MEETING #384
OREGON STUDENT ASSISTANCE COMMISSION
Friday, May 29, 2009

Office of the Commission – Columbia Room
Eugene, OR

COMMISSIONERS
Bridget Burns, Chair
Cap Sharples, Vice-Chair
Dean Wendle
Bart Howard
Philip Shilts
Mike Filippelli (via telephone)

STAFF
Dennis Johnson, Executive Director
Beverly Boyd, Executive Assistant
Alan Contreras, ODA Administrator
Vicki Merkel, Scholarship & Access Program Director
Susan Degen, Opportunity Grant Administrator
Carrie Matsushita, Marketing & Development Specialist
Jenny Ryan, Opportunity Grant Policy Analyst

GUESTS
Brett Rowlett, Lane Community College
Margie Lowe, Governor's Office
Tom Hojem, Oregon Student Association
Glenda Melton, Appointed Commissioner 7/1/09

CALL TO ORDER

Commission Chair Bridget Burns called the meeting to order at 10:05 a.m. Having a quorum, the meeting proceeded. Brian Lemos was unable to attend. Mike Filippelli attended by conference call.

Dennis Johnson introduced Glenda Melton, the newly proposed Commissioner, who will be filling the position being vacated by Commissioner Dean Wendle on June 30, 2009.

APPROVAL OF MINUTES

Commissioner Philip Shilts made a motion to approve the minutes for Meetings #382 March 27, 2009 and #383 April 24, 2009. Commissioner Bart Howard seconded the motion, and by unanimous vote the March 27, 2009 and April 24, 2009 meeting minutes were approved.

COMMISSION CHAIR'S REPORT

Chair Burns gave a brief report and noted how the Commission is doing everything they can and seeking guidance from the Legislature in terms of what they would like from us and what the Governor's Office would like from us in finalizing the budget. Everyone is anticipating the end of session to see the final numbers.

ODA ADMINISTRATOR'S REPORT

Alan Contreras gave a brief report on ODA and discussed SB 113 and SB 114 that were signed into law.

He gave the Commissioners notice that he will need a rule hearing in September.

The biggest change in ODA has been Carolyn Sinclair's retirement in March. That position has not been filled and he will be looking at using a small pool of contracted reviewers rather than filling the position.

Mr. Contreras discussed how they have been working with an investigative reporter who has uncovered an astonishing degree sales issue. There are a couple diploma mills that are selling degrees to serving members of the US Military up to the rank of major. That has resulted in an investigation that the federal government has started. So far it has been Army and Aerospace related issues. ODA was contacted as we know many of the contacts and suppliers.

Mr. Contreras reported on the issues in the State of California. In the summer of 2007, CA eliminated its post secondary degree agency. This inadvertently deleted the portion of their statute that exempted certain schools from state authorization requirement. Currently they have no way for a new school to be authorized to operate in CA and technically there are a lot of schools issuing degrees without the authority to do so. The issue is that if a CA school applies to operate in Oregon, they have to be able to show that they have the legal authority to issue degrees in the state they are coming from. There is a proposed legislative bill in CA that will fix this; it is SB 48.

EXECUTIVE DIRECTOR'S REPORT

Review of budget for 2009-11

Mr. Johnson gave an overview of the budget process and reviewed the Co-Chairs budget for OSAC. He explained how OSAC's Essential Budget Level (EBL) for state and lottery funds is more than just the OOG. It runs part of the agency and some of the other programs. This EBL is an agency EBL, the Co-Chair lottery funds figured at $8.9 million is what the Co-Chairs said is what they expect us to have in the next biennium. It is much higher than what the lottery forecast would show. It should be closer to $4.7 million in the next biennium. This translates into $4 million less for the OOG. Lottery proceeds have continued to go down in this last recession and then recalculating the EBL due to economic stimulus Pell Grant availability, means that as more federal funds come into financial aid, increasing Pell Grant amounts, the OOG amounts will decrease. The maximum Pell Grant for this year was $4,731 and next year is $5,350.

Discussion continued around the Shared Responsibility Model (SRM). Mr. Johnson noted that a meeting of the SRM Steering Committee is being scheduled for next week to discuss the possible reduction of the SRM EBL by 15 percent as well as other reduction scenarios that could come up.

