

**MEETING #410**  
**OREGON STUDENT ASSISTANCE COMMISSION**  
**Friday, June 24, 2011**  
**Oregon Student Assistance Commission**  
**Columbia Room**  
**Eugene, OR**

**COMMISSIONERS**

Bart Howard, Chair  
Cap Sharples, Vice Chair  
Mike Holland  
Gary Weeks (phone)

**STAFF**

Josette Green, Executive Director  
Vic Nunenkamp, Director of Scholarship and Access  
Susan Degen, Oregon Opportunity Grant Administrator  
Lacie Morgan, Executive Assistant

**GUESTS**

Emma Kallaway, Oregon Student Association  
Mario Parker-Milligan (Appointed Commissioner, July 1<sup>st</sup>, 2011)  
Gary Andeen, OR Independent Colleges Association  
Don Charlton

**CALL TO ORDER**

Commission Chair Bart Howard called the meeting to order 9:37am. Having a quorum present, the meeting proceeded.

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

Chair Bart Howard reported that Oregon Opportunity Grant (OOG) Advisory Group met earlier this month. The Advisory Group discussed that the OOG is operating on a shared responsibility model which allows the OOG to only fund about 1/3 of the number of students that this model indicates the OOG should be funding. Chair Howard reported that the Advisory Group has begun to discuss possible solutions to this and is moving in the direction to have recommendations for the commission to consider. Chair Howard said that Susan Degen, Oregon Opportunity Grant Administrator will report more on possible solutions later in the meeting.

Chair Howard reported that Commissioner Cap Sharples has been reappointed to the Commission by the Governor's Office until 6/30/2015. Chair Howard referenced commissioner contact information that was included in meeting packet for term information and contact information for current Commissioners.

**EXECUTIVE DIRECTOR'S REPORT**

**Update:** OSAC Executive Director Josette Green reported that OSAC is moving forward in a very positive direction.

**Legislative Update:** Ms. Green reported that HB 5043, OSAC budget bill, has been passed by both House and Senate and is awaiting final signatures. She also reported that compared to other agencies that took drastic reductions, OSAC is in good shape.

Ms. Green reported the effects of HB 5043 are as follows:

1. ASPIRE General Funded positions were reduced from 3 to 1. Ms. Green reported that this necessitated one layoff to the Southern Region Aspire Coordinator and that layoff notice has been given to be effective 6/30/2011.
2. HB 5043 reduced internal audit funds from \$85,000 to \$40,000 of General Fund and added \$10,000 of Other Funds for a total of \$50,000. Ms. Green said that there is legislation that requires OSAC to perform internal audits.
3. The Oregon Opportunity Grant was increased to \$103 million, up from \$92 million in the current biennium, providing that positive budget forecasts continue. Ms. Green reported that 3.5% of the General Fund portion of agency budgets for 2011-13 will be held back in case future budget forecasts are negative. If this occurs OOG would then be reduced to \$99.6 million.
4. The Office of Degree Authorization (ODA) position went from 50% General Fund to 100% other funds. Ms. Green reported that ODA has the funding that they need to cover this position.
5. Other changes to other OSAC programs include the Nursing Faculty program, which was cut to fund only the seven current program participants and the Student Childcare program, which was cut to \$917,000 dollars from a little over \$1 million in this current biennium.
6. Lastly, Statewide each agency is asked to take a 6.5% reduction in services and supplies; for OSAC that equates to about \$23,000.

Emma Kallaway of the Oregon Student Association (OSA) commented that her understanding from the Governor's Recommended Budget that funding for the Student Childcare grant was to remain at the cut from the last biennium. She asked if the grant was cut further than that. Ms. Green responded that in the last biennium the childcare grant was a little over a million dollars, and the Governor had recommended a reduction to \$917,000, so the legislature continued with that same level. Ms. Green also reported that should OSAC be required to take a 3.5% cut each year it will take it down to \$885,000. Ms. Kallaway asked how many families this would affect. Susan Degen reported that currently the Childcare grant serves 100 students per year, so this could affect approximately 5 students per year. Ms. Degen also reported that the award amounts vary significantly from student to student because the award is based on the age of the children and their level of need/care.

