. Discussion of Methodology and the Resulting Matching Ratios Developed by the Dormitory Authority

**NEW YORK STATE HIGHER EDUCATION CAPITAL MATCHING GRANT BOARD**

**BY-LAWS**

ARTICLE I

Offices

Section 1.1. Location. The principal office of the New York State Higher Education Capital Matching Grant Board (the "HE Cap Board") shall be located within the State of New York at the offices of the Dormitory Authority of the State of New York, located at 515 Broadway, Albany, New York. The HE Cap Board may also maintain additional offices within the State of New York as the Board may from time to time determine.

ARTICLE II

Powers, Organization and Administration

Section 2.1. Governing Laws and Existence of the Board The powers, organization and administration of the HE Cap Board shall be in accordance with the provisions of Part U of Chapter 63 of the Laws of 2005, as amended (the "Act"), and any other applicable laws and these By-Laws. The HE Cap Board shall remain in existence during the period of the New York State Higher Education Capital Matching Grant Program through March 31, 2010, or the date on which the last of the funds available for grants under this program shall have been disbursed, whichever is earlier.

Section 2.2. Powers of Members. Subject to the provisions of the Act and these By-Laws, the activities and affairs of the HE Cap Board shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate responsibility for management of certain activities and affairs of the HE Cap Board to the Dormitory Authority, which acts as staff to the HE Cap Board pursuant to the Act, provided that these activities and affairs of the HE Cap Board shall be exercised under the ultimate direction of the Board.

Section 2.3 Fiscal Year. The fiscal year of the HE Cap Board shall begin April 1 and end March 31.

Section 2.4. Form of Seal. The seal of the HE Cap Board shall be in such form as may be determined, from time to time, by the HE Cap Board. The seal on any HE Cap Board obligation for the payment of money may be a facsimile.

## ARTICLE III

### Meetings of the HE Cap Board and Duties of the Officers

- Section 3.1. Annual Meeting. The first meeting in each fiscal year shall be the Annual Meeting of the HE Cap Board and shall be held at the time and place, within the State of New York, designated in the notice of same.
- Section 3.2. Regular Meetings. The HE Cap Board may establish a schedule of regular meetings to be held, within the State of New York, between the annual meetings. The regular business of the HE Cap Board may be transacted at such meetings.
- Section 3.3. Special Meetings. Special meetings of the Board may be called by the Chair upon the written request of two of the Members. Each special meeting shall be held at the time and place, within the State of New York, as the person calling same shall determine.
- Section 3.4. Notices. Notice of each annual and each special meeting of the HE Cap Board shall be given by mailing the same, at least three days before the day on which the meeting is to be held, to the address of each Member designated by him or her for such purpose (or, if none is designated, to his or her last known address) or by delivering it personally or telephonically at least 12 hours in advance of the time for which the meeting is called. Notice of any meeting need not be given to any Member who submits a signed waiver of notice thereof before, at or after the meeting or if his or her duly appointed representative submits a signed waiver of notice at the meeting. Neither the business to be transacted at, nor the purpose of, any meeting of the HE Cap Board need be specified in any notice or written waiver of notice unless so required by these By-Laws. Notice to the public shall also be given in accordance with the requirements of the Open Meetings Law.
- Section 3.5. Exercise of Powers and Voting All action shall be taken by a unanimous vote of the Members of the Board. Voting on any matter shall be by roll call and the yeas and nays shall be entered upon the minutes of such meeting. Any determination of the HE Cap Board shall be evidenced by a certification thereof executed by all the Members.
- Section 3.6. Meetings by Video or Telephone Conference. If the Chair determines there is need for the HE Cap Board to act under circumstances where it is not possible or practicable to bring the Board together at the same location, the Chair may give notice that Members may participate in a meeting of the HE Cap Board by means of video conference equipment, whereby all persons participating in the meeting can hear and observe each other and all other persons present at each of the designated places of the meeting, and such participation in a meeting shall constitute presence in person at such meeting. Any required notice of the place of a meeting at which participation is by means of video conference equipment

shall designate as the place of the meeting, each place at which the video conference equipment is located at the time the meeting is held. In addition, to the extent permitted by law, meetings by telephone conference may be conducted in accordance with the provisions of this section except that (i) the place of the meeting shall be a place at which one or more of the participants shall be located; and (ii) the participants at the different locations need only be able to hear one another.

