

**MEETING #383
OREGON STUDENT ASSISTANCE COMMISSION
Friday, April 24, 2009**

**Willamette University – Fireside Room
Salem, OR**

COMMISSIONERS

Bridget Burns, Chair
Cap Sharples, Vice-Chair
Mike Filippelli
Dean Wendle
Bart Howard
Brian Lemos

STAFF

Dennis Johnson, Executive Director
Beverly Boyd, Executive Assistant
Susan Degen, Opportunity Grant Administrator
Jenny Ryan, Opportunity Grant Policy Analyst

GUESTS

Colin Wallace, Moss-Adams
Margie Lowe, Governor's Office

Emilio Vigil, Oregon State University

CALL TO ORDER

Commission Chair Bridget Burns called the meeting to order at 12:35 p.m. Having a quorum, the meeting proceeded. Philip Shilts was unable to attend.

APPROVAL OF MINUTES

Approval of the March 27, 2009 meeting minutes was tabled until the May 2009 meeting.

COMMISSION CHAIR'S REPORT

Chair Burns gave a brief report and discussed the last month's testimonies. The feedback received was that OSAC is efficient and on task.

ODA ADMINISTRATOR'S REPORT

Alan Contreras was unable to attend today's meeting and asked Chair Burns to give his report. Chair Burns gave a brief report.

Dennis Johnson, OSAC Executive Director, noted the list of new applications/programs that ODA is currently working on.

Mr. Johnson also noted that OSAC is using the vacancy savings from ODA's Program Analyst 2 position to cover required cutbacks this budget year. We are accumulating a backlog of programs to be reviewed. The budget for 2009-11 will determine how OSAC will move forward with reviewers for ODA, whether contracted or staff.

Commissioner Mike Filippelli asked about the requirements for program reviews.

Mr. Johnson stated that ODA reviews are on a three-year cycle and are fee-supported. It is in statute that the programs be reviewed and the fee levels are set in statute. It would require Legislative action to get this changed. The fees support the ODA program as it exists.

RISK ASSESSMENT REPORT FROM MOSS-ADAMS

Mr. Johnson introduced Colin Wallace of Moss-Adams who provided an overview of the original report.

Mr. Wallace stated that the risk assessment itself was an important step to lay out future projects. He noted that they interviewed several Commissioners and OSAC staff and reviewed financial, operational, and IT-related operations. This determined what areas they would be giving priority to over the next few years.

The overview shows what they have performed thus far and what the next steps are. They have already kicked off a project looking at business continuity, data backup, and system restoration. That should be wrapped up by the end of May. The deadline to report to the state is currently June.

Commissioner Bart Howard asked about the personnel risk that was discussed and where it registers on the report.

Mr. Wallace stated that personnel issues intertwine with all areas being assessed and are included as a part of the risk assessment for any given area.

The next step is to take the recommendations from the report and put them into projects, some of which will be handled by OSAC and some by Moss-Adams.

Moss-Adams will be working with management to put together plans based on the risk assessment and recommendations. These plans will note what management has agreed to and the date by which it will be completed. As the internal audit function, Moss-Adams will be holding OSAC accountable on those due dates.

Mr. Johnson noted the progress made in the IT area. The system's administrator has professionalized this area and has helped to make immense changes in system security and policies and procedures. This has just been since last fall when Aaron Meyers came onboard as system administrator.

Mr. Johnson noted that OSAC began asking what others were doing for backup and found that the State Data Center can't help a small agency like ours. If OSAC systems were to go down, the state couldn't help us get back up and running. OSAC is currently receiving bids on disaster recovery backup and we are currently looking at a co-located server in LaGrande.

The next risk Mr. Wallace discussed was security of OSAC's sensitive data. This area is where Moss-Adams has done a lot of the penetration testing and will continue to do so. OSAC has to make sure the most up-to-date protections are on the systems.

Commissioner Dean Wendle asked if anyone has remote access at this time.

Mr. Johnson stated that there are six staff members who can remotely access the data. It is strictly controlled and monitored. We have extra safeguards in place for remote access. The door codes are the same, coded differently for each level of access.

He noted that web access has been limited. Staff can't access personal e-mail, blogs, Facebook, MySpace, etc. These are safeguards to protect OSAC from additional risks.

Mr. Wallace stated that Moss-Adams will be drafting internal audit plans for next biennium. They will be determining the scope of the audit with respect to security and integrity of data. They will work with Mr. Johnson to come up with management action plans, to make sure everything identified already has a plan in place.

