MEETING #386
OREGON STUDENT ASSISTANCE COMMISSION
Friday, July 24, 2009

Conference Call

COMMISSIONERS
Bridget Burns, Vice Chair
Cap Sharples
Bart Howard
Glenda Melton

STAFF
Dennis Johnson, Executive Director
Beverly Boyd, Executive Assistant
Alan Contreras, ODA Administrator
Susan Degen, Opportunity Grant Administrator
Jenny Ryan, Opportunity Grant Policy Analyst
Anna Houpt, Fiscal Services Administrator

GUESTS
Tracy Reisinger – Marylhurst University
Brett Rowlett – Lane Community College
Kristen Welsh – Oregon State University
Tracy Lowe – Statesman Journal

CALL TO ORDER

Vice Chair Bridget Burns presided for Commission Chair Brian Lemos, who was unable to attend. Commissioner Burns called the meeting to order at 10:03 a.m. Having a quorum, the meeting proceeded. Commissioner Philip Shilts was also unable to attend.

APPROVAL OF MINUTES

Commissioner Burns made a motion to approve the minutes for Meetings #384 May 29, 2009 and #385 June 26, 2009. Commissioner Bart Howard seconded the motion to approve both sets of minutes, and by unanimous vote, the minutes for Meetings #384 and #385 were approved.

COMMISSION CHAIR'S REPORT

Vice Chair Burns stated there was no report to give.

ODA ADMINISTRATOR'S REPORT

Alan Contreras gave a brief report on the Office of Degree Authorization (ODA). He noted that he will be testifying at a Board of Nursing hearing where a person attempted to use a bogus degree to become licensed. That person has filed an appeal, which will probably be denied since it is a fake degree. Alan gave an update on the two cases from Central Oregon Community College that he discussed at the June meeting. One of those individuals has signed a voluntary cessation agreement, so that case is now closed. He has not heard from the other individual and will be discussing this with Gary Cordy, our legal counsel, about the best way to approach that situation.

Alan stated that the state of Missouri was the eleventh state to pass a law that restricts the use of unaccredited credentials for employment. They are referring to pure diploma mills and mail order houses. It is very helpful to ODA to have these discussions happening in other states. California's Assembly Bill 48 passed out of the Senate and has gone to their appropriations committee to recreate a state agency responsible for the oversight of private post-secondary institutions. An agency similar in function to what ODA does and is what every other state has, some kind of oversight function in place that will affect a number of diploma mills that have settled in California. This law is written in such a way that it exempts from state enforcement any entities that charge under $2,500 for

postsecondary work. Alan stated that this could be a problem in the future, as all the diploma mills will relocate to California, and a lot of those people receiving fake degrees will possibly move to Oregon.

Alan discussed the new tip sheet for ODA that Jenny Ryan created which is a streamlined, updated version of what ODA has on the their website. There are a couple of revisions to do but after those are done ODA will promote the tip sheet to make sure private employers know that this resource is out there. ODA will print out a few copies of this tip sheet and will be sending them out soon. This tip sheet gives employers a guide to fake degrees and diploma mills and also instructions on how to evaluate degrees and what to do if they come across a fake diploma or degree from a foreign country. Copies will also be available to the Commission in the near future.

Bart Howard asked Alan if there was any plan on Alan's part to do any training of different people in Oregon on this subject. Alan stated that he has done them in the past on request, but has not organized effort to contact groups like AOI or other business groups. Alan was sure that if he were to offer training, ODA would have a great response. In the future when the guide is complete Alan will contact any interested parties with training in mind. Alan asked if the Commission had any ideas on how to proceed in this matter. Bart stated they he was encouraged by Alan's response.

EXECUTIVE DIRECTOR'S REPORT

2009-11 Budget Update

Final Bill Tracking Report

Dennis Johnson discussed bill tracking. Most of the bills have passed both the House and Senate and have been signed. OSAC's budget bill was also signed last Thursday. The first bill on the handout is House Bill 3117B that requires community colleges seeking approval from the board of education to offer a new career pathways certificate of completion program to give notice to the Department of Community Colleges and Workforce Development of intent to offer a new program.

Alan Contreras stated that this bill exempts a small number of programs that are made up of courses that colleges already have authority to offer without going through the standard adverse impact process. Career Schools Association decided not to oppose and thought they could live with it. Alan has been asked by Department of Education and the career college people to help draft the actual regulations that will implement the bill.

