

MEETING #385
OREGON STUDENT ASSISTANCE COMMISSION
Friday, June 26, 2009

Office of the Commission – Columbia Room
Eugene, OR

COMMISSIONERS

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

STAFF

Dennis Johnson, Executive Director
Beverly Boyd, Executive Assistant
Alan Contreras, ODA Administrator
Vicki Merkel, Scholarship & Access Program Director
Susan Degen, Opportunity Grant Administrator
Jenny Ryan, Opportunity Grant Policy Analyst
Tony McCown, ORCAN Coordinator

GUESTS

Jennifer Diallo, ODA Evaluator
Margie Lowe, Governor's Office
Cherie Honnell, OHSU

Felicia Lemos, Commissioner Lemos's Daughter
Glenda Melton, Confirmed Commissioner as of 7/1/09

CALL TO ORDER

Commissioner Dean Wendle presided for Commission Chair Bridget Burns, who participated by telephone. Commissioner Wendle called the meeting to order at 9:10 a.m. Having a quorum, the meeting proceeded. Commissioners Cap Sharples and Philip Stilts also participated by telephone.

APPROVAL OF MINUTES

Approval of the May 29, 2009 minutes was tabled until the July 24 meeting.

COMMISSION CHAIR'S REPORT

Chair Burns gave a brief report. She noted the Commission has had many discussions on how to remedy shortfalls with the Opportunity Grant funding and have been relying on staff in the Governor's Office who have encouraged each sector to speak on behalf of their constituents.

ODA ADMINISTRATOR'S REPORT

Alan Contreras gave a brief report on ODA. He noted ODA has had an unusual number of requests from other state agencies to assist with credential evaluations and legal matters related to the use of bogus credentials. The Board of Nursing, the Board of Psychologists Examiners, and the Board of Naturopathic Examiners have all submitted requests to ODA.

Mr. Contreras will be testifying in July in a case brought against a practitioner by the Board of Naturopathic Examiners. His role is to testify that the institution in question is indeed a fake institution.

ODA has recently had two cases from Central Oregon Community College where the college registrar found fake transcripts for two different students from the same diploma mill. They are presumably trying to launder the credits into a valid transcript that doesn't show the origin of the original credits. An issue came up last year

where an attorney said he wasn't going to release a list of Oregon residents who had gotten degrees from this fake school because that information was protected by FERPA. But this only protects schools that get Title IV monies, so colleges that receive transcripts from a bogus university can release those transcripts to anyone.

Introduction of Jennifer Diallo

Mr. Contreras introduced Jennifer Diallo, one of the principal contracted evaluators for ODA. Ms. Diallo gave a brief description of her education and experience.

International Degree Policy

Commissioner Bart Howard stated how important it is for us to not get bogged down with international institutions. He is mindful of how much work it would take to deal with how valid one of these institutions abroad is.

Mr. Contreras noted that the issue came up where there was a US accreditor who did not have approval to issue degrees in the country they were in. US accreditors are doing a lot more overseas activity. Some of the schools they accredit are actually licensed or based in a US state, some are not. We have tried to defer evaluation of international degrees to organizations like AACRAO or other professional evaluation firms that handle these all the time. He agrees that it is not something ODA can do in-house except on a basic level.

Commissioner Howard stated that he is fine with where it is now, as long as there are some parameters about how it is run.

Mr. Contreras noted that Teacher Standards and Practices Commission (TSPC) uses ODA to help screen certain degrees, especially those issued in foreign countries; this makes ODA an unnecessary middle-man. He has been trying to refer those requests directly to the professional evaluation firms. There is more international movement of people with credentials coming to the US.

Commissioner Brian Lemos asked how many referrals ODA gets from TSPC and other agencies.

Mr. Contreras said that the Board of Nursing, the Board of Psychologists Examiners, the Board of Naturopathic Examiners and TSPC are the main ones they receive referrals from. The naturopathy and psychology fields are areas that get a lot of attempted fake degrees.

EXECUTIVE DIRECTOR'S REPORT

2009-11 Budget Update

ASPIRE

Dennis Johnson said that OSAC is in the process of assessing what resources they have for the coming year for ASPIRE and planning what services they can offer based on those resources. He asked Vicki Merkel to provide an update.

Ms. Merkel stated that they surveyed all existing ASPIRE sites to see which ones would be participating again and the majority of the sites said they would. She noted that if even if they lose a few schools, there are more schools who want to join ASPIRE. They are hoping to go to a year-round application so that ASPIRE can maintain 115 sites. If the budget in the future is what it is today, they have enough partnership grants to cover half the schools with general funds. Lori Ellis, the new Team Lead for ASPIRE, received notification that the grant that she wrote for partnership grants in rural areas was approved. This grant comes from Texas, the non-profit arm of the Texas Guaranty Agency. They took in applications nationwide and have granted ASPIRE \$75,000 for partnership grants for rural communities. Out of 250 applications received, 55 were awarded. This will fund approximately 20 additional schools.