Section 3.7. Presiding Officer. At all meetings of the HE Cap Board, the Chair shall be the presiding officer. The members of the HE Cap Board shall vote among themselves to determine who shall serve as the Chair.

Section 3.8 Secretary. The Secretary shall be appointed by the Chair, and shall act as Secretary of all meetings of the HE Cap Board, shall keep minutes thereof. The Secretary shall see that all notices required to be given by the HE Cap Board are given and served; be custodian of the seal of the HE Cap Board and may impress the seal upon all documents the execution of which on behalf of the Board under its official seal is authorized by resolution or in these By-Laws; have charge of the books, records and papers of the HE Cap Board relating to its organization and management; see that the reports, statements and other documents required by law are properly kept, filed and made available to the Members; and in general, perform all duties incident to the Office of Secretary and such other duties as from time to time may be assigned by the Chair.

Section 3.9. Procedure. The order of business and all other matters of procedure at each meeting of the HE Cap Board may be determined by the presiding officer.

## ARTICLE IV

### Members Generally

Section 4.1. Members. Pursuant to the Act, the membership of the HE Cap Board shall consist of three persons appointed by the governor, of which one shall be upon the recommendation of the temporary president of the senate and one upon the recommendation of the speaker of the assembly.

Section 4.2 Term of Office. The term of the Members shall each be for one year ending on March 31 in each year, other than a Member's initial term which shall be from the date of his or her appointment until the succeeding March 31.

Section 4.3 Representatives. Each Member of the HE Cap Board may be entitled to designate a representative to attend meetings of the HE Cap Board on the designating Member's behalf, and to vote or otherwise act on the designating Member's behalf in the designating Member's absence. Notice of such designation shall be furnished in writing to the HE Cap Board by the designating Member. A representative shall serve at the pleasure of the

designating Member during the Member's term of office. A representative shall not be authorized to delegate any of his or her duties or functions to any other person.

Section 4.3. Acts of the HE Cap Board. All acts, agreements and documents of the HE Cap Board shall be performed or executed in the name of the HE Cap Board evidenced by the signature of all of the Members.

Section 4.4. Removal and Vacancies. Upon the recommendation of the nominating party, the Governor shall replace any Member in accordance with the Act.

#### ARTICLE V

##### Indemnification of Members, their Representatives, Officers and Staff

Section 5.1. Right of Indemnification. In accordance with the Act, the Members, their Representatives, officers and staff to the HE Cap Board shall be deemed employees within the meaning of Section 17 of the Public Officers Law.

#### ARTICLE VI

##### Amendments

Section 6.1. Procedure for Amending By-Laws. By-Laws of the HE Cap Board may be adopted, amended or repealed at any meeting of the HE Cap Board, notice of which shall have referred to the proposed action, by unanimous vote of the Members of the Board.

A RESOLUTION OF THE MEMBERS OF THE NEW YORK STATE HIGHER  
EDUCATION CAPITAL MATCHING GRANT BOARD

WHEREAS, the New York State Higher Education Capital Matching Grant Board (the "HE Cap Board") was created pursuant to Part U of Chapter 63 of the Laws of 2005; and

WHEREAS, in order to fulfill its mission, it is necessary for the HE Cap Board to adopt By-Laws in accordance with which it will be governed; and

WHEREAS, a form of the proposed By-Laws has been developed and is attached hereto;

NOW, THEREFORE, BE IT RESOLVED that the By-Laws in the form annexed hereto are hereby approved and adopted.

This Resolution shall take effect immediately.