Mr. Johnson discussed the possible scenarios regarding the reduction of the state rural health care awards, a loan repayment program for health care professionals. There is a bill to move this from OSAC to the Office of Rural Health at OHSU. The Office of Rural Health may want to contract with OSAC since we already administer the program. This is a $471,000 portion of our EBL.

He noted that we can assume there will be no new awards for the nursing services program. The $117,000 means we will get some money to keep payments to the current practitioners but no new awards could be made next year.

In other reductions and cost savings, OSAC is not filling a Program Analyst position and, as Alan Contreras mentioned earlier, Carolyn Sinclair's position has not been filled and they will be looking at options for using contracted reviewers. We will change how we allocate those resources.

In the past, the Co-Chairs budgets have shaped what Legislative action has been but we don't know what will happen between now and the end of session. Mr. Johnson asked Margie Lowe of the Governor's Office how close she thought the budget was to what would be approved.

Ms. Lowe mentioned how OHSU, in yesterday's work session with Ways and Means, took a 10 percent across the board reduction, on top of cuts that have already been made. She noted that in the broader context, there are some substantial issues in terms of how the Co-Chairs have put together the budgets overall for post-secondary education. A key part of the Federal Recovery and Restoration Act was passed by Congress, signed by the President in February, was the State Fiscal and Stabilization Fund. Eighty percent of that money was dedicated to education and of that, a share had to go to post-secondary education proportionate to how the funds are spent by the state. She said it comes with strings attached in terms of performance. One of those strings is if the state's economy continues to suffer, a state can request a waiver from the US Secretary of Education for what is called Maintenance of Effort.

That means you have to spend, in both K-12 and post-secondary, at least the level of what you spent in 2006 and we have to report all those numbers as we submit our application for those funds. The Secretary can't grant that waiver unless we can demonstrate that the cuts that have been made, for both education sectors, have been no deeper then reductions that were made to the rest of the state's budget. The Co-Chairs budget does not meet that test for post-secondary education. They have exceeded the reductions, by $30 million, that could be made and still get that waiver. The Co-Chairs need to find a way to restore that $30 million to post-secondary education. They bundle together OHSU, community colleges, and OUS, all total into that. OSAC is not included in that total because the law specifically excludes student financial aid that is not administered through remittances by the institutions. That will create some competition because the Co-Chairs know they have to do something to fix that hole elsewhere in post-secondary education that is twice the size of the hole that exists within the Opportunity grant. We have made sure that we are continuing to press them to say you've got a $15 million problem in terms of just being able to maintain the promises that we've already made to that current student population. That is not saying we are going to meet all of the future demand, which would add another $10 million beyond that. Our view and our discussions with Ways and Means is that they have a $45 million problem in post-secondary education that they have to fix.

Ms. Lowe stated that it is hard to predict how it will go. There is a large section of the business community that expected that the increase in the corporate minimum tax would be dedicated to education, particularly to post-secondary education. That was back when the increase was thought to be around $80 million, where now the Co-Chairs expect somewhere in excess of $300 million of increased money coming from corporate income tax. She believes the business community will be our partner and help continue to press for these improvements to be made.

Commissioner Bart Howard asked Ms. Lowe if he understood the numbers correctly, that the Opportunity Grant's budget was down to $96 million for the biennium.

Ms Lowe confirmed that $95-$96 million was correct. She stated that the requirements for year two of the biennium are even less because there will be another increase in the Pell and another in tax credits. Using the principles of the SRM as it was created, that is appropriate. It is actually a 60-40 split where you are going to need to spend more money for Opportunity Grant in year one then in year two. The part that this does not take into account is what is happening with tuition. We are looking at double digit tuition increases for OUS.

Mr. Johnson noted that one potential bright spot is that this is how Opportunity Grants have always been calculated. Before the SRM, awards were always based on the previous year's tuition and fees and that is what we are looking at going into 2009-10. There is the chance that if the economy rebounds, there will be a special session next January, and if more funding became available, an adjustment could be made in the formula for the 2010-11 awards, that took into account the giant tuition increases. The program is designed to shrink in the second year of the biennium based on more federal money coming in. We would have to hope for the economy to rebound and the Legislature to have enough money to do something in January, in terms of an adjustment for 2010-11.