Ms. Merkel said that they received approval from the OSAC budget analyst and moved half of the appropriation for partnership grants in General Funds to personnel services so they can use them for limited duration/temporary region supervisor positions they have lost. In addition to losing the AmeriCorps grant, the Ford Family Foundation and Gear-Up grants expired and none of these grants will be continued. The Ford Family Foundation may entertain a grant in the second year of the biennium. ASPIRE has some staffing issues but they are looking at many different, creative options to meet program needs.

Agency Operations and Staffing

Mr. Johnson discussed the Continuing Resolution Budget Agency Notification Letter that he signed yesterday. He wanted the Commissioners to be aware of what our situation is right now. It has been a dramatic week in Salem with bills being passed and vetoed. The net affect is we are still waiting for our budget. We hope sine die comes next week and budgets will be signed. It may not happen until the end of the summer. What we had to do was agree with the Budget and Management staff in Administrative Services. The eighth quarter of the current biennium is the level of funding that we would carry forward until we get an actual signed budget. This means we are not filling any new positions or starting any program initiatives. We may start searches for key vacancies that we know we will have to fill by fall. But any prospective candidates would be told that it is contingent on the approved budget.

Oregon Opportunity Grant

Mr. Johnson asked Susan Degen and Jenny Ryan to discuss the Opportunity Grant.

Ms. Degen began explaining the handout showing FAFSAs received by date range with average interval prediction lines for all sectors. The graph tops out at 130,006 as of June 15, 2009, but the final number as of June 25, 2009 is 130,249.

Mr. Johnson noted that this number is not total FAFSAs filed in Oregon but the viable candidates for the Oregon Opportunity Grant.

Ms. Degen clarified that these numbers represent Oregon residents who have listed at least one Oregon college on their application, are undergraduate students, with at least one term of remaining eligibility under the grant program. This represents almost a 22 percent increase over viable applicants last year, which was the highest seen in OOG history. She said that what it doesn't show is that by far the biggest volume is with the community colleges.

Ms. Ryan spoke about professional judgments (PJs) that are coming in. She noted that there have been approximately 150 so far this year, with most qualifying for the maximum award amounts. She said the PJs are coming in at extreme rates; the majority of PJs are from community colleges and the applicants.

Mr. Johnson said that the financial aid staff at the campuses are so overloaded they do not have time to go in to recalculate awards but are submitting the requests electronically to OSAC. Because of the way the formula works, most are receiving an increase on their Pell Grant but not getting any OOG because of tax credits. It is very apparent that the appropriation for OOG is not adequate for the traffic. A proposed budget was created but was decreased to an amount inadequate for student need.

Mr. Johnson walked through the 12 basic assumptions for proposed 2009-10 OOG awards, asking the Commission to address each item.

Mr. Johnson also talked about the Oregon University System's Financial Aid Directors Meeting held at OSAC recently.

It is prudent to plan on needing 58 percent of the total OOG appropriation in the first year and 42 percent in the second year. The second year would normally be higher than the first but fewer state dollars will be required because we know there will be a \$1000 tax credit for students.

Mr. Johnson encouraged us to think about it from a student perspective; they are seeing tuition going through the roof. Most community colleges and most universities haven't put out any definitive information regarding what it will cost a student to go to school this fall. Taking all these factors into account, the best plan is one that will sustain the current award value and if necessary use cutoffs. It is late in the process to use different cutoffs for different sectors. This has been done in the past when it was necessary to bring the expenditures within a funding limitation, making the community college cutoff later than the 4-year. But now we are seeing late applicants in the 4-year sector also, a substantial number of non-traditional students, some who want to finish a bachelor's degree or who are starting programs throughout the year. It could be argued on both sides that there could be two deadlines or one single cutoff. At this point in the year it makes more sense for a single cutoff. That is what is being proposed with input from staff and financial aid officers. Right now every halftime student has been recalculated. The difference in what is being proposed is that approximately 400 additional students can be helped if calculating a halftime award at 50 percent of a fulltime award is the policy followed. The cost for that is the difference between what is being projected to be spent in the first year and second year with a cutoff date of August 15. Those 400 students couldn't be helped if the present recalculation is kept. His argument is that this is an inadvertent cost control, by recalculating all the halftime awards it shuts a lot of halftime students out of eligibility and then out of enrollment.

