

**MEETING #409**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**Friday, May 27, 2011**  
**Oregon Student Assistance Commission**  
**Columbia Room**  
**Eugene, OR**

**COMMISSIONERS**

Glenda Melton  
Alethia Miller  
Mike Holland  
Gary Weeks  
Ben Eckstein

**STAFF**

Josette Green, Executive Director  
Jennifer Diallo, ODA Administrator  
Susan Degen, Opportunity Grant Administrator

**GUESTS**

Don Charlton  
Gary Andeen  
Emma Kallaway  
Wayne Smith  
Bret Rowlett

**CALL TO ORDER**

Acting Chair Commissioner Melton called the meeting to order at 9:30am. Having a quorum present, the meeting proceeded

**CHAIR'S/OTHER COMMISSIONER'S REPORT**

Commissioner Melton reported that she went to the OSA student rally on April 25.

**EXECUTIVE DIRECTOR'S REPORT**

**Update:** Executive Director Ms. Green reported that two new student Commissioners have been appointed to the OSAC Commission. Lucero Castaneda is from the University of Oregon and Mario Parker-Milligan is from Lane Community College. There were no applicants for Commissioner Sharples' position, and the Governor's office requested he be retained. Commissioner Sharples has agreed to do so. It was stated at the last meeting that Commissioner Melton's term was up; however, she will continue to serve on the Commission until 2013.

**Legislature:** OSAC's Budget Bill will be heard before the Ways and Means Education Subcommittee any day. There has been no insight yet to the bill. All agencies have been advised that 3.5% of their budget will be held back until midway through the biennium. HB 2117 previously passed in the House and yesterday passed in the Senate. It will be moving forward for final signatures. HB 2221, the foreign language scholarship bill, passed the House and passed Senate yesterday. It too will be moving forward for final signatures. SB 242A and SB 909 are both expected to come out of committee next week. OSAC's amendments are securely attached to SB 242, so that OSAC will retain its governance structure. It is thought that there are enough votes to pass both SB 242 and SB 909 at this time. SB 3670, creating a fund for private donors to donate to OOG funds, is a priority bill introduced by Representative Johnson. Ms. Degen testified on behalf of OSAC at a hearing regarding this bill yesterday. It is

unknown what direction the bill will take; it provides for OSAC to administer a privately funded version of the Opportunity Grant for students at certain degree-granting for-profit institutions. Finally, Ms. Green was pleased to report that OSAC received \$43,000 of the CACG1 grant administered by OUS; it will expire August 13, 2011. The grant is dedicated to adult learner enhancements. The funds will be used for two developments, enhance our web site with adult learner info and update our electronic scholarship application.

**Audits:** The commission voted to complete a financial audit with Moss Adams. The audit has been completed, and Ms. Green met with the auditors to go over the preliminary report. The final report is expected next month and will be forwarded to Commissioners. Several of the exceptions point to the need of a higher level financial person to review and understand the financials produced by the agency. OSAC has recently undergone several reviews by entities such as HR, the Data Center and Moss Adams. All entities point that the agency is lacking in adequate agency policies and better alignment with state policies as well as the need to have OSAC's IT system audited. On May 19, staff from the state's Data Center visited OSAC and completed an audit that focused on our security system. The final report should come next month.

Due to the various audit findings, OSAC is focusing on creating policies. OSAC has created an online Policies and Procedures Manual, met with staff to introduce the manual and created new policies. More meetings will be planned as new policies are released. Consultants are helping to build new processes and policies. Ms. Green met with staff earlier in the week to review new policies and share the concept that all staff members need to work together to strengthen the agency by initiating more policies. In addition, Don Charlton is volunteering as a consult to help build more policies. Don is a longtime state employee and knowledgeable in this area.

**Staffing:** Ms. Green reported that Vic Nunenkamp begins on Tuesday as Director of Scholarships and Access Programs. Mike McNickle departed after a month for another state position. Don Charlton and Catherine Webber are volunteering as consultants; both are longtime state employees who are providing their expertise in policy development, financial assistance and managing grants. Anna Houpt, OSAC's accountant, has announced her resignation, effective June 14. The Executive Assistant position is in final interviews, and Ms. Green hopes to have an offer ready early next week. Beverly Boyd is no longer employed by the agency. The ASPIRE program has its funding cut from General Fund from three positions to one and is actively seeking additional grant funding. ASPIRE is expected to submit a grant application to USA Funds (USAF) by June 15. An application has also been submitted to the Ford Family Foundation (TFFF). ASPIRE is awaiting the outcome to help support staffing.