Mr. Johnson talked about adjustments to agency plans. Assuming that we will have less money, we will renegotiate the remaining four years of our five-year building lease. He noted the commercial rates in the business park where OSAC is located are lower than the commercial rates in Salem and are very competitive. But after staff reductions, we will have more space than we need. We can let go of the office space upstairs that has ODA and fiscal services personnel. We have enough room to move the upstairs staff down to the first floor space. The lease states that we have to wait until the budget is finalized and then 120 days after that, we will be able to get out of the extra space. This will save approximately $50,000 over the biennium.

Mr. Johnson talked about the staffing changes in relation to OSAC's budget. In addition to the changes in ODA, a PA4 position and OS2 position will be gone as of June 30.

Oregon Opportunity Grant Issues

Dennis asked Susan Degen and Jenny Ryan to talk about Opportunity Grants and OSAC's new financial counseling tools.

Ms. Degen talked about OOG disbursements. Approximately 95 percent of disbursements for the year have been reported to us. There are always late disbursements and adjustments that are made after the reporting cycle is complete each term because the reporting happens before the end of the term. The final numbers should be right around $68 million by year's end. That is not we had originally anticipated but we had to suspend making new awards at the end of November. The student population that we were dealing with in November was a frozen population at that point. No new awards were made and also, students who received a half-time disbursement in fall were limited to that for the rest of the year. Normal attrition during the course of the academic year is increased with this student population because we don't have students who started midyear replacing students who stepped out for part of the academic year after fall quarter.

Mr. Johnson stated that OSAC has been studying the retention and attrition issue because when we got into the spring, the numbers were much lower than expected. Part of that was good because we don't even have the $72 million that we thought we had to finish the year. As of January/February we thought we had approximately $71, but it is actually far less than that. We knew we needed to make these reductions for spring but we needed to understand why the student numbers were falling off so much. Studying those numbers sector by sector and term by term, this is the worst retention and the highest attrition we have ever seen. The numbers in the fall were bigger than we had ever seen but the students came in droves and left in droves. He spoke to Cam Preus, head of Community College and Workforce Development, who said fall enrollment (comparing year-to-year) was up 16 percent, winter enrollment was up 11 percent. This didn't make sense, if fall was up 16 percent than winter should have been up 16 percent as well, a 5 percent differential statewide in the community colleges.

Ms. Degen was asked how the drop in retention was affected by the depletion of awards. She noted that under normal circumstances, over the past couple years, the fall to winter retention, in terms of dollars, was around 99-100 percent. Students who started in fall may not return in winter but new students replaced those fall students who left. This time around we didn't have that because we couldn't add new students.

Mr. Johnson discussed the handout depicting the number of FAFSA's received. From the predictions for this year's FAFSA cycle, which started in January, we would have expected 131,000, but our calculations right now show that we will have 136,000 Opportunity Grant viable candidates by the end of this cycle. This is the most we have ever had. This is Oregon residents, applying for undergraduate school in Oregon with eligibility remaining for the grant. It changed from 131,000 to 136,000 in just the last month.

Ms. Degen noted that for 2008-09 to date, if you ignored the fact that we had to impose cutoff dates and suspend making new awards, we probably had about 74,000 students who would have been eligible for an Opportunity Grant based upon the eligibility criteria. We are at 52,250 already for 2009-10, only five months into the 09-10 cycle, compared to 17 months for 08-09.

Mr. Johnson said the Steering Committee will have to look at what we are going to do about the immediate situation. But looking forward, the program design that we have is based on the nation's biggest entitlement program, the Minnesota model, but we have a limited appropriation from the Legislature. Applicants don't stop coming after a deadline is imposed, they keep coming throughout the year. We need to look ahead and anticipate how we will work within those limitations. We know that this model does not work for this kind of population; we are going to have to make some changes. He stated that the Steering Committee will be dealing with the urgent crisis which is all the award estimates that will have to be recalculated at lower amounts if we get what the Co-Chairs are projecting for us. We need to know from the Steering Committee what the priorities are, should the EFC be adjusted or income caps implemented and what other cost controls we should implement.

Ms. Lowe stated that there are a range of options, we could operate like last year where we said at this point we are out of money and no new awards will be made, or, since the award estimates that went out were labeled as estimates subject to Legislative authorization, we can go back and do some kind of reduction. We have a range of undesirable choices; it's a matter of prioritizing which of those are going to be the fairest to advance, then being prepared to put that in front of Legislative leadership so that they understand there is not going to be any easy way to do this.