Gary Andeen of the Oregon Independent College Association asked for the number of total full time employees (FTE) in ODA and for clarification on the funding of these positions. Ms. Green reported that ODA has 2 full time employees and that one position will be 50% General Fund and the other position will be 0% General Fund. Gary Andeen stated that he has heard that some are concerned that ODA's backlog of 200 out-of-state requests for approval may delay in-state program approvals. Mr. Andeen asked if ODA was fast-tracking normal in-state program approvals. Ms. Green responded that ODA is up to date on program approvals and has contracted out for reviews. Ms. Green also stated that there is not a backlog at this time for in state program approvals.

Chair Howard asked if ODA fees will cover the remaining 1.5 FTE. Ms. Green stated that ODA is comfortable that the fees will cover these expenses and that the ODA's projections show sufficient income and indicate that ODA can support themselves on fee revenues.

Ms. Green reported that HB 2117, the OSAC bill that makes technical amendments relating to ODA and HB 2221, which creates a new scholarship for foreign language students, have passed both chambers and have been enacted.

Ms. Green reported that HB 3471, the Foster Youth Tuition Waiver bill, passed both house and senate and is awaiting signatures. The bill requires OSAC to put prioritize OOG awards for eligible foster youth Ms. Green stated that this bill will have most internal impact on OSAC as discussed in prior meetings.

Ms. Green reported that SB 242, which creates the Higher Education Coordinating Commission, passed the Senate and today appeared in a work session in Ways and Means committee. Ms. Green asked Susan Degen to report on the work session. Ms. Degen reported that the Ways and Means agenda for SB 242 included a conflict amendment, which involved some behind-the-scene calculations with Department of Administrative Services. Ways and Means had no problems with this amendment and gave the bill a do-pass to the House floor. Ms. Green also noted that SB 242 moves forward with OSAC amendments intact but with changes in implementation dates. ODA would separate July 1, 2012, and the OSAC name change would go into effect January 1, 2012.

Ms. Green reported that SB 909 passed both chambers and is awaiting signatures. Originally it was thought that SB 909 would eliminate all education-related boards and commissions, but she noted that it is premature to suggest this because of concerns about governance raised in meetings on creation of the investment team. This team and the powers that be understand that rulemaking boards need to remain and governance is very important.

Gary Andeen asked who is representing the Governor in these conversations. Ms. Green responded that Nancy Golden represents the Governor until her term ends next Tuesday. Her successor has not yet been named. Whitney Grubbs, Assistant Advisor to Ms. Golden, will remain in place during the transition until a permanent person is appointed.

Commissioner Holland stated that commissions and boards depend upon statutory authority for rule making, expense reimbursements, and related activities. He asked how OSAC's board can continue to exist if SB 242 or other bills don't provide for or eliminate them. Also, between the effective date of the new act and until things are clarified through negotiations what is the Commissioners' authority. Ms. Green stated that SB 242 has amendments, and we are tracking its progress. OSAC's Commission authority does not change and remains exactly as it is right now. SB 909 does not change commissions or boards in terms of authority. Gary Andeen stated that SB 909 has morphed from "here is the investment board" to let's take a year to layout what a permanent investment board would look like bring back a report in February 2012.

Ms. Green reported that OSAC has new student Commissioners that will join us beginning July 1, 2011.

**New Reorganization Plan:** Ms. Green reported that OSAC's new reorganization plan came to fruition on June 10, 2011. It results in no extra cost to OSAC and supports the goals the Commissioners set for the Executive Director. As shown by the simplified organizational chart, the two top levels do not change. The Executive Director still reports to the Commission. The Director of Scholarships and Access will continue to have scholarships and ASPIRE reporting to that position. The includes creation of a new position, Director of Administrative Services, which is a management-level fiscal position that will take part in high-level management discussions. These two management positions will cover day-

to-day agency operations, and will allow the Executive Director more time to network and complete the goals set forth by the Commission.