Commissioner Weeks inquired about how the postings were going for the Executive Assistant and Accountant positions. Ms. Green responded that interviews have been completed for the Executive Assistant position, and the Accountant position will be posted next week. Commissioner Weeks then inquired about where the agency was about transferring some payroll and related tasks to DAS. Ms. Green stated that it is still in process. Commissioner Holland inquired if the 3.5% reduction in budget was going to come out of the OOG. Ms. Green responded that she did not have answer that she could share for that.

Commissioner Holland then asked for an update on SB 242 and SB 909. Ms. Green responded that SB 242 will be in hearing next week and it is expected that both will pass. Mr. Andeen was asked to comment: he noted that he felt that the both bills had a better than 50/50 chance of passing. SB 909 does have opposition and may go either way, but it has the backing of the Governor's Office. Both bills are

sitting in Ways and Means, so more will be known next week. Ms. Green responded that she expects SB 242 to be scheduled for a hearing last week, but that did not happen. It is now anticipated to go this coming week, but nothing is known for sure.

Mr. Andeen asked if the 3.5% budget reduction does not come from the OOG then how much money has been allotted for the OOG. Ms. Green has no official information. \$46 million in awards have been made. Commissioner Eckstein requested that Ms. Green explain the 3.5% cut in budget. Ms. Green explained that the legislature has been focused on ensuring there is an adequate amount of an ending balance and the 3.5% would be used to contribute to the ending balance. This amount equals \$84,000 if taken from OSAC's personnel services and services and supplies.

Commissioner Eckstein then asked for an explanation of the for-profit bill. Ms. Green explained that the for-profit sector had earlier in the session presented a bill to allow for-profit students to receive the OOG. This bill has since died, and SB 3670 has been created to produce a fund for private donors. The funds would be allotted similar to the OOG by OSAC. OSAC would receive a fee for administering the fund. In place of the bill Representative Brian Clem took an OSAC form to set up a scholarship fund to the hearing for SB 3670 and suggested this form be completed instead of passing the bill.

### **ODA ADMINISTRATOR'S REPORT**

Program Administrator Jennifer Diallo reported 27 program reviews at 4 schools have been completed since the last report. ODA received 3 more applications for new programs since the last report. There are still 33 reviews in-house, as well as more than 200 requests for approval of online programs that have arrived in recent months and are in process. Of the 33 reviews in house, 13 are currently under review by two contract evaluators.

ODA will be posting a position next week for a limited duration program evaluator with a projected start date of July 11<sup>th</sup>. Ms. Diallo will be on vacation from June 16 through 28 and will conduct interviews on her return. Six more reviews are expected to arrive before the end of June. Any reviews that may exceed the KPM limit for turn-around time will be contracted out until the limited-duration Program Evaluator is hired. Ms. Diallo will focus her time in the coming month on responding to online program approval requests before the July 1 deadline; rule changes necessitated by new federal regulations; development of the new web portal application system; hiring and training the new Program Evaluator; assessing resource needs to meet the unexpected and extraordinary demand for approval of online programs offered to Oregon; collaborating with other state agencies on a better model for review of certificate and diploma programs at degree-granting schools; addressing complaints and issues related to ODA-authorized schools; degree validation requests; and adverse impact notifications.

An issue that continues to pop up is colleges that have a campus in Oregon and have online programs in other states. ODA has noticed a growing trend of hybrid programs and is finding out more and more that the other state programs have other faculty that has not been authorized instructing students. ODA is responsible for authorizing staff and at this time does not have the staffing to complete those reviews. ODA is working on a procedure to effectively deal with this occurrence and has models from other states to use as guidelines. ODA will have an intern this summer to research framework for authorizing online programs.

Commissioner Weeks commented that he didn't think ODA should limit the number of courses taken by a student. Ms. Diallo responded that ODA does not wish to limit the number of online courses a student

should take. ODA is trying to avoid situations where a student is enrolled at an Oregon-based school and takes all of their coursework online from unauthorized out-of-state personnel. Commissioner Miller commented that most universities have limits on how many online credits a student can take. Ms. Diallo agreed and stated this situation has occurred. Commissioner Miller commented that the student may have signed up with the campus rather than the online program so that they would receive more financial aid. Ms. Diallo stated that she had thought the same thing.

Commissioner Holland asked if ODA was reviewing programs or institutions and shared a concern about why ODA does not defer to regional accreditation more. Ms. Diallo responded that ODA reviews programs and also looks at institutions if they are establishing a program on the ground in Oregon. If a program is just online, then a simple program review is completed. Many authorizations of external and practicum programs in the past have been given based on inadequate information sent in an email or letter without any substantive review of what the school is really offering in Oregon. Many of these programs do grow into something that we did not authorize, and ODA has not been consistent in following up to reauthorized those programs with limited activities in the state, so some of them have morphed into something much more substantial without ODA's knowledge or oversight.