\_\_\_\_\_  
Chair  
Higher Education Capital Matching Grant Board

\_\_\_\_\_  
Member of the Board

\_\_\_\_\_  
Member of the Board

A RESOLUTION OF THE MEMBERS OF THE NEW YORK STATE HIGHER  
EDUCATION CAPITAL MATCHING GRANT BOARD ELECTING A CHAIR OF  
THE BOARD

WHEREAS, Part U of Chapter 63 of the Laws of 2005 which created the New York State Higher Education Capital Matching Grant Board (the "HE Cap Board"), provides that the Members of the HE Cap Board shall vote among themselves to determine who shall serve as Chair; and

WHEREAS, the By-Laws provide that the Chair shall be the presiding officer during all meetings of the HE Cap Board:

NOW, THEREFORE, BE IT RESOLVED that the following member shall be elected as the Chair:

\_\_\_\_\_

This Resolution shall take effect immediately.

\_\_\_\_\_  
Chair  
Higher Education Capital Matching Grant Board

\_\_\_\_\_  
Member of the Board

\_\_\_\_\_  
Member of the Board



# Dormitory Authority State of New York

## HIGHER EDUCATION CAPITAL MATCHING GRANT PROGRAM OVERVIEW

Higher Education Capital Matching Grant  
Board Meeting  
November 2006





# Program Description and Governance

- **Chapter 63 of the Laws of 2005 enacted the Higher Education Capital Matching Grant (“HE Cap”) Program as an unconsolidated law on April 13, 2005.**
  - Provided \$150 million in State matching program funds (“grant funds”) for capital projects and equipment purchases by private colleges and universities statewide. The Dormitory Authority will provide the grant funds and reimburse the State for advances from the issuance of bonds.
  - Created the Higher Education Capital Matching Grant Program Board to approve project applications submitted by eligible institutions. The HE Cap Board consists of three members appointed by the Governor, one upon the recommendation of the Temporary President of the Senate and one upon the recommendation of the Assembly Speaker. Unanimous consent is required for grant application approval.





# The HE Cap Board

- **The HE Cap Program Board must act by unanimous vote to, among other things:**
  - Approve or deny applications for grant funds;
  - Within amounts appropriated, award grant funds totaling \$150 million;
  - Approve or disapprove the methodology and resulting Non-State matching fund ratios developed by DASNY; and
  - Approve or deny applications for waivers of the Standard 3:1 Matching Requirement.





# Eligibility and Grant Allocations

- Eligible institutions include all private not-for-profit colleges in New York that are eligible to receive Bundy Aid. Grant funds were allocated to each eligible institution using a three-pronged formula:
  - Base grant amount is \$15 million divided among eligible institutions;
  - Full-time Equivalent (FTE) student based amount is \$67.5 million divided based on proportional FTE enrollments, and
  - Tuition Assistance Program (TAP) based amount is \$67.5 million divided based on proportional TAP expenditure allocations.





# Project Requirements

- Eligible projects include design, acquisition, construction, reconstruction, rehabilitation or equipping of facilities, on or near an institution's campus, that would enhance programmatic offerings or student life at the institution or provide economic development benefits to the surrounding area, including:
  - Critical academic facilities;
  - Economic development or high technology projects;
  - Urban renewal or historic preservation projects.
  
- Construction of projects and equipment acquisitions must take place on or after April 13, 2005 (the date the legislation was enacted) to be eligible for program funding.





# Overview of DASNY Role





# Staffing the HE Cap Board

- **DASNY is directed to act as staff to the HE Cap Board.**
- Submit a methodology for an Alternative Non-State Matching Funds Formula to the HE Cap Board for its approval.
- Submit a form of a grant application and grant disbursement agreement and proposed program guidelines to the HE Cap Board for its approval.
- Analyze project applications and submit those that meet all requirements to the HE Cap Board for approval.
- Provide other information and reports as requested by the HE Cap Board.





# Administering the Program

- **DASNY is directed to administer the HE Cap Program.**
  - Establish eligibility of grant recipients (in conjunction with SED).
  - Calculate pursuant to the statute formula allocations for all 114 institutions that were determined to be eligible.
  - Provide program participants with information and facilitate access to the program.
  - Prepare a grant application for use by eligible institutions. Process grant applications for eligible projects and submit to the HE Cap Board.
  - Prepare a Grant Disbursement Agreement to govern the the award and payment of grant funds for eligible projects.





