

**MEETING #391**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**Thursday, December 10, 2009**

Conference Call

**COMMISSIONERS**

Brian Lemos, Chair  
Bridget Burns, Vice Chair  
Cap Sharples  
Bart Howard  
Philip Shilts  
Alethia Miller

**STAFF**

Dennis Johnson Executive Director  
Beverly Boyd, Executive Assistant  
Susan Degen, Opportunity Grant Administrator  
Carrie Matsushita , Marketing and Development  
Vicki Merkel, Scholarship and Access Program Director

**GUESTS**

Tracey Lehman, Oregon Institute of Technology  
Bill McGee, Department of Administrative Services  
Bob Kieran, Oregon University System  
John Snyder, Oregon State University  
Gary Andeen, OR Independent Colleges Association  
Cindy Pollard, Warner Pacific College  
Elizabeth Bickford, University of Oregon  
Jim Gilmour, University of Oregon  
Randy Choy, Oregon Community Foundation

Suzanne Pardington, The Oregonian  
Bill McGee, Department of Administrative Services  
Dan Preston, Linfield Community College  
Belle Cantor, Oregon Community Foundation  
Jennifer Christian Wright, Marylhurst University  
Sam Rennick, Ford Family Foundation  
Dean and Donna Jean Wendle, Former Commissioner  
John Wykoff, Oregon Community Colleges Association  
Belle Cantor, Oregon Community Foundation

**CALL TO ORDER**

Commission Chair Brian Lemos called the meeting to order at 1:33 pm. Having a quorum, the meeting proceeded. Commissioner Glenda Melton was unable to attend.

Chair Lemos called for a motion to accept the revised agenda. The additional item was the Emergency Rule 575-031. Commissioner Shilts moved to accept the Agenda. Commissioner Miller seconded. The motion passed unanimously.

**OREGON OPPORTUNITY GRANT ISSUES**

**Approval of Emergency Administrative rule**

Mr. Johnson, OSAC Executive Director, stated that the emergency rule 575-031, will give clarification to the Commissions role in reducing awards when the budget is depleted. In addition to setting the terms of awards the Commission may, when there are budget constraints, reduce commitments to students within an academic year. Mr. Johnson recommended action on this item.

Chair Lemos stated that anyone who wanted to testify regarding rule 575-031 and is signed in on the testimony sheet will have 10 minutes to speak on this rule. Commissioner Burns will be the official time-keeper. No one signed up to testify.

Mr. Johnson stated that the Commission will have a hearing on the rule before it expires in May. This action is only a temporary emergency rule. To become a permanent part of the rules a formal hearing will need to take place.

Chair Lemos closed the public hearing and proceeded with Commission discussion. There was no discussion.

Chair Lemos asked for a motion to approve the emergency administrative rule 575-031, giving the Commission the authority to make a per capita reduction to future student grants. Commissioner Howard so moved. Commissioner Shilts seconded. The motion passed unanimously.

### **Reconsider amount of spring quarter and 2<sup>nd</sup> semester reductions**

Agenda item number two, as explained by Mr. Johnson, was precipitated by a meeting of the Steering Committee. The Steering Committee looked at the action the Commission had taken to reduce second semester and spring quarter awards. The reductions approved by the Commission are \$400 for full-time students and \$200 for half-time students. The reduction could generate a \$10 million savings. This is a separate decision from the Commission's actions to shut off disbursements of student funds on December 15.

Commissioner Howard was present at the Steering Committee meeting and reported that the Committee was currently considering \$120 full-time student, \$60 part-time student reductions; this would result in \$5 million in reductions. Dennis Johnson stated that it becomes interrelated with the letter that was received from the Governor and the clarification that was received from Tim Nesbitt, Governors Office; it is helpful to think about them as a package, even though they require two separate actions. Current estimates are \$19.7 million will cover the projected deficit for the first year.

Tim Nesbitt, Governors Office, referred to the letter from the Governor. On page two of the letter, the Governor urges the Commission to take action to get the program within budget. Then to look at the impact of the corrective action, so as to give priority to continuation of grants to students who are currently receiving them. If grants were reduced by \$400 in the spring term, the estimate would mean that 9,000 students could go from some amount of grant to zero. The Governor's office would prefer to avoid this impact, given the fact students have been told they have awards coming. It would be an advantage to looking at other ways to meet the first priority, while maintaining some level of grant money to students that have been told they are eligible. Relating more to the second year, try to maintain some proportionality of recipients among students in the community colleges system, the Oregon University System and the private universities, keeping in mind the possibility of the timing impact within the systems. The proposal that came from the Steering Committee meets those criteria. A \$5 million reduction in the spring term would then have to be carried forward in an equivalent amount for three terms or two semesters for the next academic year. This would bring OSAC fully in balance for the biennium. The \$10 million over commitment in the first year of the program has a carried forward effect on the second year of the program, if no other adjustments are made. The Commission needs to come up with something that equates to \$20 million dollars. After this has been achieved, the Governor would also like the Commission to present for the Legislature what additional funding in the range of \$5-\$20 million dollars could be used to restore grants or keep the program open longer to accept more students in the second year. The Governor believes this approach and the recommendations of the Steering Committee will accomplish this purpose.

