MEETING #387
OREGON STUDENT ASSISTANCE COMMISSION
Friday, September 25, 2009

Columbia Room

COMMISSIONERS
Brian Lemos, Chair
Philip Shilts
Cap Sharples
Bart Howard
Glenda Melton
Bridget Burns, Vice Chair (by phone)

STAFF
Dennis Johnson, Executive Director
Beverly Boyd, Executive Assistant
Alan Contreras, ODA Administrator
Vicki Merkel, Scholarship and Access Program Director
Susan Degen, Opportunity Grant Administrator
Jenny Ryan, Opportunity Grant Policy Analyst

GUESTS
Brett Rowlett, Lane Community College
Alethia Miller, New Student Commissioner 10/1/09
Jim Gilmore, University of Oregon
Margie Lowe, Governor's Office
Tamara Henderson, Oregon Student Association
Bert Logan, Lane Community College

CALL TO ORDER

Commission Chair Brian Lemos called the meeting to order at 10:05 a.m. Having a quorum, the meeting proceeded.

APPROVAL OF MINUTES

Commissioner Bart Howard made a motion to approve the minutes for Meeting #386, July 24, 2009. Commissioner Philip Shilts seconded the motion, and by unanimous vote, the minutes for Meeting #386 were approved.

COMMISSION CHAIR'S REPORT

Chair Lemos thanked the OSAC staff and said how much he appreciated and enjoyed the 50th Anniversary Celebration on September 20.

ODA ADMINISTRATOR'S REPORT

Alan Contreras gave a brief report on ODA activity. He stated that ODA was in the process of scanning more than 40 years worth of paper files into electronic PDF documents. He said that it will make the review process more efficient.

Mr. Contreras said he would be going to Washington, DC in October to participate in a panel and will meet with officials to create a better reciprocity agreement between states. That would be the first full-scale national meeting on the topic. Discussion ensued and Alan said he would provide a report to the Commission in November.

EXECUTIVE DIRECTOR'S REPORT

Anniversary Celebration

Dennis Johnson gave a recap of the 50th Anniversary Celebration. The feedback received was all positive. The stories that were shared showed what encouragement and strategic investment in students can do.

Mr. Johnson introduced Alethia Miller, OSAC's new Student Commissioner as of October 1, 2009.

ASPIRE Update

Vicki Merkel, the Scholarship and Access Program Director, gave an update on the changes to the staffing plan and searches for ASPIRE.

Ms. Merkel went over the handout that explained the basics of ASPIRE. There would be ASPIRE training for the Commissioners at a later meeting.

She acknowledged the level funding for the ASPIRE program for 09-11 and considered that a huge success for the program, it showed there was confidence in the program to maintain level funding even during times of economic distress.

Lori Ellis gave a review of the e-ASPIRE program which would help students who live in areas where there may not be many ASPIRE volunteers. That program would match those students with an e-Mentor. The Getting Ready to ASPIRE Program would get the ASPIRE program into the middle schools, getting the curriculum out to students earlier.

Ms. Ellis gave an update on the sites that would be participating again in the ASPIRE program. There had been confirmation from 101 of the 115 sites that would be participating again, and seven had said they would no longer participate.

Chair Lemos asked Ms. Ellis to get feedback from the seven sites who would not be participating. He suggested tracking the changes for the next couple of years to see what common themes there were for not returning. He also asked about tracking the number of students who had participated in the ASPIRE program and had gone on to college and completed a college degree/program. He thought that would be a way to show the success of the program.

Ms. Merkel gave an update on the Scholarship program; she reviewed the newly updated Opportunities booklet and e-App.

She stated that donors now had the ability to donate to their funds online with a credit card. They would receive an invoice and could go online to process the donation. She also noted that the Oregon Spirit Scholarship was announced at the 50th Anniversary Celebration. This scholarship would allow anyone who wanted to donate a small amount to be able to do so.