## Administering the Program (cont'd)

- o Determine institution eligibility and publish a Request for Proposals for the recycling of unused grant funds after March 31, 2009.
- o Assist the HE Cap Board in preparing its annual program Report to the Legislature and the Governor.
- o Receive reports from grant awardees no later than June 1, 2008 on the use of funding and its programmatic and economic impact.
- o Report to the HE Cap Board, the Governor, Division of the Budget and the Legislature no later than November 1, 2008 on the aggregate impact of the program, including the progress and economic impact of each project.





# Providing State Grant Funds

- **DASNY is authorized and directed to issue bonds to provide \$150 million in State grant funds for the program.**
- DASNY's Public Finance Unit will work with the Division of the Budget and other entities to ensure properly sized and timed bond sales to provide funding for the program.
- The pace of approvals of eligible project applications, the estimated timing of payments/reimbursements to eligible recipients and federal tax law compliance will all determine the issuance schedule.
- It is currently anticipated that the first series of HE Cap bonds will be issued in 2007.





# Financing Eligible HE Cap Projects

- **Statute specifically gives DASNY the authority to issue bonds on behalf of an institution to finance a grant recipient's matching fund requirement for any eligible HE Cap project.**
  - DASNY has a 45-year history of working with independent higher education clients providing flexible solutions to meet their financing needs.
  - Specialized DASNY programs like the Tax Exempt Leasing Program (TELP) for equipment financing and the “Power of Two” program, a joint DASNY-NYSERDA venture for financing energy conservation projects, may be of particular interest to HE Cap program participants.





# Matching Fund Requirements





# What are Non-State Matching Funds?

- **Eligible institutions must demonstrate that they have matching “Non-State funds” for the project.**
- Non-State funds include any funds “received” by the institution no earlier than October 15, 2004 that are not State funds. This includes gifts, local, federal and private grants, borrowed funds, and operating and internal funds.
- DASNY staff proposes that gifts and grants classified as “Unrestricted” should be considered “received” on the date that the funds are “in hand”. Gifts and grants that are classified as “Restricted” should be considered “received” on the date that the restriction is satisfied and funds are “in hand” to be spent for an eligible project.
- DASNY staff proposes that operating funds and internal funds should be considered “received” on the date that they are “in hand” at the institution.





# Matching Fund Requirements

- **The Standard Matching Requirement is 3 dollars of Non-state funds for every 1 dollar of grant funds.**
- Most eligible institutions can expect to be subject to the Standard Matching Requirement.
- DASNY is required to propose to the HE Cap Board an alternative matching requirement methodology and ratios that will be applicable to some eligible institutions.
- Grant recipients can apply for a waiver from the Standard Matching Requirement and, if granted, instead provide a lesser matching amount using the alternative methodology and ratios approved by the HE Cap Board.





# Alternative Matching Fund Requirement

- **DASNY is required to propose to the HE Cap Board an alternative match formula for approval.**
- The methodology requires a lesser contribution from institutions with fewer financial resources as measured by “endowment” per FTE student and tuition and fees.
- The alternative matching requirement ratios will be no less than 1:1 and no greater than 3:1 pursuant the program legislation.
- DASNY will make the approved methodology available to all participants after HE Cap Board approval.





# Application Process and Grant Administration





# Application Process

- **Authority staff has developed a Proposed Application and Project Information Sheet. The Final Application and Project Information Sheet will be distributed once approved by HE Cap Board.**
  
- **The Application and Project Information Sheet requires, at minimum:**
  - Legally incorporated name, address, contact person
  - Federal Taxpayer I.D. Number
  - Detailed project description
  - Project start date and anticipated project schedule
  - Identification of funding sources for the project and evidence of committed funding
  - Project budget and schedule
  - Information related to environmental review and the necessity for permits
  - Evidence of site control of the project
  - A certification that, as of April 13, 2005, project construction had not yet begun and project equipment had not yet been purchased





# Application Process (continued)

- From the Application and Project Information Sheet, the Authority will:
  - Determine whether the proposed project is within the parameters of state law and federal tax law applicable to the program, including a review of the proposed capital match.
  - Begin its State Environmental Quality Review Act (SEQRA) process.
  - Develop a Grant Disbursement Agreement.