Ms. Green stated that the Director of Administrative Services will oversee IT, Finance, and Federal and State programs. There is also a line on the organizational chart connecting the Executive Director to Federal and State programs because the OOG is very important agency program that receives the majority of our state funds. It is important that the Executive Director have OOG reporting to her. The Director of Administrative Services position is posted now and will be filled as quickly as possible.

Ms. Green reported that payroll will move to the Department of Administrative Service (DAS) and a contract has been signed for sum total of \$18,000 for a two-year period. Previously OSAC had a full-time position with 85% of time devoted to payroll; this change results in a cost savings of \$110,000. This savings was recycled into creating the Director of Administrative Services position. Due to the transition of payroll, the Accounting Tech 3 position was eliminated and the layoff notice has been given. The employee in that position has chosen to bump another employee, and the second employee is now in process of making the decision to layoff or transition into the vacant Management Assistant position.

Ms. Green introduced Lacie Morgan as the new Executive Assistant. Lacie Morgan holds a degree in chemistry and math from Southern Oregon University and has been working in legal assistant and executive assistant roles for other agencies. She also introduced Dr. Vic Nunenkamp as the new Director of Scholarships and Access. Ms. Nunenkamp joined OSAC on May 31, 2011 and has been the person running the day-to-day office operations in the Executive Director's absence. Ms. Nunenkamp has extensive experience in education and most recently worked for Douglas County in a high-level management position.

Chair Howard asked if there is a management assistant available to Ms. Nunenkamp as there is with the Executive Director and Director of Administrative Services positions. Ms. Green responded that the management assistant reports directly to the Director of Administrative Services, but also supports ODA and the Director of Scholarships and Access. Chair Howard asked if the Accountant 3 position was vacant. Ms. Green responded that the position was vacant as of June 14. The first priority is to fill the Director of Administrative Services position and have that Director be responsible for filling the Accountant 3 position. During the interim, OSAC has contracted with DAS to perform any necessary accounting functions.

Chair Howard then asked the new student commissioner, Mario Parker-Milligan, to come forward and introduce himself. Mr. Parker-Milligan said that he moved to Eugene with family about 12 years ago and graduated from high school in Eugene. He attends Lane Community College, where he is currently student body president. He has been involved in OSA and is the current student body president at LCC. He has been working with students across the state on number of issues, including access to OOG and to college in general. He looks forward to joining the commission.

**Key Performance Measures:** Ms. Green reported that Commissioners are part of our Key Performance Measures (KPM). One of the KPMs measures the effectiveness of the OSAC Commissioners. Commissioners will receive their surveys next Tuesday [6-28-2011] by email and the survey needs to be returned by July 12.

**Audit Update:** Ms. Green reported that the financial audit was conducted in April and May, and final results were published June 1. The audit contained seven audit exceptions, and OSAC currently has assigned responsibility to clear up those exceptions. The OSAC reorganization resolves or contributes to clearing all audits exceptions. Two of these exceptions were payroll issues; now that DAS is assuming payroll July 1, those issues will be resolved. The other five exceptions were related to the need for a higher level financial person to review the various accounting functions. The addition of the Director of Administrative Services resolves those issues. There are policies that need to be written, and the Director of Administrative Services will write those policies once that position is filled.

**Staffing Update:** Ms. Green stated that the Director of Administrative Services position has been posted and that first interviews will be conducted on July 5. Ms. Green noted that any Commissioner who wishes to participate in the interviews that day must be available for all interviews. She also reported that the Accountant 3 position has been posted and will await the arrival of the Director of Administrative Services before being filled. There have been no resignations since the last meeting, and no additional changes other than the two noted.

Ms. Green reported that she will be attending NASFAA (National Association of Financial Aid Administrators) conference in Boston in July and also will be participating in the Daly Fund annual scholarship event in Lakeview this upcoming weekend along with meeting with superintendents in Lake and Klamath Counties. This event and trip will be an effort to increase our public relations and show legislators that OSAC is doing things for rural Oregon and potentially increase ASPIRE sites by the August 13 deadline.

