MEETING #388
OREGON STUDENT ASSISTANCE COMMISSION
Friday, October 23, 2009

Columbia Room

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

STAFF
Dennis Johnson, Executive Director
Beverly Boyd, Executive Assistant
Alan Contreras, ODA Administrator
Susan Degen, Opportunity Grant Administrator
Carrie Matsushita, Marketing & Development Specialist
Sue Strauslin, IT Systems Analyst
Aaron Meyers, IT Systems Administrator
Rachel Cummings, Scholarship Portfolio Coordinator

GUESTS
Margie Lowe, Governor's Office
Jack Dempsey, Oregon Nursing Association
Colin Wallace, Moss-Adams
Christy Clasey, Moss-Adams

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

Approval of minutes was tabled.

COMMISSION CHAIR'S REPORT

Chair Lemos gave everyone a heads up that there were some changes or scenarios coming up in relation to the Opportunity Grant. He and Dennis Johnson, Executive Director, said there would be several meetings over the next month with the different sectors to build a consensus regarding any needed cuts.

Mr. Johnson stated that in addition to any cuts to the Opportunity Grant there could be cuts across the board to operations as well. They would be proposing cuts, and needed to present five and ten percent level cuts. He stated that when they had a budget like OSAC's, the lion's share of that amount statistically had to come out of the Opportunity Grant, but that there would be other cuts put forward as well.

There was discussion regarding performance evaluations of the Executive Director and ODA Director. Chair Lemos said the Commissioners would be working on this and felt it was very important that they give their due process and feedback that the directors were looking for to make the organization run smoothly and proficiently. He stated it was confusing when they didn't have feedback for their leadership.

The Commissioners wanted input from Mr. Johnson and Alan Contreras, ODA Director, and asked that a sample survey be prepared and brought to the November meeting. They would work with Beverly Boyd on this. The position descriptions needed to be used for this as this is what they were evaluated on.

Both Mr. Johnson and Mr. Contreras stated that their position descriptions needed to be updated.

Mr. Contreras stated that a survey did not have to be used; the survey had been developed years ago by the Commission. The evaluations of the Executive Director and the ODA Director were very different since Mr. Contreras does not have an internal constituent. He noted that ODA has a very precise customer base.

Commissioner Bridget Burns stated that the previous evaluation of Mr. Contreras' performance with the schools was actually an evaluation of ODA's performance, two thirds of which was Carolyn Sinclair's reviews. She suggested coming up with an evaluation that focused more on Mr. Contreras' functions, roles, and leadership.

The Commissioners would be considering how to separate the director from the agency,

Mr. Contreras suggested having the contracted reviewers included in the survey since they were not employees, but worked with him on a regular basis. There were aspects of what he does that didn't have to do with program reviews, questions could be targeted.

Mr. Contreras discussed his retirement plans for the end of Summer 2011. He will be eligible to retire in early 2011, but that is in the middle of session.

Chair Lemos stated that there would still be two reviews in timeframe before Mr. Contreras retires. He would like to do some planning to get some effective feedback for Mr. Contreras. The Commissioners could discuss this. He noted that the pressing one right now was for the Executive Director.

Vice Chair Bridget Burns stated that she did not realize that the Executive Directors review had not been done last year.

Commissioner Cap Sharples would like to have input from Mr. Contreras on evaluating a future ODA person because he has a perspective that no one else would have.

Mr. Contreras stated that he would submit a list next month with suggestions of who might be added to complete the survey and a list of what tasks the ODA Administrator does on a daily basis.

Commissioner Burns stated that the survey in the past had not been helpful to her. She believed that hearing that everything was good was not always helpful to an employee. It appeared that all the results they had gotten had been "satisfactory" and "everything is fine".

Mr. Johnson and Mr. Contreras will update their job descriptions and submit to the Commission. Information will be given to Beverly Boyd who will compile the information.

ODA ADMINISTRATOR'S REPORT

Mr. Contreras gave a brief overview of ODA activity. He noted that the system of using contracted reviewers is producing a reduction in turn around time. Beverly Boyd is working with him to help maintain the ODA database. He said things are going well. Carolyn Sinclair was doing some work for ODA reviewing and cleaning up old files. They are in the process of scanning old files into PDF documents to improve accessibility.

Mr. Contreras gave an update on the Reciprocity Meeting that he attended. He said there was discussion between the schools, states, and accreditors regarding ways to have better reciprocity among the states. This would reduce having to duplicate work. It would then be easier for an accredited school, once it had been through an approval process in one state, to get approved to operate in another state. They do not want the providers to be hung up in bureaucracy for years, waiting to find out when they can begin their program. He was asked to survey the other states to see who was interested in joining a model code-based reciprocity system. He noted that when surveyed three years ago, there were about nine positive responses. There are now 22 positive responses. Reputable,

accredited colleges will not have to go through numerous reviews that are almost identical to operate in multiple states or have distance programs. The next meeting to work on this will be in late April in St. Paul.