# Grant Administration

- **DASNY will develop a model grant agreement. The grantee will enter into a Grant Disbursement Agreement (“GDA”) that will provide for reimbursement of expenses incurred and will include, at minimum:**
- **A detailed description of the project**
  - **A project budget and details regarding the use of funds**
  - **The terms and conditions that must be met in order for disbursements to be made**
  - **Indemnification to the State, the HE Cap Board and the Authority**
  - **General warranties and covenants regarding the grant, including a certification that the grantee will voluntarily comply with Article 9 of the State Finance Law, (except section 135), Article 15-A of the Executive Law, and Articles 8, 9 and 10 of the Labor Law, as required by law**





# Summary of Reporting Requirements

- The Board must report **annually** to the Legislature and the Governor, on or before December 1st, listing the grant applications filed by eligible institutions, grant applications approved by the Board and a statement of the the amounts approved and the amounts of any remaining grant allocations.
- An institution receiving a grant must report to DASNY no later than June 1, 2008 on the use of funding and its programmatic and economic impact.
- DASNY must report to the Board, the Governor, DOB and the Legislature no later than November 1, 2008 on the aggregate impact of the program, including the progress and economic impact of each project.



A RESOLUTION OF THE MEMBERS OF THE NEW YORK STATE HIGHER  
EDUCATION CAPITAL MATCHING GRANT BOARD APPROVING A  
STANDARD APPLICATION FOR HIGHER EDUCATION CAPITAL MATCHING  
GRANTS

WHEREAS, Part U of Chapter 63 of the Laws of 2005, which created the New York State Higher Education Capital Matching Grant Board (the "HE Cap Board") provides that the Dormitory Authority of the State of New York, as staff to the HE Cap Board, shall develop a standard application for the New York State Higher Education Capital Matching Grant Program, which application meets certain statutory criteria; and

WHEREAS, the Dormitory Authority has developed such an application, the form of which is annexed hereto;

NOW, THEREFORE, BE IT RESOLVED that the form of application is hereby approved.

This Resolution shall take effect immediately.

\_\_\_\_\_  
Chair  
Higher Education Capital Matching Grant Board

\_\_\_\_\_  
Member of the Board

\_\_\_\_\_  
Member of the Board

**HIGHER EDUCATION CAPITAL MATCHING GRANT  
(HE Cap)  
APPLICATION AND PROJECT INFORMATION SHEET \***

**SECTION 1: GENERAL INFORMATION****A. Project Name:**

Project Location:

**B. Applicant College or University:**

Legally Incorporated Name:

Street (not P.O. Box):

City:

Zip:

County:

Phone:

Ext:

Fax:

E-mail:

Contact Name &amp; Title:

Federal Taxpayer I.D./Charity Reg.# (Non-profits Only):

1. Eligible HECap Grant Allocation \_\_\_\_\_

2. Is the organization currently seeking or receiving any other New York State assistance for this project?

 No  Yes

If your answer is yes, please provide a detailed explanation on an attached separate sheet.

**SECTION 2: PROJECT DESCRIPTION****A. Project Description and Amount**

1. Please attach a detailed description of the specific capital project that will be undertaken and funded pursuant to this application.

2. Please list the anticipated amount of funding to be received from the HECap Program for this project.

\$ \_\_\_\_\_

3. Project Start Date: \_\_\_\_\_ Anticipated Date of Project Completion: \_\_\_\_\_

4. Please delineate each specific Non-state funding source, whereby the receipt of such funds shall be sufficient to meet the Non-state match requirement. In addition, please list all additional funding sources necessary for completion of the project.

5. Does the Project have the participation and financial support of a consortium of colleges and/or public or private partnerships? If so, please explain.  No  Yes

6. Please explain how the project would enhance the programmatic offerings or the student life at the college or provide economic development benefits to the area surrounding the college campus.

**SECTION 3: PROJECT BUDGET, DISBURSEMENT SCHEDULE, & OPERATING COSTS**

**A. Use of Funds**

Complete the following Project Budget detailing the proposed sources and uses of funds (attach additional sheets if necessary).