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

Chair Howard reported that Jennifer Diallo, Interim ODA Administrator, will not make a report because she is on vacation.

### **SCHOLARSHIPS AND ACCESS PROGRAM**

Chair Howard welcomed Vic Nunenkamp, Director of Scholarship and Access, and asked her to come forward to give her report. Ms. Nunenkamp reported that she was delighted to be here; finding OSAC and aligning herself with the mission has been inspirational. Ms. Nunenkamp added that her staff is passionate about what OSAC is doing. In the four weeks she has been at OSAC, she has been getting to know staff, programs and about the successes and challenges of each program.

Ms. Nunenkamp reported that IT has been working on the new OSAC website with a deadline of July 20, 2011. The OSAC website will have been online for a month by the August commission meeting.

**ASPIRE Program Update:** Ms. Nunenkamp reported that ASPIRE currently has 120 sites with 10 new sites with applications in and are going through process with these sites and ensuring that we are prepared to support them in the future. She stated that ASPIRE is moving focus to community based organizations and we have several organizations already signed up. Ms. Nunenkamp reported that part of this focus is working with the tribes. She also reported that ASPIRE is working on grants and we have submitted at least three and that ASPIRE is also spending the summer working on the infrastructure. Ms. Nunenkamp reported that ASPIRE wants all materials to be the best that they can be and are reviewing everything. ASPIRE is looking at other ways to reach those who are going to college and to create this culture of college going. August will bring an update on the infrastructure and how it will be solidified.

**Scholarship Program Update:** Ms. Nunenkamp reported that there are 28 remaining scholarship queries which are the eligibility reports that are sent to the selection committees. Staff has a deadline for completion is July 1<sup>st</sup>, 2011. Commission Sharples asked what is making it so difficult to get these completed. Ms. Nunenkamp responded that she is unsure of what the issue is whether it is because we don't have enough staff to complete these efficiently or it may be that we save the toughest for last. Ms. Nunenkamp is still learning the complexity of the process. Ms. Green reported that most of this year OSAC has been operating with the Executive Director as manager so with the addition of Ms. Nunenkamp as a solid leader, having solid leadership will improve performance.

Ms. Nunenkamp reported that they have notified 1325 recipients of grant awards as of today. Ms. Nunenkamp reported that OSAC is in the process of revising the scholarship guide and workbook which will be published this summer. Ms. Nunenkamp reported that there are two new scholarships at OSAC; one is the Greg Chaillé Public Service scholarship, which is designed to honor the retiring president of OCF [Oregon Community Foundation]. This scholarship will fund a graduate level student pursuing a career in public service. The second new scholarship is from the Susan and James Huff Scholarship fund which is sponsoring St. Helen's High School graduates who are interested in journalism and communications. Ms. Nunenkamp also reported that OSAC has two potential new scholarships that are in process one of which is for Klamath County students and one is for Douglas County students.

Chair Howard reported that OSAC is seen as unusual because of the private/public partnership between the State of Oregon and all these private scholarships and the private money that supports ASPIRE. The Commission appreciates your leadership and is looking forward to becoming more and more important to the State of Oregon and other states as well.

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

Susan Degen, Oregon Opportunity Grant Administrator, reported that year-end reconciliation for the 2010-2011 school year ends next Thursday [6/30/2011]. OSAC moved up the timeline for year-end reporting. In past years, the process started in early June and ran until mid-July. This year, reporting began in mid-June and close July 6. Ms. Degen hopes that this earlier timeline will allow OSAC to resolve data discrepancies and notify schools of final balances July 15.

Ms. Degen reported that there was approximately \$18.8 million in OOG awards for the 2010-11 academic year, including \$4.3 million funded by the Oregon University System. Any savings realized at this point will be in Lottery Funds, which can be carried over from one biennium to the next. Ms. Degen reported that the amount of funds in the Lottery account may change due to revenue projections. However, we believe we have approximately \$8 million in Lottery Funds and expect to spend half that amount this year, leaving a carryover of \$2-\$3 million for the next biennium.