Commissioner Holland asked again why ODA does not rely more on a program's regional accreditation. He feels that ODA does an initial check, but does not recheck programs down the line. Commissioner Holland feels that since regional accreditation has those checks in place, ODA should rely on them more. Ms. Diallo responded that ODA does not only do one initial check, but actually re-authorizes programs every few years, more frequently than under regional accreditation. Our rules require programs to be reauthorized at least every 2-4 years, but because we have so many changes to programs during a longer authorization period, we have recently decided to limit all authorizations to two years.

She also stated that there are differences in opinion on how much to rely on regional accreditation. At a recent conference, The US Dept of Education stated in a session delivered to state regulators, that they do not want states' approval decisions to rely solely on regional accreditation. When Ms. Diallo explained to the USDOE representative that Oregon requires ODA review of regionally-accredited colleges for five years, he responded that the USDOE would like to make 20 years the minimum requirement for state oversight. The states that rely entirely on regional accreditation are those states that are known to have poor oversight and enforcement and higher levels of degree mill activity. ODA and Oregon rules are known around the country and the world have high standards, and ODA is seen as a leader and a positive model of state oversight. Ms Diallo also mentioned that ODA has found that colleges with regional accreditation are not always following the limits set by their own accreditor. She added that not all regional accreditors are as vigilant in addressing issues that may arise. If ODA relies on regional accreditation, then we are turning the oversight and enforcement over to the accreditor, and have to rely on them to act when there is a problem. We have not seen a consistent response from all regional accreditors, and most of the distance Education providers are accredited by the region with the least propensity to respond to complaints. If we are to rely on regional accreditation, we have to have confidence that problems will be taken care of without a long drawn-out process. The problems will continue to affect Oregon students while the college and accreditor, which are both in different states, work out a solution. There is no completely reliable quality assurance model, and regional accreditation has had some issues in the past that are being addressed now. So, in the meantime ODA does our job by doing a thorough evaluation up-front, and another evaluation every two years. . Ms. Diallo also said that current rules require that regionally-accredited universities that establish a campus in Oregon have always gone through at least two ODA reviews before they become "Independent colleges" under

OICA. Mr. Andeen commented that regionally-accredited universities that have been established for five or more years are not under ODA jurisdiction.

Commissioner Weeks expressed concern about the work load and lack of staffing that ODA currently has to deal with. He suggested that Ms. Diallo look at the policies that govern the accreditation process to alleviate some of the work that needs to be done. Ms. Diallo stated that ODA will not authorize or approve any program it has not looked at, but that ODA has put in place a process to provide a limited review largely based on verifying the school's legitimacy as a degree-granting institution and accreditation status. Hybrid schools are causing the most issues, so a model for that needs to be devised.

Commissioner Weeks asked if ODA can require all institutions be accredited by the Northwest Association. Ms. Diallo responded that ODA cannot require accreditation from a specific regional accreditor under current rules. Ms. Diallo also stated that everything a school needs to know about approval to offer online degree and practicum programs in Oregon is available to them on the ODA website. A tracking system is set up so that ODA will know who is offering programs in Oregon. The schools now have to get approval from ODA in order to participate in federal financial aid programs. ODA is moving forward to ensure that we are taking care of our responsibility to students, and has a working system to do this. Mr. Andeen commented that there is presently a change in Education going on. Ms. Diallo is a one-person show, but there are whole departments in other states working with this.

### **OREGON OPPORTUNITY GRANT (OOG)**

Opportunity Grant Administrator Susan Degen reported that the spring quarter reports will be closing May 27, 2011, at 11:59 p.m. We will have relatively complete academic year data in time for the next commission meeting. On May 16, a block was implemented to prevent additional awards from being made or increased until the budget for Opportunity Grants has been finalized. The block suspends award processing for potentially eligible students who are already in the pipeline but have not yet been awarded. The Advisory Group met on May 16 at Chemeketa to discuss two key issues: options for award processing due to an increase or decrease in funds for 2011-13 and award amounts for 2012-13. If funds increase, OSAC has several options to consider: move the block date and award students that are already in the system but have not gotten awards; allow students who register in late fall to receive awards; relax existing limits based on half-time enrollment for fall term; or authorize awards for otherwise eligible students who delay enrollment until January. If the budget decreases, OSAC will reduce all full-year awards by a fixed amount, not to exceed \$100. If a higher reduction is needed, the Advisory Group will reconvene to discuss options.