Mr. Johnson discussed ASPIRE funding. They no longer had AmeriCorp funding and The Ford Family Foundation grant had ended. Now they were trying to do the same program with less funding. To do everything the ASPIRE program does for $3000 a campus is extraordinary. This funding covers the cost of hiring a person who is charged with becoming trained as a coordinator and then they recruit and supervise the volunteers and mentors. Some sites have as many as 100 mentors and they are getting that for $3000. They have made it work for $3000 instead of $3500 but the program will suffer if the funding continues to be cut.

Commissioner Lemos said he would like to see a plan of action of what was going to be the model for sustainability when the $75K that the ASPIRE Program got from the Texas grant. They need to recognize what their proactive piece is.

Report on Key Performance Measures

Mr. Johnson asked Jenny Ryan to provide guidance through the key performance measures directly related to the Commission. He noted that every commission and board was required to basically look in the mirror every year to evaluate how it was doing.

Ms. Ryan stated that the information they had and the reporting period was for July 1, 2008 through June 30, 2009. She noted the report was due by September 30, 2009. She discussed the 15 Key Performance Measures (KPM) that they report on. The Legislature would be deleting five measures (1, 4, 6, 7, and 13) and adding a couple new measures for next year.

Mr. Johnson noted that although OSAC had a big dollar volume, it was a small agency with a lot of KPMs. Those measures required a lot of data which in turn required a lot staff time. The entire Oregon University System (OUS) as a whole only had about 18 KPMs.

Ms. Ryan said there were two KPMs relating to Scholarship, five for ODA and the remaining measures were for OOG. A lot of the information for the measures was from internal sources at OSAC but they also did data file matches with OUS, the community college system and the National Student Clearinghouse. Surveys were another way they gathered information from grant recipients, Scholarship eApp applicants, financial aid officers, scholarship donors, and ASPIRE coordinators. All of this information is compiled for the report.

She stated that what she needed from the Commissioners was on number 14 around Best Practices by the Board of Commissioners. She provided the Commissioners with the Boards and Commissions Best Practices Performance Measure Assessment Scorecard. This would give OSAC the feedback they needed for that measure. She asked the Commissioners to complete the Scorecard and take action on it that day.

Chair Lemos asked for a motion to recess to complete the Scorecard. Commissioner Philip Shilts moved for a 15 minute recess to complete the scorecard. Commissioner Sharples seconded the motion.

Chair Lemos adjourned the meeting at 11:20 a.m. and would reconvene at 11:35 a.m.

Chair Lemos called the meeting to order at 11:35 a.m.

The Commissioners briefly discussed the Scorecard and then Ms. Ryan collected them.

Oregon Opportunity Grant Issues

Mr. Johnson discussed the Commissioner binders that were provided and discussed the options for keeping them updated with current information.

He noted that the Commissioner portal website would be updated soon and that they would be sending out a new password for Commissioner access.

Susan Degen, Oregon Opportunity Grant Administrator, provided training on the FAFSA process and formulas, and the Opportunity Grant calculations.

Ms. Degen stated that for the last biennium the budget was $106M and that the current biennium was $97M, noting that there was less funding to spend. She stated that it was counterintuitive to be spending more money in the first year of the biennium rather than the second year. In past history, that number would be split over the biennium by approximately 45 percent and 55 percent. Due to some of the components of the calculations for the grant, the amounts would be approximately $56M in year one and $41M in year two for the current biennium. That was primarily due to tax credits.

Mr. Johnson stated that primarily with outside assistance coming in for students, it was important to recognize that in the last biennium they had mid-year reductions of $80 for fulltime awards and $40 for halftime awards. OSAC also lost some Federal funding and some Lottery funding. Everything went down, along with the rest of the economy, OSAC ran into great difficulty at that time last year.

Ms. Degen continued with additional detail on 2009-10. The available funds were down $9M overall but the FAFSA filings were up around 28 percent through the end of August. There were nearly 5K more FAFSA's filed through September 15 than in all of 2008-09, the current number was nearly 7K more as of September 25, 2009, and the 2008-09 numbers were off the charts. She stated that they were in unknown territory in terms of the number of people filing for financial aid.