Ms. Degen reported that the OOG Advisory Group met on June 6. The Advisory Group has agreed that, given the initial plan for over awarding to a certain amount, we are on target. OSAC projects disbursing around \$46 million, based on \$72.4 million in total authorized awards. Since projected disbursements are so close to the \$46 million, the group has recommended not moving deadlines or the block dates or making additional awards at this point.

Ms. Degen stated that, for the 2012-2013 academic year, OOG Advisory Group has begun discussing the possibility using a fixed award amount instead of the award calculations were used for the first 3 years under the Shared Responsibility Model. Award calculations are based on financial data from the FAFSA, but that data can change every time the data are revised by a school or the student. This makes

it difficult for schools to administer and students to understand. The OOG Advisory Group discussed two different award amounts -- \$1950 and \$2100. The first amount, \$1950 is the current maximum for students at a 4-year public or private nonprofit college. The other amount, \$2100, acknowledges that college costs continue to go up. The Students Share will most likely go up \$100, depending on what happens with Oregon minimum wage. The extra \$100 that students contribute to the OOG award cannot possibly offset increases to the student budget, which tends to increase by \$500 or more each academic year.

Commissioner Sharples asked if this applies to both community colleges and 4-year colleges. Ms. Degen responded that the Advisory Group was considering one award amount for both community colleges and 4-year colleges. Based on projections using current 11-12 FAFSA data to-date, the cost of a flat grant would be about \$100-\$108 million. The OOG Advisory Group will need to look at the possibility of tiered awards. The query looked at those students whose remaining need after budget calculations and finance and other contributions was equal to or higher than the maximum award amount. From this the OOG Advisory Group will again be looking at cut off dates or deadlines, unless there is a significant reduction in FAFSA filings for the 2012-2013 academic year.

Commissioner Holland asked if we went to a flat award amount would students be awarded more than their assessed need. Ms. Degen responded that no, not on the way the calculations were set up. This only looked at students whose need was at least as high as that flat award amount or greater. Commissioner Sharples asked if this would rule out half-time awards. Ms. Degen responded that it wouldn't necessarily rule out half-time awards. There could be a half of a flat award amount, but only if need is at least as high as the equivalent of what the maximum award amount is.

Gary Andeen asked if a flat award approach required statutory changes. Ms. Degen responded that nothing in the way that the statute is written for the shared responsibility model mandates how we calculate the award or how we set the award amount. In essence the statutes mandate that we set a Student Share and a Family Share. Currently there is one Student Share for community college students and one that includes loans for students attending 4-year institutions.

Ms. Degen said that the OOG Advisory Group has not yet set another meeting date but will be proposing to meet in late July or early August so that the OOG Advisory Group will have recommendations to bring to the Commission at its August meeting.

Commissioner Sharples asked if the FAFSA filings had increased again this year. Ms. Degen reported that the number of FAFSAs for 2009-10 was 168,700 and through 2010-11 to date we have processed 186,000, up 10% compared to the same time last year.

Ms. Green asked if she could add a comment to her earlier report. Senate Bill 909 has had some changes in its content. SB 909 contains a requirement for the Commissioner for Community College Services, the Chancellor of the OUS and the Executive Director of the Oregon Student Assistance Commission to function under the direction and control Chief Education Officer of Oregon Education Investment Board by June 30, 2012.

### **ELECTION OF A CHAIRPERSON**

Commissioner Holland moved that Bart Howard be reappointed as Chair of the commission. Commissioner Sharples seconded the motion. The motion passed with a unanimous vote. Commissioner Howard was reappointed as chair of the commission.

**ODA ADMINISTRATOR CONSIDERATION**

Ms. Green stated that the Commission is the hiring authority for the ODA Administrator. The decision made prior to retain Jennifer Diallo as an interim administrator was based upon the fact that there were many unknowns with ODA specifically SB 242. It is now understood that if SB 242 is enacted then it would not be until July 1<sup>st</sup>, 2012 that ODA would move under the HECC. Ms. Green reported that this is far longer time than originally anticipated and having an interim director does not provide the level of creditability that ODA deserves. Ms. Green has also reported that given the fact that SB 242 has extended implementation date this also allows for the smaller legislative session to take place therefore creating an opportunity for further legislative change or repeal. Green recommends that the ODA Administrator position be posted and that a full time permanent person hired at this time.