The Advisory Group also discussed what could be done in the future to help students. At this time, cost of attendance has increased but the award has stayed the same. There is an increased need for the OOG, so most students are hitting the award maximum due to the rising cost of attendance. The Advisory Group discussed changing the formula used to calculate award amounts and changing the award to be a percentage of the Pell Grant. The Group also looked at using a flat award amount of \$2100. The Advisory Group will be meeting again in June at Chemeketa Community College.

Commissioner Weeks made a motion to discuss what OSAC should do if the OOG receives more money than was budgeted for. Commissioner Holland seconded the motion with a unanimous vote to pass

Commissioner Eckstein asked how OSAC will pick on option if no one knows the budget for sure. Ms. Green responded that the Commission needs to make decisions on how to proceed with awarding based on whether the budget goes up or down. This way OSAC will know what to do when the budget is official. Ms. Degen restated that the Advisory Group's recommendations. Commissioner Eckstein wanted to switch the priority of options three and four. Mr. Andeen stated that he felt comfortable moving forward with what the Advisory Group set in place. Commissioner Miller agreed with Mr. Andeen. Acting Chair Commissioner Melton called for a motion.

Commissioner Weeks made a motion to follow the recommendation of the Advisory Group if OOG receives an increase in funds beyond the \$92 million budgeted for. If funds increase, OSAC will first move the block date and award students that are already in the system but have not received awards, then allow students who register in late fall to receive awards, next relax existing limits based on half-time enrollment for fall term, and last authorize awards for otherwise eligible students who delay enrollment until January. Commissioner Holland seconded the motion with a unanimous vote to pass

Commissioner Weeks asked to discuss what the Commission would do if less money is received. Commissioner Holland stated that the Advisory Group will not reduce the current awards more than \$100. Then he asked what will be done if a reduction of more than \$100 dollars needs to be made. Commissioner Weeks proposed that the reduction should be equal for all awards. Ms. Degen responded that a fixed dollar amount is preferable because of statutory requirements that award reductions not harm low-income students more than other students. Ms. Green added that OSAC has a policy that minimum award is \$400. Ms. Degen responded that since the \$400 minimum is just a policy, it can be changed.

Commissioner Weeks made a motion that if the OOG receives less than the \$92 million budgeted then OSAC would reduce existing awards by an equal amount not to exceed \$100. If further reductions are necessary, the commission would have to meet to discuss new options. Commissioner Holland seconded the motion with a unanimous vote to pass.

OSAC will be using the mechanism this year that is already in place. In the next Commission meeting, OSAC will have to revisit the mechanism for next year and decide if it will be used going forward.

### **NOT A LENDER STATEMENT**

Ms. Green reported that at the last commission meeting she indicated that OSAC needs to streamline its Mission and what programs it offers. The Commission was asked to take a stand on the fact that it is currently not a lender or a guarantor. OSAC is asked on occasion to take on new loan-related programs. In order to have a streamlined position, the commission asked Ms. Green to draft a statement for discussion. The draft statement reads, "The mission of the Oregon Student Assistance Commission is to assist Oregon students and their families in attaining a postsecondary education. To accomplish this mission, the agency administers mentor programs, grants and scholarships that assist future and current students of postsecondary education."

After discussion by Commissioners, the new statement reads as follows: "The mission of the Oregon Student Assistance Commission is to assist future and current Oregon students and their families in attaining postsecondary education through mentoring programs, grants, and scholarships.

Commissioner Weeks moved to accept the statement. Commissioner Weeks seconded with a unanimous vote to pass.

Ms. Green clarified that the statement was to have a unified position for the legislature; it is not the new OSAC mission statement.

**PUBLIC COMMENT**

Mr. Andeen asked when Commissioner Miller’s last day is. Ms. Green responded the June Commission Meeting will be her last. Mr. Andeen then asked what SB 909 will do to OSAC. Ms. Green responded that if SB 909 passes the commissioners would go away and Ms. Green will answer to the Higher Education Investment Board.

Ms. Green stated that she will forward any information she receives to the commissioners. Commission Holland stated that essentially what will happen with SB 909 is that since the Governor is behind it, the bill will pass, with the understanding that a long conversation will be had by those involved.

**CONSENT CALENDAR**

Commissioner Holland made the motion to approve meeting minutes #408 April 22, 2011. Commissioner Eckstein seconded. The minutes were approved unanimously by the five Commissioners in attendance.

**OTHER BUSINESS AND ADJOURNMENT**

The meeting was adjourned at 11:33 a.m.

Respectfully submitted,

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*Bart Howard, Chair*