She noted that right now we have a proposal; we do not have a legislatively authorized number. This program is one that frequently benefits in the close of session bill called the Christmas Tree Bill. We won't know what the final amount is until sine die. You will have more information and will need to make a decision probably in July. She recommended the next Steering Committee meeting for early July because that group will need to meet to come up with recommendations for the Commission, once the final numbers are in.

Ms. Lowe stated that by having the Steering Committee work on recommendations without a specific number, people will be more likely to operate on principle rather than their own particular perspective. This is where you will get better statesmanship action from the various participants. They will keep an eye on how it will affect their sector, and on how it will affect the greater number of students. This is the Student Assistance Commission, not the "Sector Assistance Commission."

Commissioner Howard asked if the way the snapshot looks right now, with all the reductions, is it accurate to say that we will not be able to serve middle income students.

Mr. Johnson said there will still be small awards to middle income students. The way the formula is designed, there will still be some small awards of less than $1,000. It becomes very important that we tell all those students how to get the tax credits. If they have filled out the FAFSA, we know what Pell Grant they are going to get. We may have to have a strategy that reinforces the point of following through on their admission. We have some plans in place of how we will work with students over the next two years. We know that federal aid will go up and state aid will go down, and that will require more explanation. But this program still reaches more students, just with less money.

New Financial Counseling Tools

Mr. Johnson stated how in the second year of the 2009-11 biennium, the tax credits explode because of a $1,000 refundable provision. We don't know how that will work just yet, but we will have another tip sheet when we figure that out.

Ms. Ryan gave an overview of the most recent tip sheet, how to analyze financial aid award letters, which will be very helpful for students who are comparing schools right now. We have provided students with websites to go to that will help them with comparing their award letters. The future tip sheets being worked on include helping foster youth with applying for financial and going to college. We will be putting together a tip sheet for those families with foster youth; the applications can be difficult for those students because they don't fit neatly into the dependent/independent categories.

Commissioner Wendle wanted to know what foster youth do when they can't communicate with their parents to get the information needed.

Ms. Ryan stated that it depends on many situations such as whether or not they are a ward of the court. There are a lot of different categories they might be in. Depending on the answers, they become independent.

Mr. Johnson noted that they fill out a form and depending on what they entered they may need some professional help because a financial aid officer will need to do an override, making the student independent. Then we pick up all those updates that may make the student eligible for federal and state aid. The tip sheet will tell them how to fill out the FAFSA depending on their particular circumstances.

Commission Howard noted that more of the foster parents in the state tend to be individuals that are not as well educated and so they don't have the experience to be able to advise a foster child on how to apply.

Vicki Merkel noted that we have a contract with DHS to do outreach and are currently planning two foster youth conferences. We have foster youth, foster parents, caseworkers and independent living program workers that attend.

Mr. Johnson noted that this is a small group of the students but they are an important one as they tend to fall off the map.

Ms. Ryan said another future tip sheet will be on scholarship scams. We'll try to alert and warn of the scams that are out there. Then there will be one on degree and diploma mills, this will also help employers and HR departments as they are looking at credentials of prospective employees. Tuition tax credit will be the next tip sheet.

Mr. Johnson stated this will be for the 2010 tax year. It is complicated; it is a part of our calculation for Opportunity Grant eligibility. So, if we are going to expect it, we have to tell people how to get it. That means when you fill out your taxes for 2010, you will have to have evidence from the school that you did pay that tuition. We have to walk them through the process.

Commissioner Howard stated that it is really nice to know that this is going on, by providing this service (tip sheets), this is where we really start to make a difference in the lives of people.

Mr. Johnson noted how it is a team effort and a very dynamic process.

Commissioner Shilts noted how important this is and encourages the continued efforts.

Commissioner Sharples said it really helps the helpers. A lot of people get to this point and don't know where to go. There are a lot of helpers out there, ASPIRE and others, who need guidance and this will be great for them.

Ms. Ryan stated that the tip sheet process is helping staff increase their knowledge so that they can help as well and become experts on a lot of different topics.