<u>USE OF FUNDS</u>	<u>SOURCES</u>			<u>TOTAL</u>
	HECap Grant	Non-state Matching Funds	Other sources (Please specify each source and include commitment letter or other evidence that funds have been secured)	
Uses (Attach additional pages if necessary)				
<b>Facility</b>	\$	\$	\$	\$
Land Acquisition				
Building Acquisition				
New Construction				
Renovation				
Architect Fees				
Engineer Fees				
Other Soft Costs				
<b>Machinery &amp; Equipment</b>				
Purchase				
Installation				
<b>Total:</b>	\$	\$	\$	\$

- B. Does the project require environmental or other regulatory permits?  No  Yes  
 If yes, please specify type:
- Have they been secured?  No  Yes  NA  
 If not, is there a reasonable expectation that such approvals will be obtained?  No  Yes  NA
- C. Has any State or local government agency reviewed the project under the State Environmental Quality Review Act (SEQRA)?  No  Yes  NA

D. Will a recurring source of revenue be available to support facility operations and maintenance for the project? If yes, please explain.	( ) No ( ) Yes
<b>SECTION 4: ELIGIBILITY FOR TAX-EXEMPT FINANCING</b>	
1. Do you believe your project is eligible for tax-exempt financing under the Federal Internal Revenue Service Code?	( ) No ( ) Yes
2. Has the applicant previously received financing from the sale of tax-exempt bonds? If yes, attach a schedule describing the details of such financing.	( ) No ( ) Yes
3. Does the applicant anticipate applying for financing for this project from the sale of other bonds?	( ) No ( ) Yes
4. Have any funds been expended or obligations incurred to date on that portion of the project for which this application is made? If yes, attach a schedule showing details of such disbursements (date, purpose, payee, etc.).	( ) No ( ) Yes
5. Does the applicant plan to own and occupy 100% of the project facility? If no, attach a schedule explaining the planned occupancy.	( ) No ( ) Yes

**\* Note: The proposed form of this application is subject to the review and approval of the HE Cap Board once it is constituted.**

**CERTIFICATION**

The proposed Project will enhance the programmatic offerings or the student life at the college or provide economic development benefits to the area surrounding the college campus; and

As of April 13, 2005, the effective date of the legislation creating this Program, construction had not begun and equipment had not been purchased for such Project.

Signature of Applicant: \_\_\_\_\_ Date: \_\_\_\_\_  
 Printed Name of Applicant \_\_\_\_\_  
 Title of Applicant: \_\_\_\_\_

Model Contract

Discussion of model contract to be executed by Higher Education Capital Matching Grant Recipients.



## Dormitory Authority -- State of New York

### *Memorandum*

**TO: Higher Education Capital Matching Grant Program (HE Cap) Board**

**FROM: Maryanne Gridley**

**DATE: November 3, 2006**

**RE: Proposed Alternative Non-State Fund Matching Methodology**

#### **Background**

The HE Cap statute (Chapter 63 of the Laws of 2005, as amended) directs DASNY to develop a "methodology to determine the required non-state funds contribution for colleges" as an alternative to the standard matching requirement of three non-state fund dollars for every State grant fund dollar, and submit this methodology (and the resulting matching ratios) to the HE Cap Board for its approval (or disapproval). The statute goes on to prescribe that:

- The methodology will require a greater contribution from those colleges with greater fiscal resources as measured by endowment per full time equivalent student and tuitions and fees.
- The numerator in the matching ratio of non-state funds to grant award cannot be greater than 3 (e.g. – the standard matching ratio) or less than 0.5.

This memo outlines a methodology for an Alternative Non-State Funds Matching Requirement consistent with the requirements contained in the HE Cap statute.

#### **Measuring Fiscal Resources**

1. Endowment Per FTE: The statute directs that the methodology will consider endowment per FTE student. Since the definition for "endowment" in the statute does not comport with accounting principles, nor is the term "endowment" an accounting concept under FAS 117. The following analysis uses Long Term Investments/Investments per FTE student as the analogous measurement. Short-term investments were not considered because these typically do not have the same characteristics, function or restrictions as endowment funds.
2. Tuition and Fees: The statute requires the methodology to consider tuition and fees. The analysis considered tuition and fee revenue as reported in each institution's audited financial statements (AFS). Institutional financial aid as reported in the AFS was deducted from tuition and fee revenue to determine Net Tuition Revenue available to the institution. This was used to determine Net Tuition Revenue per FTE Student for each institution, a relative measure of the effective tuition received by each eligible institution.