Dennis Johnson introduced Senate Bills (SB) 113A and 114A and asked Alan Contreras to speak on those bills also. Alan reported that 113A is a bill that revises the jurisdiction of ODA to deal with some issues that the Department of Justice (DOJ) had. The bill says that any institution that has accreditation, which has been operating in Oregon for 5 years or more, and is a non-profit entity does not have to go through the ODA process every three years. Bill 114A was requested partly by DOJ due to a concern about a loophole in the way the statue was written. Somebody running a bogus college could claim that their graduates would be allowed the same disclaimer of accreditation as someone who got a legitimate degree in another state which did not have accreditation. That has now been fixed. Alan stated that SB 114A is effective now and SB 113A will go into effect January 1 and will we have rule making later this fall.

Dennis Johnson introduced SB 5544A and stated that this is OSAC's general appropriations bill and there is no material change from what we reported last month. It is basically what cleared the Ways and Means Committee, what we testified to in Salem, and has been signed. Dennis introduced OSAC's Fiscal Services Coordinator, Anna Houpt and asked if she or Susan Degen had anything to add. Anna and Susan both replied that they had nothing to add.

Dennis stated that SB 5545 refers to fees that are charged by OSAC and asked that Alan Contreras explain. Alan stated that in July of 2007 the Commission passed a small fee increase for ODA for our applicant schools, which

was in accordance with statue that was in effect at that time. That statute stated that OSAC could increase fees provided that the CPI had gone up and OSAC could base fee increases on that. Alan stated when you do that you then need to go back and have the legislative sign-off on it, which is what this bill did.

Dennis Johnson introduced House Bill (HB) 2073A which modifies conditions under which the Legislature may appropriate monies and where those monies come from. HB 3483 talks about the JobsPlus Program, a small program that deals with TANF recipients, and that a few more dollars will flow into that program.

Dennis Johnson introduced SB 701A that deals with the Nursing Services Program and asked Susan Degen to speak on this bill. Susan reported that the way bill was originally written inadvertently eliminated the Nursing Services Loan Repayment Program. The intent of that bill was to actually keep the Nursing Services Loan repayment Program and add the Nursing Services Faculty Loan Repayment Program for Nursing Faculty. After a couple of amendments the bill has been signed by the House and Senate but not yet by the Governor. Anna Houpt added the program was funded with $200K of General Funds from the Christmas Tree Bill. Dennis stated the new funding that should have been in the $400K to $500K range for the nursing services program is not there. The program morphed into the nursing faculty loan program and OSAC got $200K for the new part of the program. OSAC will be making new commitments as well as making payments on the commitments OSAC already has. There will be new rules to make and a lot of work and effort put into this. There is $200K more and it's on the books. Expect in future sessions this will be one of the channels to address statewide healthcare needs.

Dennis Johnson introduced HB 2108A. Alan Contreras stated he had been working with DOE and there was a gap between ODA's law and their law. He explained that this bill clarifies which types of schools are required to meet specified requirements, and that schools only have to meet the requirements of one agency at a time, even if those requirements differ. Some of the career schools were concerned about that but DOE and ODA figured out a way to fix it, and it has been fixed. Dennis announced that this would close the bill discussion.

2009-11 Budget & Staffing

Dennis Johnson reported that there were no surprises to OSAC in the budget; the changes that were made the Commission is already aware of. OSAC had a Policy Analyst 4 position that went away, previously held by Karen Crane and Claire Matese over last biennium. OSAC had another position, the ORCAN Coordinator, held by Tony McCown, which has also gone away. In ASPIRE we lost the AmeriCorps grant, The Ford Family Foundation grant ran out, and we knew we would be short on staffing. There are some funds that OSAC got permission to use for limited duration positions. OSAC still has work to do in renegotiating the lease. OSAC has fewer staff so the need for the extra office space is no longer there. OSAC will be doing that now that our budget is signed. The Commission already knows about ODA staffing changes. If there are any questions on any part of budget and staffing, please contact OSAC. Dennis stated OSAC feels very confident going forward.

Quarterly Financial Report and Preliminary End of Biennium Report

Anna Houpt presented a preliminary report that closed in June. Anna reported that she will be working on year-end closing for final statement purposes and OSAC has until December 31st to finalize the 2007-09 biennium appropriations. One of the big things OSAC will be finalizing is the Oregon Opportunity Grant (OOG); Susan Degan will be doing a reconciliation with the schools. Anna asked the Commission to look at the under/over budget column, the biggest jump in "dollars under" is OOG and other programs. In a budget work session, Monica Brown presented a recommendation that will make a change to beginning balance in 2009-11 for OOG. There are two sources, lottery funds and expired funds from the JobsPlus account. All these leftover funds from 2007-09 will be carried forward to 2009-11 biennium. The other programs have minor differences in operating expenses at very small percentages. Office operations revenue is a little under and Anna reported she is still tracking down what that means. OOG revenue is falling like a rock, and there are administrative restrictions on our Lottery Funds. That is why OSAC is in the red for OOG. ODA has large increases in revenue due to new programs coming in the door.