Commissioner Holland commented that he would defer to Ms. Green's judgment on this and recommends the position be posted for appointment.

Ms. Green reported that keeping Ms. Diallo in an interim position doesn't allow her to hire a permanent employee to ODA. By her moving to a permanent position then allows ODA to hire a permanent position which is important for the future continuity. If Ms. Diallo were not to continue with ODA, there would be no ODA employees with ODA knowledge. If Ms. Diallo moves out of her current position with ODA because she has applied and been appointed Administrator or because she has resigned and been appointed as a Limited Duration Administrator then a permanent position could be added to ODA therefore allowing for a succession plan for ODA.

Commissioner Holland stated that he had concerns as well but assuming this new entity gets ODA in July 2012, it could be viewed that handing them a vacant position is not favorable.

Gary Andeen commented that he would like to see the Commission move forward right away on this subject. He is speaking on behalf of the schools regulated by ODA. Schools that care about ODA standards and statutes feel that it is important for this to be solidified because the limbo is not helpful. Mr. Andeen also stated that he agrees with Commissioner Holland that turning over a solid agency is a better position to be next summer when the HECC supposedly takes charge of this.

Chair Howard thanked Gary for his comments. Chair Howard moved to proceed with hiring a permanent ODA director. Motion was seconded by Commissioner Sharples with a unanimous vote to pass.

**PUBLIC COMMENT**

Emma Kallaway of OSA stated that they would like to thank for OSAC for diligence and willingness to work for students throughout the year. OSA is excited to moving forward and our students will chose the next set of priority issues in August and we will look forward to sharing that with you in the coming months. Ms. Kallaway reported that tuition equity will continue to be a priority for OSA and it was unfortunate how the bill died at the end of the 2011 legislative session and hopefully the interim session is the right place for that bill or it will have to wait for the 2013 legislative session. OSA is excited and interested to work with OSAC on the foster youth bill and help get students towards OSAC for this tuition waiver. Ms. Kallaway would like to thank Ben for working with OSAC and OSA so well and welcome new commissioners Mario and Lucero.

Commissioner Sharples responded to Ms. Kallaway stating that being a member of this Commission for 8 years and there have been a number of student commissioner and they are a valuable part of the

Commission. Commissioner Sharples values the student voice and commends the diligence of OSA being present at the meetings so often.

Chair Howard gave Commissioner Eckstein (absent) and Commissioner Miller (absent) a big thanks for their dedicated service to OSAC, their contributions to the Commission and had they been present he would have awarded presented plaques to them.

Commission Holland and Commissioner Weeks thanked Gary Andeen for serving independent colleges in the State of Oregon, attending Commission meetings and they appreciate you and the work you have done. Chair Howard also thanked Gary Andeen for his service.

Gary Andeen commented that he had canvassed the alumni directors to report where their alumni are living and how many are in Oregon, Washington, etc. Mr. Andeen reported that consistently we have found that 50% of our alumni live in Oregon and 50% enrollment from Oregon. The fact that 50% of alumni live in Oregon shows an important story for higher education in Oregon and that we can train and retain these students.

### **CONSENT CALENDAR**

Chair Howard called for a motion to approve the consent calendar including the 2011-2012 Commission meeting dates and the #409 May 27, 2011 meeting minutes. Commissioner Sharples moved to approve consent calendar. Commissioner Holland seconded the motion and the consent calendar was approved by unanimous vote.

### **OTHER BUSINESS AND ADJOURNMENT**

Chair Howard called for other business to come before the commission at this time. There being no other business, Commissioner Weeks moved to adjourn the meeting. Commissioner Sharples seconded the motion and adjournment was approved by unanimous vote. The meeting was adjourned at 11:25am.

Respectfully submitted,

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*Bart Howard, Chair*