Mr. Johnson noted that in an article in the September 25 online edition of the Chronicle of Higher Education, they surveyed colleges and universities around the country and almost 90 percent of colleges overall reported an increase in financial aid applications. The percentage for public institutions which included community colleges and public universities was 99 percent. For private institutions, 85 percent reported major increases. Those percentages showed that the increase was universal and affecting the entire range of higher education.

Ms. Degen reviewed the basic formulas for calculating Opportunity Grant eligibility and award amounts. The student share that was being used for the 2009-10 school year was $5400 for community colleges, $8400 for 4-year public and private institutions. The $5400 was the base amount based upon Oregon minimum wage times a job at 15 hours a week for 48 weeks, 98 percent of that number was taken to allow for deductions. That number would not change for 2010-11 since the Oregon minimum was not changing. The Oregon minimum wage was adjusted according to the consumer price index; however the consumer price index went down during the past year. The family share was the expected family contribution. The federal share was a combination of Pell grants and tax credits. Currently tax credits for the next two years were under the American Opportunity Credit which came out of the American Recovery and Reinvestment Act. For 2009 and 2010 tax years, the Hope and Lifetime Learning tax credits had been replaced by the American Opportunity tax credit. This tax credit had a $2500 limit; Hope was only up to $1800 last year. It also had an interesting component that students who had earnings that were below the income level where you are required to file taxes, they would be able to file for a refund of up to $1000 of their tuition and fees that were paid. That meant there would be a tax credit calculation of up to $2500 for some students who were very low income, having earnings below $5000 to $6000 per year. That refund would kick in as well. That was probably part of what would be driving a different funding process or different calculation when they get into 2010-11.

Mr. Johnson noted that it was important to realize that these were not ordinary times. None of them expected to be in this situation two years ago, with a brand new program that had so much demand that the numbers were off the charts, literally and figuratively. There were thousands of more potential recipients than was ever expected. Many of them were showing up on campuses. It was worth noting that it was not a universal thing, the universal situation was more applicants for aid but not necessarily translating into enrollments.

He noted that when the figures for enrollment came out that fall, the numbers for University of Oregon may look level, which was intentional, it wouldn't mean there was not a flood of applicants, it would mean that there were no more slots available for students. For most other schools it would be a huge increase.

Bert Logan of Lane Community College stated that the enrollment at Lane was up around 50 percent. They had never seen these kinds of numbers since Lane opened its doors. They were at a point where they came close to closing admissions but thought they would be failing in their commitment to students. The students who were applying for admissions were not finding the classes they were looking for at that late date.

Mr. Johnson noted that there had been schools that had closed admissions, Central Oregon Community College being one of them. That was unheard of for an open door community college to have to close its enrollment.

Commissioner Cap Sharples stated that there were hundreds of students on waitlists who had no schedules.

Brett Rowlett of Lane Community College stated that they had 7500 students on the waitlist at that time.

Mr. Johnson stated that what worried them from a policy standpoint was that you couldn't translate that demand automatically into increased enrollment because of the factors just discussed. If they shut off enrollment then that was an artificial kind of measure of what the demand really was. If students couldn't get the classes they needed, then they couldn't get the aid they needed. Institutions had a set capacity; they could handle only so many students in so many sections.

He went over a handout that gave an overview of FAFSA filers. Last year a late FAFSA filer was after November 30, this year was after August 15.

Ms. Degen explained the data. Through the end of the 2008-09 academic year there were 8400 students who filed their first FAFSA of the school year after the November 30 deadline. There were now close to 5200 students who had filed their first FAFSA after the 2009-10 deadline of August 15. They could expect to see this year's numbers much larger than last year's numbers. The dollar amount that represented what would be involved if the late filer had enrolled fulltime for the full year was $19.5M for 2008-09 and $14.42M for the current year, that number is still growing.