Oregon Opportunity Grant

Preliminary Final Report for 2008-09

Susan Degen let the Commission know that reason this report is preliminary is that she received the last numbers from schools yesterday afternoon for the 2008-09 academic year. A bit of adjustment will happen after the records are pulled into the system; once that is done OSAC will have final numbers by mid-August. The bottom line is that OOG spending is slightly above $68 million for the academic year. The table shows 38,806 recipients but the actual number is closer to 38,466 the reason for that is that there was a cutoff at end of November. If a student did not get a disbursement in fall of 2008 the student did not receive a grant at any point during the year. Fall number is the true number because colleges do a bit of duplicate counting. A student will transfer to another school mid-year and get counted at both schools. Susan informed the Commission if they had any question to contact her.

Dennis Johnson added everyone knows OOG has been in state of flux all year. In the 2008 academic year OSAC didn't have enough money in our appropriation. OSAC estimated 34,500 recipients for the 2008-09 academic year and we actually assisted 4,000 or so more than that. OSAC got another $4 million, and then everything changed. OSAC lost Lottery Funds, Federal Funds, and General Funds when every program was cut across the board. It was a year of tremendous change. The program initially intended to serve 34,500 with $72 million and actually served 38,500 with $68 million with reductions for spring quarter/2nd semester. We stopped awarding after November 30th so we could come in at $68 million. We learned a lot and appreciate decisions Commissioners made at the last meeting. This program is now expected to decline for each of next two years.

Report on Estimated Commitments for 2009-10 to Date

Susan Degen reported the percentages of the pick-up rate; she stated any projection could be a little deceptive because it is a combination of actual number of students who use the grant, including students who are enrolled throughout the year for one or two terms. Multiply these together for this number. Looking at applications as of yesterday, July 23rd, from January 1, 2009, OSAC may have a demand for about $54.6 million. That was yesterday's report; today's report adds another $200K. OSAC is at $54.8 million right now and adding $200K of funds for OOG per day. By the time we get to our cutoff date of August 15, OSAC will be over or very close to being over budget for the coming academic year.

Dennis added that this is in flux and based on information as of today, OSAC will have spent all monies available by cutoff date. Once we get fall semester and fall quarter reports from schools, any leftover funds can be used for late awards, mostly in the community college sector. Next report shows that 21,000 new students in July last year and this year 32,800 in July. There were 59,000 returning students a couple years ago. We now have 79,000 returning students and these are viable candidates OSAC thinks will pick up the grant. Dennis stated that this is a moving target, seeing no decline in growth. Dennis stated that there was a pressing need for a program to help needy students year round. People lose their jobs year round and enroll any time in a community college. The community college sector demand is now half of our students. Brett Rowlett asked Dennis what the projected date was for using up all the OOG funds. Dennis replied August 15th and stated that there is a possibility of late awards in late October and early November if funds remain.

FAFSA Filing Report

Susan Degen reported that FAFSA filings as of the end of last Friday were at 112,000, today they are at about 113,000. If this keeps up at this rate OSAC will have about 145,000 viable applications by the end of the year.

Dennis Johnson stated that FAFSA takes a snapshot of what a family had in 2008 to predict what is still available for 2009-10. Professional Judgments (PJ's) come about because things change like loss of a job, a death in the family, or parents getting a divorce. These things happen and change the financial picture. In the past we would see 100 or so PJ's each year and we had about 400 or so last year. This year Jenny Ryan reported having done 250 or more, she continues to receive a flood of them every day. Dennis added that there could be a safety net for those

students who do file by mid-August. OSAC will continue help those students throughout the year. The first students that OSAC will award are the students with the most financial need.

OTHER BUSINESS AND ADJOURNMENT

Customer Service Surveys

Dennis Johnson stated that this was the time of year when we survey everyone on how OSAC is doing, OSAC will also be surveying Commissioners and reporting to the Oregon Progress Board on how OSAC is doing in terms of meeting benchmarks.

Jenny Ryan talked about what the commissioners would be looking at when they go to the benchmark website (www.oregonbenchmark.org) to do the survey. Jenny stated that Commissioners would be looking at questions 24, 25, and 26 which deal with high school completion, college completion, and post-secondary credentials. Commissioners will see check marks to rate OSAC in different areas, like key performance measures and how we compare with stand alone agencies. OSAC will also be surveying students, scholarship recipients, and financial aid directors on Survey Monkey to give Commissioners more guidance on how to assess OSAC.