The New Employers' Guide to College Degrees sample was available at this meeting. Alan has sent an inquiry out to approximately 15 Chamber of Commerce offices in Oregon calling their attention to the existence of this item. Mr. Contreras is available to speak to their members regarding issues of post-secondary quality and how to determine if degrees are genuine or not.

ODA is working with the DAS Procurement Office on the process for hiring reviewers. They have a preliminary sign-off from DAS. A list will be developed of reviewers who have already met the State's requirements.

ADMINISTRATIVE RULE HEARING

OAR 583-30
Action was requested on OAR 583-30 Amend series to bring rules into compliance with 2009 Oregon Laws Chapter 172 (SB 114).

Mr. Contreras explained the changes and noted that no comments had been submitted.

Commissioner Philip Shilts made a motion to adopt the amendment and Commissioner Sharples seconded the motion. A vote was taken and the amendment to OAR 583-30 was adopted by unanimous vote.

OAR 575-80
Action was requested to adopt new series OAR 575-80 Nursing Faculty Loan Repayment.

Vicki Merkel, Scholarship and Access Program Director, discussed the new series and noted that it was passed by the Oregon Legislature as Senate Bill 701.

Commissioner Philip Shilts made a motion to adopt the new series and Commissioner Sharples seconded the motion. A vote was taken and the new series OAR 575-080 was adopted by unanimous vote.

EXECUTIVE DIRECTOR'S REPORT

Internal Audit Report

Mr. Johnson gave an overview of the internal audit function. He introduced Colin Wallace who would talk about the internal audit plan for this biennium.

Mr. Wallace introduced Christy Clasey and briefly discussed Moss Adams and their role in the organization. He stated that they are hired by management to come in and analyze or assess the risk at an organization, how they can improve the operational efficiency; if they have any control weaknesses over their financial reporting, or over their programs. They are an independent, go-to source to dig up any risks that are hiding within an agency and to help management address those risks. He stated that they are not the external accounting firm that comes in and digs into the financial statements in detail which is done by the Secretary of State's Audit Division for OSAC.

Mr. Johnson stated that the Commissioners had determined that the Commission as a whole would serve as the audit committee. Mr. Wallace reports to the commission, not directly to Mr. Johnson.

Mr. Wallace stated that many of the reports are looked at by Mr. Johnson first to make sure the facts are straight. They want to make sure that they are giving the Commission a quality product. He noted that if an audit is directed toward Mr. Johnson or his responsibilities, then the report would go directly to the Commission. The auditors are scheduled to come in quarterly.

Mr. Wallace gave an overview of the reports that were distributed and the process of how the audits are conducted.

Mr. Johnson asked the Commissioners to approve receipt of the report, noting that they must submit the internal audit to DAS by the end of the month.

Commissioner Bart Howard made a motion to approve the report. Commissioner Glenda Melton seconded the motion. A vote was taken and the report was approved by unanimous vote of six Commissioners. Commissioner Burns was not available during the vote.

Virtualization/Disaster Recovery Report

Aaron Meyers, IT Systems Administrator gave an overview of "virtualization" - consolidation of hardware into virtual space. He explained how OSAC was using virtualization to utilize resources more efficiently and streamlines business projects. They are taking many servers and reducing them down, in terms of hardware, while retaining functionality and operating systems.

Mr. Meyers discussed how the initial budget to replace 21 servers was close to $90K, but with the virtualization platforms it was around $44K. An additional benefit was the energy savings. There was a 37 percent reduction in power and cooling costs. He noted that a benefit for business continuity was that if the power/air conditioning were to go out they would no longer need to shut down as they could continue to run on a single cooler, battery backup.

Mr. Johnson noted that OSAC was pretty cutting edge now and was an example for green computing through EWEB.

Mr. Meyers noted that the energy rebates that EWEB gives were mostly for replacing air conditioner units, refrigerators, etc. but they hadn't tackled the computer side yet. This was the first time they were approached this way. EWEB has a lot of money to give away that they get from the main power providers. The big power providers do not want to build additional power plants because it is cost prohibitive. They give money to local power providers to give to businesses to replace their inefficient devices so that the businesses are more energy efficient so they can continue to operate their existing power plants. He noted that this also makes OSAC's disaster recovery plan easier. Since they are not dependent on physical pieces of hardware to match in a recovery site, the recovery time and the hardware needed if OSAC's office became unavailable was more flexible.