Mr. Johnson continued discussing the FAFSA handout. He noted that the OOG eligible shows 74,000 for last year and to-date shows 78,800. It was unknown if that mid-August deadline was soon enough. They would be measuring that all through the fall. Part of it depends on how much additional capacity schools like Lane could add, how many of those students could be accommodated and stay through fall quarter. What had been found on the electronic funds transfer (EFT) side was disturbing to say the least. They took last year's pick-up rates and applied them to this year's numbers. They looked at how many students on an individual campus used the award last year if they were eligible, this year they got more applicants so the number was increased but it was still not enough.

Ms. Degen said she had heard from three community college financial aid directors who had said they thought they would need somewhere between double and triple what she had originally estimated for fall for them. She had not heard from Lane, PCC and Chemeketa, noting that if they all say the same thing, there would be a run on the bank essentially.

Mr. Johnson stated that in that context it was good for everyone to be thinking about whether they had successfully achieved the goal desired with the August 15 deadline, or if they would need to have mid-year reductions. Part of that would depend on the economic climate in the state when the Legislative Special Session began in February. It also depends on what happens with the anti-tax initiatives, the referendum that could come up in the interim, how the vote comes out, whether they have another $733M hole in the biennial budget based on tax increases that could evaporate. They need to prepare for what they expect the situation to look like in January. OSAC would be preparing a Legislative request for additional funds.

He went on to discuss the handout regarding dependency status.

Ms. Degen said that up until last year, just by the nature of the way the program functions, the awards were limited. The income limits were around $32,000 for a household of four for a dependent student. For several years, they saw very consistent household average incomes for grant recipients for dependent students of around the mid to high $19,000, independent students around $9,000. The independent household size had been around 2.7 and 3.9 for dependent students. The average recipient income went up in both categories last year. The program did what it was supposed to do by reaching a little closer into middle income families. There were recipients in higher income ranges who actually received the grant last year. However, that would probably change in 2009-10 because of the way the formula works. What they were seeing was that last year they had students in the high $60K that received grants, this year the low $40K at best. She noted that you didn't see anyone eligible for an award in the $50-60K income range, no matter what the household size. The income limits

were pretty static for 2005-06, 2006-07 and 2007-08, and then they really jumped up for 2008-09 but dropped back down again for 2009-10.

Mr. Johnson discussed the roll-up effect of all of those trends, more applications, more demands for funds, and trends at the federal level. They had hardly talked about auto zero, about a way of calculating the financial need for independent students that just made a lot more of them eligible for a lot more funds. There were a lot more people in that very low income range. That was where a lot of the funds were going. You saw many more students at the community college sector than before. It was irrefutable, looking at the mean averages, that the total dollars disbursed, number of recipients, and average disbursed per recipient, was going to go down for the next two years, barring good economic news. That was a sobering, cold water in the face assessment of where they were right then. They couldn't do anything but report that data to the Legislature the following week. The Legislature had told them that they faced very difficult choices last June before adjournment, trying to figure out how to spread limited dollars around with all of the demands on state government. There were macro demands, of which education was a part, weighed against social/human services which was weighed against corrections. OSAC was giving what they got and they now had to report what they were doing with it for that biennium.

He stated that they needed to be thinking about what they could do between then and January. They would build the strongest possible case. They had the data available and if there were funds, they would show why OSAC should have more of those funds for the current year. They had the pent up demand and could change student behavior if there were millions of dollars more available. That was not going to happen between now and February.

Mr. Johnson asked Margie Lowe of the Governor's Office if putting the amounts in $5M increments, showing how many more students they could serve with that, if that still seemed to be the logical thing to her, or he said it could be done in $2M increments.

Ms. Lowe stated that it didn't work to give the Legislature too many choices. Five million dollars might not be the perfect breaking point; they needed to look at all of the choices that were roughly in that dimension. It was all contingent on what might happen with the tax situation in January and the revenue forecast. At that point there were a lot of question marks. The Governor had been very clear in his communication to Legislators that this was a high priority and if resources were available, this would be one of very few items the Governor asked for supplemental funding for in the Special Session.