Performance Appraisal Surveys

Dennis Johnson informed the Commission that there were also performance appraisal surveys that need to be done for Alan Contreras, Director of ODA and himself the Executive Director. Vice Chair Bridget Burns designated Executive Assistant, Beverly Boyd to start that process send out surveys to businesses and people OSAC works closely with to take a snapshot of how Dennis and Alan are doing, Beverly was also instructed to confidentially gather all the surveys and send them to Vice Chair Burns.

Appoint Audit Committee

Dennis Johnson reported that OSAC has been working with contracted firm Moss-Adams, and we are way ahead of most other small agencies. OSAC has worked on disaster recovery planning, risk assessment, an IT audit, along with a number of other things. Commissioners may appoint an audit committee from the Commission to work with Dennis and Colin Wallace of Moss-Adams over the next to years. Vice Chair Burns asked who would be on this committee. Commissioner Bart Howard stated he would like to be involved on the committee and asked if someone else would volunteer. He would like to see the sub-committee in place but doesn't think the whole Commission needs to serve on the committee. Vice Chair Burns stated she didn't have the time to serve on the committee. Dennis suggested that the committee could hold meetings in Salem if that would help. Commissioner Glenda Melton stated she would be glad to help as it would be a good learning device for her.

Training Schedule

Dennis Johnson suggested that with a busy Commission schedule, regular meetings may be too busy to use for new Commissioner training. New Commissioner training binders will be ready in September. Dennis suggested having a September meeting with a training session to follow. Dennis asked the Commission how much information they wanted to see, and what they would like to see us do. Commissioner Bart Howard stated he would like to Tim be involved in the training, maybe an financial aid person come and talk about need analysis and how that works; if that is not already on the training schedule he would like to see it added. Commissioner Cap Sharples stated he echoes Commissioner Howard's wishes. Dennis replied that he already had some people in mind, some experts who would be very helpful. We need a two-year and a four-year representative in the training to get a couple of different perspectives and then maybe someone from each of the three sectors.

Dennis asked Commissioners if they would like to see the training on a separate date or would they like to have an expanded meeting in September with a working lunch and training in the afternoon. He is skeptical about a separate date to get everyone down for the training. Commissioner Glenda Melton suggested having the training on same date as the Commission meeting in September. Commissioner Bart Howard agreed to have the training after the

September Commission meeting. Commissioner Cap Sharples also agreed to the meeting date. Dennis replied that he would schedule the training for after the September Commission meeting.

Meetings August 2009 through February 2010

Dennis Johnson stated that the August meeting was usually hiatus and don't anticipate the need for an August meeting. The September meeting would be focused on training and the Commission could continue some September agenda items into October meeting. The October meeting would consist of rule hearings for ODA and Nursing Services Faculty Loan Repayment program. The November meeting, we would move up a week and have the meeting on the third Friday instead of the fourth Friday to avoid conflict with the Thanksgiving Holiday. There would be another hiatus month in December. Legislators will be holding a special session in February 2010 and in January we will know how short we are for OOG and may have special request for the legislative special session. Dennis suggested having the February meeting in Salem. This is our staff proposal for the next several months.

Commissioner Bart Howard stated he would prefer to get Chair Lemos in the loop as much as possible. Commissioner Cap Sharples stated that he may have conflicts for the September and October meetings, but the needs analysis training is important to him. Vice Chair Burns stated that all the dates worked for her. Commissioner Howard replied that he would be able to attend all the meetings. Commissioner Glenda Melton reported that she could make the September meeting and training but would possibly be out of the country in October. Dennis stated he would make sure Chair Lemos agrees with the proposed schedule.

Dennis asked the Commission if they were okay with the proposal and suggested they formally approve the proposed meeting schedule. Vice Chair Burns entertained a motion to approve the proposed meeting schedule. Commissioner Sharples moved to approve the schedule, seconded by Commissioner Melton. All voted to approve the proposed schedule.

There being no other business, Commissioner Burns entertained a motion to adjourn the meeting, moved by Commissioner Howard and seconded by Commissioner Melton. All voted to adjourn the meeting at 11:15 a.m.

Respectfully submitted,

Dennis R. Johnson

Dennis R. Johnson, Executive Director

Bridget Burns, Vice Chair

Cap Sharples

Cap Sharples, Commissioner

Bart Howard

Bart Howard, Commissioner

Glenda Melton

Glenda Melton, Commissioner

– Brian Lemos