He stated that OSAC was in the process of executing agreements with Oregon Institute of Technology in Klamath Falls and Portland State University as disaster recovery sites. He noted that the agreements with both sites are reciprocal agreements so there will be no additional cost.

Oregon Opportunity Grant Issues

Mr. Johnson discussed the unprecedented demand and lack of funds for the Opportunity Grant (OOG). He said they needed to discuss what they were going to do. The last part would be at the meeting in November. They need to be able to explain the situation they are in so they can plan where to go from there. He noted that last year when they ran out of money, it was because of across the board state cuts to government, cuts in all of revenue sources for OOG which resulted in spring reductions. They may be faced with that again.

Susan Degen, Opportunity Grant Administrator, discussed what happened in the last biennium. They had $106 million available, lost $4 million, gained some and then lost some more. A lot of it was on paper. They went back to the Legislature and the Emergency Board who approved an additional $4 million that essentially vaporized because it replaced money they had already lost or were going to lose. For 2009-11 they had $97 million. But the demand was at least half again stronger than it was over the last two years. For 2009-10, the

budget was down $9 million and the FAFSA numbers were 238,980. That was total FAFSAs that had come in. As of that morning, 143,338 of those were viable FAFSAs for students that theoretically could be eligible for an Opportunity Grant. That number was up 26 percent compared. 12,000 above the total year-end numbers they had for all of 2008-09.

Mr. Johnson stated that these numbers were not increasing because high school graduations in Oregon were exploding by 25 percent but that the biggest part of it was the socio-economic factor, the recently unemployed citizens who were going back to school to get re-trained. The explosion they had in FAFSAs was reflected in an explosion in community college enrollment. Four-year college enrollment was up some, but not off the chart like community colleges. There were many more non-traditional students/adults going back to college. These statistics were going to affect what the Commissioners were faced with in decision making the following month.

Ms. Degen stated that they had been doing projections all along. They had to set an application deadline of August 15 and since that deadline there had been more than 9,370 late filers—students who had an OOG viable FAFSA, who filed their first FAFSA after August 15. These were applications received but many could still be in the verification process but they were received prior to the deadline. If all of those students were enrolled full-time for the entire academic year, there were looking at $21,900,000.

She continued discussing summaries of disbursements and recipients. For 2009-10 they will spend an estimated $56-$57 million with an estimated 34,000 recipients. She was still waiting for disbursement reports for fall from some schools. Some of the community colleges are months behind the normal reporting time because they have had so many more students show up and apply for financial aid than they have ever had before.

Mr. Johnson stated that they were already over the 34,000 that had been reported. They were at 36,000 students who had received funds. This was with the August 15th deadline

Ms. Degen noted that last year they had a cutoff at the end of November and had 38,800 for fall term. They were at 36,000 and still counting for fall term with a cutoff of August 15th. Because that date was so early for the quarter system schools to report to them, there would be additional students that would be awarded, or whose awards would be processed, between then and the end of the term. They expected the numbers, particularly for the community colleges, to increase.

Mr. Johnson discussed the income limits and complexity of tax credits, two big factors that created a lot more Federal Pell Grant money which reduces State grants. He said it was a kind of zero sum thing, you start with a standard budget and subtract out the student share, the family share and the Federal share. When the Federal Pell Grants go up, the State share goes down, that has reduced awards. Tax credits are extremely complex and there were more tax credits available than ever before which is a big reason that the projections go from $56 million for the current year down to $41 million next year. It shifts the funds away from middle-income families. They had been able to help families with up to a $70,000 adjusted gross income last year, now that number was in the low $40,000 range.

A decision was made by the group to move the ASPIRE training to another meeting so they could continue discussion around the Opportunity Grant. I think once we work through the rest of the slides, it will not take much time. You need to understand what the situation is. We have a Steering Committee meeting scheduled next month—a couple of days before the next commission meeting. There is no action to take. We can continue to provide information after laying the ground work today so that you know what the situation is and can be prepared to make decisions at the next commission meeting.

OTHER BUSINESS AND ADJOURNMENT

There being no other business, Chair Lemos a motion to adjourn the meeting, moved by Commissioner Howard and seconded by Commissioner Melton. All voted to adjourn the meeting at 12:45 p.m.

Respectfully submitted,

Approved January 22, 2010

Dennis R. Johnson, Executive Director

Brian Lemos, Chair

Bridget Burns, Vice Chair

Alethia Miller, Commissioner

Bart Howard, Commissioner

Cap Sharples, Commissioner

Glenda Melton, Commissioner

Philip Shilts, Commissioner