### Proposed Methodology

The proposed methodology is a two-step process:

1. The first step would determine whether or not a grant recipient is **eligible** for an alternative matching ratio using the value of their Long-term Investments per FTE Student. To be eligible, institutions would have to demonstrate the value of their long-term investments per FTE student was **below** a certain threshold. Consequently, these institutions would be eligible for a 2:1 matching ratio and possibly a 1:1 matching ratio based on the second step.
2. The second step identifies institutions that would be eligible for a 1:1 matching ratio based on their eligibility for a 2:1 matching ratio AND demonstrating that their Net Tuition Revenue per FTE Student is **below** a certain threshold.

Accordingly, this approach would require the Board to:

- (1) Approve the use of the ratios identified above,
- (2) Approve the alternative matching ratios associated with the methodology, and
- (3) Set the threshold levels for each of the ratios used in the methodology.

### Waiver Process

The statute makes every grant recipient subject to the Standard Matching Requirement unless they receive a waiver from the HE Cap Board. This puts the onus on the grant recipient to initiate the waiver process. If the HE Cap Board approves an Alternative Non-State Matching Fund Methodology, the HE Cap Board is authorized to approve or deny applications for waivers from the Standard Matching Requirement. Attached is a proposed form of waiver request, based on this proposal, for review.

### Next Steps

Upon approval of an alternative matching requirement methodology by the Board, DASNY will notify and distribute to all grant recipients the approved methodology and the approved form of waiver. A recipient institution would submit a waiver request and demonstrate, using **their most recent** audited financial statements and the associated enrollment information that was submitted to the State Education Department, that it would be eligible for an alternative matching ratio using the methodology. The institution would also demonstrate the alternative ratio for which it was eligible. Supporting schedules would be submitted with the waiver application. DASNY staff

would review the waiver applications for completeness and technical sufficiency before forwarding them to the Board for action.

If the Board declines to approve an Alternative Non-State Matching Fund Methodology, DASNY staff will notify all eligible grant recipient institutions that they will be subject to the Standard Matching Requirement of 3:1 for all applications to draw down an allocation of HE Cap program funds.

Attachments

## Higher Education Capital Matching Grant Program

### Request for Waiver of Standard Matching Requirement

Name of Institution \_\_\_\_\_

I hereby certify that the calculations attached are in accordance with the Alternative Matching Fund Requirement Methodology for the Higher Education Capital Matching Grant Program and the results qualify my institution for an Alternative Matching Fund Ratio of \_\_\_\_\_, as demonstrated in the calculations submitted herewith. This information was derived from the Institution's audited financial information for Fiscal Year \_\_\_\_\_, which is attached hereto in pertinent part, and from final enrollment data submitted to the State Education Department for the Fall Semester of the \_\_\_\_\_ Academic Year (which corresponds to the applicable Fiscal Year).

I hereby request that the Higher Education Capital Matching Grant Board approve this request for a waiver of the Standard Matching Fund Requirement and also approve use by my Institution of an Alternative Matching Fund Ratio of \_\_\_\_\_ for the purpose of accessing grant funds applicable to all eligible projects contained in application number \_\_\_\_\_.

\_\_\_\_\_  
(Signature of Authorized Officer)

\_\_\_\_\_  
(Name of Authorized Officer)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

# Higher Education Capital Matching Grant Program

## Request for Waiver of Standard Matching Requirement

A. Market Value of Investments  
or Long Term Investments  
(as reported in the audited  
financial statements)

\_\_\_\_\_

B. Tuition Revenue  
(as reported in the audited  
financial statements)

\_\_\_\_\_

C. Institutional Financial Aid  
Offset to Tuition Revenue  
(as reported in the audited  
financial statements)

\_\_\_\_\_

D. Net Tuition Revenue (B – C)

\_\_\_\_\_

E. Full-Time Equivalent Student  
Enrollment

\_\_\_\_\_

Long Term Investments Per FTE Student  
(A / E)

\_\_\_\_\_ (must be below \$ \_\_\_\_\_)