Legislative Update: Remaining Bills
Ms. Degen provided a handout and gave an overview of the bills that are still of agency interest, such as the Rural Health Bill.

Anniversary Planning
Mr. Johnson noted that due to the economic climate, OSAC was postponing the 50th Anniversary celebration, scheduled for August. We would still like to do it, but will probably do it a little differently than originally planned. We have sponsors who want to underwrite a celebration for OSAC's 50th anniversary. The money isn't an issue, the issue is more of the symbolism.

Carrie Matsushita stated that the question is whether or not to hold it at the Jordan Schnitzer Museum at the University of Oregon or another venue, something that doesn't give the perception that we are misusing state funds. In this case, a good portion of the event already has pledges from donors. But we have to decide if this is the best time to have a celebratory type of event. We do want to hold an event of some kind that recognizes the contributions of supporters, partners, volunteers, donors who have contributed immensely to the success of OSAC over the past 50 years. The question before you is what do you, as the Commissioners, think about us having this type of event? We could have a simple reception here on Friday after a Commission meeting rather than the UO venue.

Mr. Johnson said that we have supported two-thirds of a billion students over the past 50 years; hundreds of millions of dollars in private and state funds. It is a very proud history and even in the midst of economic stress there is something to celebrate here.

Commissioner Sharples stated that he believes in going ahead with it, it is the 50th birthday of something that has helped a lot of students and celebrating it makes complete sense to him. We need to make it clear that we are not using OOG funds, but using funds from donors and others who want to contribute.

Commissioner Howard said it is also something we could do to raise the profile of people helping students go to school, making it very clear that it is funded by others.

Commissioner Sharples said it is also a great opportunity to emphasize the importance of helping students get their education, look at the good this has done.

Commissioner Wendle suggested listing who the sponsors are on the event program.

Ms. Matsushita stated that Vicki Merkel is hoping to unveil a new program at this event, called the Oregon Spirit Scholarship.

Ms. Merkel stated that the Oregon Spirit Scholarship was conceived by a number of OSAC staff as an opportunity for all our guests to participate in supporting scholarships for students. Currently, if you want to set up a scholarship, it takes a minimum of $1,000 just to create a pass-through scholarship. There are those of us who would like to support students on a much smaller scale, $50-$100, and so the concept was to have web-based giving to decrease the administrative costs and set up a website that would allow you as a donor to go on and select the student that you would like to support. It could be an opportunity for a family to set up a memorial scholarship and because it is on the Internet, you have unlimited page space. People could have a page dedicated to a person. Or they could simply choose a student by the type of school they attend, their academic interest, etc. We hope to unveil this at the party as a new way to involve Oregonians in support of students.

Chair Burns stated that she thinks the scholarship idea is great; however she is interested in getting the Governor's Office perspective on the celebration.

Ms. Lowe said if it's being done in a way that thanks all the volunteers, using it to expand donor development, and making it clear that it is entirely paid and funded by external parties, then it is a good idea. Given that it is a party with a purpose, it expands the mission of the agency; she thinks it is very appropriate.

Mr. Johnson wanted to know what Ms. Lowe's opinion was on the economic climate. Should we go with the original plan for the summer or plan a low key event for after a Commission meeting?

Ms. Lowe stated that getting a date when you get the maximum amount of attention for both media attendees, especially around donor development. August might not be the best time due to vacations and other plans.

Chair Burns stated that she doesn't have strong feelings about the date, but wants to make it big and make it classy. Possibly consider giving an award to an outstanding donor.

Ms. Matsushita described the original plans for the Jordan Schnitzer Museum. They do want to recognize key individuals and have a historic display of the agency.

Mr. Johnson talked about the invitee list and asked Ms. Lowe for feedback.

Ms. Lowe stated that it is tied in with Oregon's 150th celebration. She thinks OSAC should involve Legislators. It gives OSAC an opportunity to say "thank you" for their support in spite of the difficult times and how challenging the decisions have been. We always want to be fostering goodwill because you never know what is going to come next, so it's basically money in the bank to continue to work on those relationships, no matter how rough the times are.

Chair Burns said her recommendation is to "go for it and go big!"

ASPIRE Report

Ms. Merkel shared Alicia Lund's dissertation. She was an ASPIRE advisor at Marshall High School in Portland before she started working on her master's degree and then her doctorate.

