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Pittsburgh Post-Gazette (Pennsylvania)

September 26, 2007 Wednesday
SOONER EDITION

**PHEAA DIRECTOR LEAVING;
RICHARD WILLEY'S DEPARTURE FROM SCHOOL AID AGENCY
COMES AMID FUROR OVER SPENDING**

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SECTION: STATE; Pg. A-1

LENGTH: 632 words

DATELINE: HARRISBURG

The Pennsylvania Higher Education Assistance Agency's embattled executive director is leaving at the end of the year.

Rumors of Richard E. Willey's departure have been circulating for more than two weeks. State Sen. Sean Logan, the agency's vice chairman, confirmed them yesterday. Mr. Willey's impending departure is part of a string of changes at the agency, which has been under fire in recent months for lavish spending on board retreats and for six-figure bonuses doled out to executives, including Mr. Willey.

"Dick thinks he has opportunities elsewhere and that his leaving will allow us to continue to move the agency forward," said Mr. Logan, D-Monroeville.

Mr. Willey, 61, is expected to formally announce his retirement today.

He has been with the agency for more than five years and previously served as executive director of the House Appropriations Committee.

Neither Mr. Willey nor his spokesman, Keith New, could be reached for comment yesterday.

Agency officials plan to conduct a nationwide search for his replacement, who they hope to hire by January so it will not be necessary to appoint an interim director, Mr. Logan said.

State officials, including Gov. Ed Rendell, have been calling for major changes at PHEAA, including possibly privatizing it, changing the makeup of the legislator-dominated board or implementing spending restrictions.

Mr. Rendell was surprised, but not disappointed, yesterday when he learned of Mr. Willey's decision to leave, said the governor's spokesman, Chuck Ardo.

Mr. Willey's departure signifies movement toward the kind of changes Mr. Rendell wants to see at PHEAA, Mr. Ardo said.

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AMID FUROR OVER SPENDING Pittsburgh Post-Gazette (Pennsylvania) September 26, 2007 Wednesday

"Although Mr. Willey did some good things, he did not recognize that PHEAA was part of a public entity and not a private concern, and so was part of the problem," he said. "Hopefully, the national search for a replacement will result in a candidate that is more attune to the priorities of the administration and the needs of Pennsylvania college students."

Between 2002 and 2005 the agency spent \$862,000 on board retreats in California, Virginia, Pennsylvania and the Dominican Republic. The retreats included high-priced dinners, golf outings, falconry lessons, \$95-a-plate dinners, \$150 cigars and lavish spa treatments.

Critics said that money should have gone to students, but agency officials said the spending was necessary to entertain clients who are used to similar treatment from agency competitors in the private sector.

PHEAA came under fire again last month, when it issued six-figure bonuses to top executives, including Mr. Willey, who received a \$181,000 bonus on top of his \$298,000 salary.

"There has been a lot of controversy in the past few years," Mr. Logan said. "When myself and [PHEAA chairman, state Rep. Bill Adolph] came into leadership in March, we started to make reforms. We have made changes to the travel and expense reimbursement policy, which is now the toughest in the state, and we were the first agency to voluntarily write a code of ethics."

The next step will be restructuring salaries and eliminating bonuses, which will result in overall reductions in compensation.

Mr. Logan said that effort was likely one of the factors Mr. Willey considered when he decided to retire.

"I'm not completely sure about all his reasons, but I'm sure that played a role," Mr. Logan said.

He credited Mr. Willey with expanding PHEAA's student loan business internationally, which generated revenue to provide more money for grants to Pennsylvania students.

"Six or seven years ago PHEAA was losing a million dollars a month. Now we're making \$10 million a month and dumping that money into a whole host of programs that benefit Pennsylvania students," he said.

"Dick is an extremely talented individual. I don't think he'll be looking for work for long."

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GRAPHIC: PHOTO: Richard Willey is expected to announce his official resignation today.

LANGUAGE: ENGLISH

PUBLICATION-TYPE: Newspaper

SUBJECT: EXECUTIVES (90%); EDUCATION FUNDING (90%); US STATE GOVERNMENT (90%); APPOINTMENTS (90%); EXECUTIVE BONUSES (89%); INTERNATIONAL ASSISTANCE (78%); COLLEGES & UNIVERSITIES (78%); PRIVATIZATION (78%); EMPLOYMENT HISTORY (78%); STUDENTS & STUDENT LIFE (78%); INTERIM MANAGEMENT (78%); EXECUTIVE COMPENSATION (78%); LEGISLATIVE BODIES (77%); GOVERNORS (77%); APPROPRIATIONS (77%); WAGES & SALARIES (70%); PERSONAL CARE SERVICES (60%)

PERSON: ED RENDELL (78%)

CITY: HARRISBURG, PA, USA (79%)

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STATE: PENNSYLVANIA, USA (94%); CALIFORNIA, USA (79%)

COUNTRY: UNITED STATES (94%); DOMINICAN REPUBLIC (79%)

LOAD-DATE: September 26, 2007

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