Net Tuition Revenue Per FTE Student  
(D / E)

\_\_\_\_\_ (must be below \$ \_\_\_\_\_ for  
1:1 Matching Ratio)

**Please Note: The following must be attached for verification purposes:**

- 1. Copy of Audited financial statements for the applicable Fiscal Year**
- 2. Supplementary Schedules (if necessary for verification)**
- 3. SED Enrollment submission for FTE Students (applicable form only) for the Fall semester of the Academic Year corresponding to the applicable Fiscal Year**

## SUMMARY OF POTENTIAL OUTCOMES OF THE METHODOLOGY

### **Analytical Framework**

The analysis used audited financial statements (AFS) for the respective 2004 fiscal years of eligible institutions that submitted their audits to the Authority as requested (two (2) institutions submitted AFS for their 2003 fiscal year). It also uses the 2003-2004 academic year Final Full-time Equivalent (FTE) enrollment data provided by SED for each of the 114 HE Cap eligible institutions.

### **The Data Pool**

The data pool used for the analysis consisted of 98 of the 114 HECap eligible institutions.

- Nine (9) institutions failed to submit AFS as requested.
- Five (5) institutions submitted consolidated AFS of their parent corporation in which their individual financial information was not reported. In each case, the parent was a hospital or health care system of which the HE Cap institution is an affiliate.
- Two (2) institutions were excluded from the analysis due to the lack of relevance of their financial information to the methodology:
  - a. Excelsior College because it has no FTE students.
  - b. Graduate College of Union University because it began separate operations on May 1, 2004 (fiscal year ending on June 30, 2004).

### **Proposed Methodology Outcomes**

The subjective element in this methodology proposal is the setting of the threshold levels for each step of the two-step evaluation. It is recommended, however, that specific thresholds be set for each step of the evaluation process for administrative ease.

The following tables show a range of potential outcomes. Table 1 distributes eligible institutions into the two categories, those that would be subject to the Standard Matching Requirement and those that would be eligible for the 2:1 Alternative Matching Ratio, under three different Long-term Investments per FTE "thresholds".

Tables 2A through 2C show the distribution of institutions potentially eligible for an Alternative Matching Ratio distributed into either the 2:1 category or the 1:1 category based on three different "threshold" levels of Net Tuition per FTE Student.

Please note that the tables distribute ALL 114 institutions, including the 16 institutions which were not included in the data pool. These 16 institutions, 11 of whom are either nursing schools or specialized schools, defaulted to a 1:1 ratio.

**SUMMARY OF POTENTIAL OUTCOMES OF THE METHODOLOGY**

***Table 1***

	<b><u>Long-Term Investments Per FTE Student (LTI/FTE)</u></b>		
	<b>@\$10,000</b>	<b>@\$7,500</b>	<b>@\$5,000</b>
<b># of Institutions = 114</b>			
Standard 3:1 Matching Ratio	67	71	77
Alternative Matching Ratio	47	43	37
<b>Total</b>	114	114	114

***Table 2A***

<b><i>LTI/FTE = \$10,000</i></b>	<b><u>Net Tuition Per FTE Student Threshold</u></b>		
	<b>@\$10,000</b>	<b>@\$7,500</b>	<b>@\$5,000</b>
<b># of Institutions = 47</b>			
Alternative 2:1 Ratio	24	27	30
Alternative 1:1 Ratio	23	20	17

***Table 2B***

<b><i>LTI/FTE = \$7,500</i></b>	<b><u>Net Tuition Per FTE Student Threshold</u></b>		
	<b>@\$10,000</b>	<b>@\$7,500</b>	<b>@\$5,000</b>
<b># of Institutions = 43</b>			
Alternative 2:1 Ratio	20	23	26
Alternative 1:1 Ratio	23	20	17

***Table 2C***

<b><i>LTI/FTE = \$5,000</i></b>	<b><u>Net Tuition Per FTE Student Threshold</u></b>		
	<b>@\$10,000</b>	<b>@\$7,500</b>	<b>@\$5,000</b>
<b># of Institutions = 37</b>			
Alternative 2:1 Ratio	14	17	20
Alternative 1:1 Ratio	23	20	17