She reviewed the handout on the ASPIRE evaluations which were done by NPC Research and ECO Northwest, hired by the Oregon Community Foundation. We did learn some good information that we can improve on. The ECO Northwest evaluation showed an average four percent increase in college-going students who attend ASPIRE sites. There were some challenges on these evaluations; they are being held for in-house purposes at OCF.

Mr. Johnson emphasized the ECO Northwest evaluation looks at what is statistically significant. They didn't get everything they needed from the staff working here at that time, using old program models from several years ago. They didn't get the difference between a regular site coordinator and an AmeriCorps volunteer working in the ASPIRE program on a given site. Even with all of that, they came up with four percent differential in terms of ASPIRE volunteers vs. non-ASPIRE site, for improvement in college going rate. He believes that we have a giant impact that we have not been able to show statistically, and we will be able to do that by replicating this study.

Ms. Merkel noted that Eco Northwest did not give the evaluation to us per the data sharing agreement, so there were some issues that we could have caught. We have a nice history of evaluations that have been done on the ASPIRE program now. She noted that the AmeriCorps grant is being successfully completed on June 30. There are two staff members affected by this. Crisanne Werner was the support staff person who has left the agency; we brought in Lynn Chase to help temporarily on a part-time basis. We posted an in-house search for the team lead for ASPIRE; Lori Ellis has been hired into that position. Lori will complete the grant as part of her task. The outcome of that is there are no layoff notices or bumping of positions.

Mr. Johnson noted that we have been able to reduce the staff without any layoffs. We feel very good about how we have eliminated two management positions and are doing everything with teams and current staff, redeploying staff. We have some exceptionally strong team leads. He is very pleased with Lori.

Ms. Merkel said that Lori is in constant communication with the AmeriCorps office making sure they know that OSAC wants to apply again and we are ready to do so. She would like to ask the Commission to send a letter to the AmeriCorps program office here in Oregon, thanking them for their contribution to the development of ASPIRE. We could not have done it without them.

Mr. Johnson said we could get it to Chair Burns to sign. If we thank them in a very nice way, just in case some of the new funding is available, we can take whatever they have in terms of a new AmeriCorps grant. They could make a great impact with a grant to OSAC.

Ms. Merkel noted that the College Goal Sunday project had a three year grant from Lumina that is finished now. We will be writing a continuation grant. The first grant was $150,000 over three years and the second grant is $25,000/$15,000/$10,000. Ms. Merkel attended the National College Goal Sunday conference recently; she was invited by the national director who also paid her way. It was a Lumina-funded project that NASFAA was administering and now the YMCA will be administering it.

OTHER BUSINESS AND ADJOURNMENT

Glenda Melton, appointed Commissioner as of July 1, said that she is very excited about getting started. She will be replacing Commissioner Wendle.

Commissioner Wendle asked about the Governor's recommendation to consolidate OSAC into OUS.

Ms. Lowe stated that it is important to understand the context of why the Governor offered those recommendations in his speech. The Legislature is considering some very hard choices. One of those is the postponement and implementation of ballot measure 57, the change to the corrections sentencing practices. The view was that we needed to show the public that it's not just the things that they wanted to have happen, that we are looking are reevaluating and moving forward. Because of that there a number of other recommendations that people wanted to make sure were also in discussion. We are not putting a lot of effort and energy into doing that. We don't really expect anything to happen related to those particular proposals. The Governor is going to convene a quasi-cabinet group after the Legislature goes home that will look at three primary areas for reconsideration for potential

restructuring or retargeting on how we do our services. Right now the track we are on is not sustainable. There will be sub-groups within that larger study group that will be focused on Human Services, Corrections, and Education. Each group will be tasked to look at their particular sector and how it can be reshaped in order to be stronger and more effective. Also, they all need to interact on how we deliver services to Oregonians.

There being no other business, Chair Burns moved to adjourn the meeting. Commissioner Shilts seconded the motion. The meeting was adjourned at 11:50 a.m.

Respectfully submitted,

Dennis R. Johnson, Executive Director

Bridget Burns, Chair

Cap Sharples, Vice-Chair

Mike Filippelli, Commissioner

Dean Wendle, Commissioner

Bart Howard, Commissioner

Philip Shilts, Commissioner