EXECUTIVE DIRECTOR'S REPORT

Quarterly Budget Report

Mr. Johnson reviewed the quarterly report provided by Anna Houpt. It shows that OSAC is completing the biennium in good shape. What it doesn't highlight is what OSAC went through to get to this point. This report shows how it looks currently, now that we have absorbed the budget cuts across the board.

Proposed OSAC Budget Reductions for 2009-11

Mr. Johnson stated that the Co-Chairs of Ways and Means are out getting feedback on budget priority. They are looking at close to what we have here in the report. We can assume the cutback is going to be 5 percent or more.

He discussed the different percentages of cuts and what programs would be affected, as well as what the implications on staff would be. We would eliminate all out of state travel for all staff. We have already cut office expenses to the bone, but would rather cut that than people. We have been putting off updates of old servers and desktop computers. We are also looking at the possibility of moving all staff into the office space on the first floor.

There was much discussion around the effects these cuts would have on OSAC programs. Mr. Johnson noted that at each level we lose more Opportunity Grant dollars.

Mr. Johnson explained that OSAC had under-filled a Program Analyst 4 position with a Research Analyst 3 position, which is also now vacant. There is a lot of research to be done, especially related to KPM's. We have 15 labor intensive KPM's, which is a lot for an agency the size of OSAC.

He also noted that, in the last budget cut scenario, OSAC would not be getting any state money to run the ASPIRE program. We could process applications and maintain an operation, but we couldn't run ASPIRE as we know it on 115 sites. We have been told that foundations are finding their endowment proceeds are down, and they are not making new grants.

Commissioner Wendle suggested cutting the ODA program.

Mr. Johnson noted this would require a change in statute and there is not much General Funds in ODA anyway. The ODA program generates a lot of its own funds through the fees charged.

Discussion continued around the budget cut scenarios.

Mr. Johnson stated that some of these are fairly easy cuts to make to OOG, but in other areas it is more difficult. He also noted that to maintain the current level of the program without cut-offs would be in the \$120 million range.

Ms. Lowe stated that the best educated guesses right now are expecting the reductions to be in the 16-22 percent range. They are asking people to be as resourceful as possible and to figure out ways to free up state resources. We face very real, very daunting challenges. Everyone is going to have to make some very hard decisions in tough times and they really appreciate the dedication the Commission brings to their job.

Mr. Johnson said that whatever the percentage of cutbacks ends up being, come July we are going to have some discussion if we have any flexibility in this.

Commissioner Lemos commended Mr. Johnson for the work that he and OSAC staff did on putting the tiered plan together.

FAFSA Filing Trends

Mr. Johnson asked Susan Degen to give an update on where we are at with the 2008-09 FAFSAs and where we think we will be at the end of the year.

Ms. Degen gave an overview of one of the graphs provided and noted that by the end of the year, we would be close to 129,000 FAFSAs.

Mr. Johnson added that these are not just FAFSAs, but viable candidates for OOG.

Ms. Degen noted that as of last week, the total number of FAFSAs processed is over 200,000 FAFSAs. She then discussed what we expect over the next year.

Mr. Johnson then introduced Jenny Ryan who discussed one of her projects, the tip sheets providing guidance to students and parents on different aspects of the education planning and financing process. We are distributing these via our websites, ASPIRE listservs, and outreach programs.

Legislative Update

Mr. Johnson discussed the current legislative hearings that are of interest to OSAC.

Ms. Degen said they would send out an updated bill list after April 28.

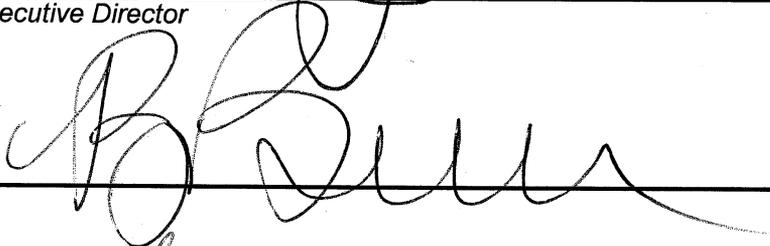
OTHER BUSINESS AND ADJOURNMENT

There being no other business, Commissioner Burns moved to adjourn the meeting. Commissioner Filippelli seconded the motion. The meeting was adjourned at 2:40 p.m.

Respectfully submitted,



Dennis R. Johnson, Executive Director

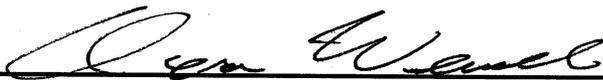


Bridget Burns, Chair



Cap Sharples, Vice-Chair

Mike Filippelli, Commissioner



Dean Wendle, Commissioner



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Brian Lemos, Commissioner