Ms. Degen discussed what happened when the November 30 cutoff date was imposed last year. With the cutoff that was imposed, they essentially froze awards for those students who were enrolled halftime in the fall. Half-time students for fall were limited to no more than halftime awards for the rest of the year regardless of their enrollment. Under normal circumstances students may enroll halftime in the fall and fulltime the next term. By limiting those students to halftime awards, it was very difficult for a larger percentage of students than normal, since they could only get a limited amount of money.

Commissioner Brian Lemos asked for clarification on the cost savings based on various deadlines.

Ms. Degen stated that if a deadline of July 1 was decided upon, \$21 million would be saved and 13,606 students would not get grants. If a September 15 deadline is imposed, the savings would be \$12 million. The further out the deadline, the less money saved but fewer students get shut out.

Commissioner Mike Filippelli voiced his concern that the latest deadline being proposed is September 15, which is before most schools start and many students go in on the first day to sign up for classes. Those students would not receive an award.

The next point Ms. Degen discussed was an application cutoff; the student met the deadline but does not enroll right away. The message would be that students who filed their first FAFSA before the deadline date would be considered for awards.

Ms. Ryan went over the process called verification that is requested at the federal level and processed by the school. It is looking at all of a student's documentation, making sure it matches their application, such as income and taxes, household size, age, how many in college. This process can take a while and if their financial picture is changing during verification, they will need to present additional paperwork to verify those changes.

Ms. Degen noted that the students who were in the verification process but didn't get all the paperwork turned in by the November 30 deadline last year, they did not receive an award. There is no way to know what students are being irresponsible and not responding to the verification request, and who is struggling to get what is requested of them. But, there is the possibility of doing what is done in past years, when there is no funding left, a hard deadline is imposed so no new awards are disbursed or after a particular date, regardless of any student's situation.

Mr. Johnson noted that a hard deadline would exclude any of the professional judgment cases where a student's situation changes and they become eligible for more funding. If an award was not made in the fall, they would not receive anything for any subsequent terms.

He stated that the dollars are not firm until the budget is signed. Whatever is planned, it should not be something that spends all the dollars. We will need to set priorities for making late awards. When the actual dollars are known, a plan should be in place for some late awards. That would buy some time because we are operating on a continuing resolution, which includes everything from operations and salaries to the awards made. So when an actual budget is in place, an announcement could be made about late awards.

Commissioner Wendle stated that getting the word out is very important. But community college students are not typical students and they may have no way of knowing about any proposed deadline when they are returning to school in the middle of the year, for whatever reason. This is who funding is being taken away from. His concern is that it is the same scenario. Unless there is a paradigm change in how this is being handled, we will be repeating last year again this year and probably next year. This can be a tragic situation for many people.

Mr. Johnson said that if there hadn't been anything learned from what was done this year, there would not be the recommendations currently being made. Everyone saw what happened with a very hard cutoff imposed in the middle of the academic year on November 30. So we are saying to address those hardships, we should take these recommended steps. Another thing is that a proposal to not spend everything is saying that we know there will be late applicants. It makes sense to use the same parameters we have in place, because we are in the middle of this cycle and don't want to reduce all the awards. What we could do is plan for a cutoff in mid-August that is more like what was planned for with the November cutoff, a pause in awards. If we have the \$55 million that we think we have for the first year of the program, committing approximately \$51 million by mid August gives us some flexibility, enabling some late awards.

Ms. Degen noted that if the September 15 cutoff is imposed, there will be zero dollars leftover; we would be at \$5 million.

Commissioner Philip Shilts said knowing that there would be nothing left for late awards with a September 15 cutoff, we should go with the August cutoff.

Mr. Johnson stated that there is not much of an alternative if we want to maintain some flexibility. If the bottom falls out economically and it is not planned for, we will be reducing everyone's awards again.

Ms. Degen noted that the only way we can run these projections is to run them on the most recent full academic year's data, which is the 2007-08 pool of applicants. At present, there are 35 percent more community college FAFSA filings through July 1 than there were last year, which was the largest number ever seen. The number of applicants is again "off the charts" in terms of how many people we would be dealing with by the end of 2009-10 academic year. These projections are based on more than 130,000 viable applicants.

Mr. Johnson asked Margie Lowe from the Governor's Office to talk about the current situation in Salem.

Ms. Lowe said she agrees with several Commissioners that something is wrong; the thing that is wrong is that there is not enough money in this program. The added dollars that the Joint Committee on Ways and Means had, they chose to put into the individual education agencies and not into aid to serve high need students. It is a tradeoff and because of that, those sectors that want to help those students that OSAC can't reach are going to have to figure out ways to do an institution loan because that is where Ways and Means chose to put those dollars. There is some risk taking this approach. She thinks Ways and Means knows that this is a program with the largest hole in it. She is hoping that they have some understanding that it needs some protection because of the commitments made to students. There are no guarantees in this economy and legislative process. She said the most up-to-date information is that OSAC's budget did clear the Senate last night.