Mr. Johnson said that no one knew better than Ms. Lowe what data they had and were able to come up with, they were limited but could come up with a lot of data. He asked her what she thought the best way would be to prepare this between then and January.

Ms. Lowe stated that she thought OSAC needed to come up with sound bites. They needed to have the force of argument that would be take away messages of those numbers that the Legislators could share with their colleagues. It had to be packaged in such a way that OSA could also translate it into terms that their students could really operationalize that, that they could reach out and connect with Legislators all the time. They were some of our strongest voices; they put real faces behind those numbers. Another challenge OSAC has and she hopes they could get the Steering Committee to think about was because financial aid information was disseminated too early, the patterns had been over the last few years was that they had to jump out early with more conservative numbers. What they hoped was a floor then became a ceiling; they didn't get anything beyond what that initial amount was that a Legislature commits to allowing them to communicate with students and families starting in February, five months before they make final appropriations. That was the disadvantage of the Opportunity Grant program. They needed to think of a way that they could get people to be willing to stretch a little. She thought the recommendations that the Steering Committee would be considering over the next couple of months, that would come back to the Commission and that would definitely go to the Governor and the Legislature, they needed to make sure that they were making recommendations that were not just looking at how to finish out this academic year but to get through the rest of the biennium. She thought the herky jerky thing was

really hard on financial aid offices, on families, and on students, to know what they can expect, with everything else in their lives being so up in the air, the added uncertainty was the last thing they could cope with.

Mr. Johnson thanked Ms. Lowe for the good advice. He asked Bert Logan of LCC and Jim Gilmore of the University of Oregon, what they thought needed to be taken into account, what needed to be changed/fixed, other than more money, they all knew they needed that.

Mr. Gilmore stated that he thought that some of the inequities that were discussed should be addressed because what was being said was that the same student at two different schools, where one school costs less than then other school, and they get two different amounts of money ??? the more expensive school. On the surface doesn't make any sense.

Commissioner Bart Howard asked Mr. Gilmore about looking at the money available that year and the following year of the biennium where it dropped off so dramatically, $400 per student.

Mr. Gilmore stated that he was very surprised by that, he had just seen that earlier that day.

Commissioner Howard said it brought up the question if you had funds that you could try to do something with, do you pile in to get as many more students into the system this year at that rate or do you hold back and try to level it out going into the next year.

Mr. Gilmore said that he thought it was better to level it out, students don't look at individual aid, they look at the total amount of the grant package and if it drops like that it could impact the students and it could impact the schools ability to pay. In Oregon they had the Pathway Program where they were promising that tuition and fees would be covered for the neediest students. If the awards dropped by $400 a student, that was $400 that they needed to come up with for each of those students. It not only impacted the institution but was very difficult for the student. The student gets used to a certain grant level and for that grant level to drop, could cause the student to feel they were betrayed.

Ms. Lowe stated that it was very important for Mr. Gilmore to understand that the drop occurred because the Pell Grant increased along with the tax credit, that was an offset that the premise of the Shared Responsibility Model was for.

Mr. Gilmore stated that the Pell does go up a comparable amount, he did not see that particularly as a problem. Students don't really see tax credits as an aid-type item; if it's not in their hands then it is useless.

Mr. Logan said that from the community college perspective, how Ms. Lowe stated the herky jerky nature of it was very difficult because one of the things that was most difficult for a student was to place something and then have to adjust it, which was what happened last year. Especially for community colleges that don't have the means to make that kind of money. He agreed with Mr. Logan that a level spending or even under-spending would be a better position for their students to be in because it would be money they could count on. He was sure that their students appreciated the Opportunity Grant but as far as the OOG fluctuation went, he was not sure the student recognized it; he agreed with Mr. Gilmore that it was the total package. Everybody was looking for more grants. When it was the old need grant program, $1100 a year was good. It's just that they were in the same position that there wasn't enough money with the cutoff dates to do the full year. If there were some way to get back to the full year with flat funding, he thought that would be a good thing for community college students because they had a history of late applicants. They were a first responder to the economy so however things continue to fail, the numbers would go up in turn and they would have that specific amount earmarked for full year students, which would be advantageous to that population. The administration of it was kind of funky, so just the means by where you come up with a dollar amount, a figure for each student who qualifies for less than the maximum was very burdensome for campuses. It resulted in a number of transactions that would not have to be done if the Commission could set up a cell system like Pell Grant where it didn't change by a small fluctuation in EFC that somehow changes the formula by sometimes a significant or insignificant amount. He did want to