Chair Lemos opened the floor for Commissioner discussion. Commissioner Sharples does not feel this does much to change the proportionately of the awards. Dennis Johnson suggested looking at the two plans that are under consideration right now, the larger \$400 and the smaller \$200, when you remove 9,000 students from any award disbursement for spring it is true that it likely to change proportionality. A number of awards will come out of the community college sector. When you take \$120 away from everyone, there are some small awards, but it does not eliminate anyone altogether.

Commissioner Howard made the motion to support the \$120 full-time and the \$60 half-time student award reduction. Commissioner Shilts seconded. The motion passed unanimously.

### **Approve request to the Joint Ways and Means**

Mr. Johnson stated that the proposal is to request \$19.7 million dollars; \$9.7 million to cover the deficit for the current 2009-10 award year. If the Legislature is willing and able to appropriate funds in February, OSAC would be able to go back and restore the cuts to students for the second semester. The \$19.7 million would take care of unanticipated overage this year. Next year OSAC has been planning for \$40 million. Because of the large increase of Pell Grants and the Federal Tax credits that are anticipated, we have lowered state shares in our eligibility calculation, but it is offset now by the increase in volume. Campus notification will have to be delayed about the award calculation and the amount available for next year's awards until the special session. OSAC has a strong commitment from the Governor's office and in the Legislature; the question is will the funds be there and in what amount.

Tim Nesbitt, Governors Office, believes that the full \$19.7 million would allow OSAC over the course of the biennium to maintain grants at the current level for this year and the projected level for next year, for the larger than expected population of students. This is the optimal benefit for programs and students but a very large request at a very difficult time. The Governor's office will work with the Commission to make the case to present to the Legislature, but does not want the Commission to have unrealistic expectations about the outcome. The action that the Commission took just now sets this up so you can say to the Legislature that you have been responsible and brought the program back within budget. Now there is more to do to meet the challenge of accommodating all the students who show up in the colleges and universities, far more than expected.

Commissioner Howard asked if the \$19.7 million would put OSAC roughly at \$67 million for the first year of the biennium, and \$50 million in the second year. Mr. Johnson stated that those figures are current estimates. Commissioner Howard stated that he could not see any problems putting together different scenarios at \$5 million each. He asked if Susan was prepared to provide those scenarios. Mr. Johnson, Susan Degen and Bob Kieran, Oregon University System, has been working with these scenarios.

Commissioner Howard moved to have the Commission move forward with the \$19.7 million request to the Governor. Commissioner Sharples seconded.

Chair Lemos asked Mr. Johnson when he could have four different scenarios ready.

Mr. Johnson stated that they had preliminary information but were in need of some policy recommendations and there is a sub-group of the Steering Committee that will be meeting to look at the different scenarios as they impact on each sector. Mr. Johnson would like to run them by some financial aid and expert practitioners before they are presented to the Steering Committee. Chair Lemos thought this to be a very wise choice; he would like to make sure we are meeting the Governor's expectations of how we are going to come up with a plan of action. Chair Lemos asked Mr. Johnson when he would have a plan of action with the different scenarios. Mr. Johnson stated that time could be devoted to this at the January Commission meeting, but will not know what the appropriation is until after February. OSAC may need tentative approval in January if this amount is approved then implement scenario A, if a different amount is approved we will implement scenario B, etc. At the Ways and Means hearing on January 17, we hope to further expand the proposal that we will make in this letter.

Commissioner Howard reinforced what Chair Lemos was saying that there have been times that recommendations coming from the Steering Committee have not gotten to the Commission in a timely manner, as they would have liked. The Commission had to make some hasty decisions. Commissioner Howard would like to have OSAC staff push the Steering Committee to make some timely recommendations so that the timeline can be met.

Chair Lemos wants to be pro-active and have a plan of action as we move forward.

Commissioner Howard made a motion to approve the \$19.7 million dollar request given to the Ways and Means committee with increments between \$5 million and \$19 million. Commissioner Sharples seconded. The motion passed unanimously.

There being no other business, Chair Lemos moved to adjourn the meeting. The meeting was adjourned at 2:17pm.

Respectfully submitted,

**APPROVED AT COMMISSION MEETING #398 MAY 21, 2010**

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*Dennis Johnson, Executive Director*

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*Brian Lemos, Chair*

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*Philip Shilts, Vice Chair*

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*Cap Sharples, Commissioner*

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*Bridget Burns, Commissioner*

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*Bart Howard, Commissioner*

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*Glenda Melton, Commissioner*

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*Alethia Miller, Commissioner*