Commissioner Howard asked Ms. Lowe if the Commission were to pass something that would hold out some monies being available for students later on, if the economy got worse, what is the possibility that it might go away?

Ms. Lowe stated that she agrees with Mr. Johnson on taking the student approach rather than the sector approach in how this is looked at. Some people are concerned that this is being looked at based on where the student is going

rather than the particular student's needs. The whole premise behind "shared responsibility" was that it was a very individual process. Given the direction that Ways and Means gave to the Commission in the final work session, which was to look at ways in which to help late arriving students, those being affected by the economy later on, she thinks the approach that staff are recommending at this point is a sound one, a very strongly defensible one.

Commissioner Lemos stated that the problem right now is very clear and it is money. We need to figure out how to continue to meet the vision of OSAC. The Commission needs to be clear on what that vision and mission is as far as the Shared Responsibility Model. With this decision of deadlines, can we still meet that mission? He thinks we can. It is a matter of giving students ample opportunity to know about this.

Mr. Johnson believes that every one of the 12 assumptions they have discussed, are student-driven. The only way to get some money to help some of the late students is to not spend everything. He believes that Legislators would see that OSAC left unspent money for a reason, so they could help late students throughout the year.

Ms. Lowe said that one way to mitigate the risk of those monies that are set aside being taken away is to set the policy for what is going to be done for winter term or spring semester by October. That way you can send that message to students, the financial aid offices would know, it adds to the defense. She thinks that the mid-August deadline makes sense, it gives an opportunity of notice to people and it protects resources for students who don't know they will be going to school. It is important to get the word out to apply early for aid.

Ms. Degen stated that she feels the mid-August deadline is prudent. Using the mid-September cutoff will potentially put OSAC in the red.

Mr. Johnson asked the Commissioners to consider the assumptions and move to accept or reject them.

- Commissioner Howard made a motion to accept the 12 assumptions as they are. A vote of the Commission was taken.
 - Commissioners Howard, Burns, Lemos, Filippelli, Shilts and Sharples voted aye; Commissioner Wendle voted nay. The assumptions were accepted by majority vote.
- Commissioner Howard made a second motion to accept the August 15, 2009 cutoff date. Commissioner Shilts seconded the motion. A vote of the Commission was taken.
 - The August 15 cutoff date was accepted by unanimous vote

OFFICER ELECTIONS

Chairperson for 2009-10

- Commissioner Bridget Burns nominated Commissioner Lemos for Chairperson of the Commission. Commissioner Lemos accepted the nomination and Commissioner Shilts seconded the nomination.
 - Commissioner Lemos was appointed Chairperson by unanimous vote.

Vice Chair through December 31, 2009

- Commissioner Lemos nominated Commissioner Burns as Vice Chair. Commissioner Burns accepted the nomination. Commissioner Howard seconded the nomination. Commissioners Howard, Wendle, Filippelli, Sharples and Shilts all voted in favor.
 - Commissioner Burns was appointed Vice Chairperson by unanimous vote.

OTHER BUSINESS AND ADJOURNMENT

Upcoming Meetings and Venues

Mr. Johnson discussed future meeting dates and venues. Normal practice of the Commission has been to take a hiatus in August. A July meeting is important to discuss the budget. An August meeting would be needed if the budget is not approved by the July meeting. The following dates were agreed on: July 24, August TBD if needed,

September 25, October 23, November 20 and December 18. These meetings will be held at the Office of the Commission in Eugene, unless otherwise decided.

Plaques were presented to Commissioner Wendle and Filippelli thanking them for their participation in the Commission.

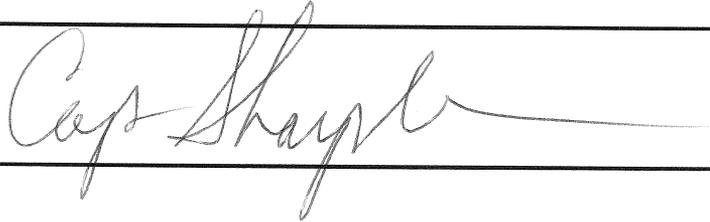
There being no other business, Commissioner Wendle adjourned the meeting at 11:25 a.m.

Respectfully submitted,



Dennis R. Johnson, Executive Director

Bridget Burns, Chair



Cap Sharples, Vice-Chair

Mike Filippelli, Commissioner

Dean Wendle, Commissioner



Bart Howard, Commissioner

Brian Lemos, Commissioner



Philip Shilts, Commissioner