give a plug for what was working which were the web systems that OSAC had developed. The web-based options given schools had really helped and were working very well. He commended OSAC for putting those into place.

Commissioner Howard asked if OSAC had created a system that was super sensitive and shouldn't be so sensitive from the standpoint of administration from the state and for the financial aid offices on each of the campuses.

Mr. Gilmore understood why OSAC got away from the flat amount, for everyone in student services. He agreed with Mr. Logan that similar to Pell Grant, it could eliminate a lot of the minor changes. He also agreed that the web-based delivery system had been very helpful.

Mr. Johnson stated that they were looking at a number of unintended consequences. When the consultants came up with that model, they hadn't anticipated the economic crisis they had just gone through, no one had. So a lot of what they were seeing, the changes, were due to economic reality, people losing jobs, families falling apart, dislocation, relocation, all kinds of hardships. The Professional Judgments they looked at were heartbreaking. Nobody thought that this dynamic system that was so sensitive to any change in a student situation would cause this massive amount of work that would ripple through to the aid offices. Similarly, no other state system in the country used tax credits to determine eligibility. The consultant recommended it, said it was public policy, that it was good policy, and that tax credits should be used. It worked for the first year, but in an economic crisis, with tax credits going up and people unsure how to take advantage of the tax credits, it became even more difficult. Students didn't get a tax credit to pay their tuition in the fall, those came the following spring. It's good if you want a system that calls on the state to spend less money each year, but it was not so good for the student and their families. It was very hard to explain and hard to implement. It may not be the best policy but it was in statute and OSAC would execute it to the best of their ability.

Future Trainings

Mr. Johnson discussed with the Commissioners what they would prefer for future trainings.

Commissioner Howard would like to talk about communications in reference to ways that the Commissioners can be helpful. The flare goes up when they need to run to Salem and determine what needs to be said. He stated Mr. Johnson had been good about briefing them on that. He would like to engage more during these hard times. Have them walk away with marching orders, how they could help out, where they should all be concentrating their efforts.

Commissioner Lemos said another training he would like to see would be on Board operations, especially since they have new Commissioners, to make sure everyone knows what is expected of new Commissioners.

Commissioner Philip Shilts would like to see additional discussions on the future of ASPIRE. He understood they could run the program but was interested in knowing what cost it was having on the actual affect of the grant. He would like to see a future plan for getting the program steadier for the long term rather than just figuring it out during the session.

Commissioner Sharples thought it would be very helpful for new Commissioners to sit in on a Steering Committee meeting, to see the people who are on the Committee and what sectors they are from, who the people are that are giving the Commission guidance, watching how decisions are made, and what kinds of discussions there were. He thought that would be as valuable as anything they can do.

Mr. Johnson said the next two Steering Committees will be held in Salem, in October and November.

OTHER BUSINESS AND ADJOURNMENT

There being no other business, Chair Lemos made a motion to adjourn the meeting, moved by Commissioner Howard and seconded by Commissioner Shilts. The meeting was adjourned at 2:00 p.m.

Respectfully submitted,

Approved January 22, 2010

Dennis R. Johnson, Executive Director

Brian Lemos, Chair

Bridget Burns, Vice Chair

Cap Sharples, Commissioner

Bart Howard, Commissioner

Philip Shilts, Commissioner

Glenda Melton, Commissioner