

MEETING #411
OREGON STUDENT ASSISTANCE COMMISSION
Friday, August 26, 2011
Oregon Student Assistance Commission
Columbia Room
Eugene, OR

COMMISSIONERS

Caspar Sharples
Mike Holland
Lucero Castaneda
Mario Parker-Milligan
Glenda Melton (Phone)
Gary Weeks
Bart Howard

STAFF

Josette Green – Executive Director
Don Charlton – Director of Administrative Services
Vic Nunenkamp – Director of Scholarships and Access
Jennifer Diallo – Interim ODA Administrator
Lacie Morgan – Executive Assistant

GUESTS

Colin Wallace – Moss Adams
Mary Robinson – Oregon University System, Chancellor's Office
Bill McGee – Department of Administrative Services
Emma Kallaway – Oregon Student Association (Phone)

CALL TO ORDER

Commission Chair Bart Howard called the meeting to order at 9:36am. Having a quorum present, the meeting proceeded.

CHAIR'S/OTHER COMMISSIONER'S REPORT

Chair Howard reported that he and several commissioners attended Oregon Opportunity Grant Advisory Group meeting and recommendations from that meeting will be reported later in the meeting.

Commissioner Cap Sharples reported that he has agreed to head the hiring committee for the ODA Administrator position.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Josette Green welcomed Mario Parker-Milligan and Lucero Castaneda. Ms. Green reported that OSAC held a Commissioner orientation on August 5 for the two new commissioners.

Ms. Green introduced Don Charlton as the new Director of Administrative Services. Don comes to the agency with more than 29 years of state service in the fiscal arena. His in-depth knowledge and experience strengthens the financial operations of the agency. With the addition of Don, the two higher level managers can run the day to day operations therefore allowing the Executive Director to be out in the community advocating for the agency.

Ms. Green reported the development of Performance Measures for 2011-2012, which are included in the meeting packet. OSAC committed to the legislature and the commission to have these in place as of July 1, 2011 and these are complete and in place. OSAC is committed to fulfilling these measures of performance.

Commissioner Weeks reported that he is concerned about the performance measure that states OSAC will increase scholarships by 100 over the next biennium. The poor Economic and Revenue Forecast

that was released by the Office of Economic Analysis this morning could affect what donors are willing to donate. Chair Howard suggested a review and possible revision of this goal by next meeting so that OSAC is able to meet this performance measure and because the commission has some concerns.

Ms. Green reported that OSAC is in the midst strategic planning process to create an overall focus for the agency including vision statement and values. The committee members for this process include Emma Kallaway from OSA, Commissioner Mario Parker-Milligan, Commissioner Gary Weeks, Commissioner Mike Holland, Commissioner Bart Howard, Executive Director Josette Green, and ASPIRE and Outreach Supervisor Lori Ellis. The first meeting is scheduled for September 2, 2011 and will be an all day meeting. Tim Rahschulte from Department of Administrative Services (DAS) will be the facilitator for this process. Our goal for this process is to bring to the Commission a set of values, vision statement and strategic plan by January 1, 2012 or the January commission meeting.

Ms. Green reported the completion of CACG Grant that OSAC received from OUS. OSAC received \$43,000 from the CACG grant and was expected to deliver by August 13, 2011. This grant was dedicated to adult learners, and OSAC committed to enhance the website and redesign the OSAC scholarship application. OSAC delivered these items on time and would like acknowledge Catherine Webber, who managed the redesign of the scholarship application in such short time by finding vendors who delivered a new scholarship application and ideas for improving the system. In the next year, the commission will see a new website and scholarship application that is easier to use, which in turn will lead to more applicants.

Ms. Green reported that the office lease has been renegotiated and is in the process of being signed and completed. The results of the negotiations are that OSAC was able to reduce from \$1.85 per sq. foot to \$1.51 per sq. foot beginning October 1, 2011. This amounts to about \$75,000 savings in the current biennium and the lease has been extended three years which makes Sept 2015 as is the new expiration date. The renegotiation amounts to an estimated \$200, 000 over the next four year period.

Legislative update:

Ms. Green reported that Ben Cannon is the Governor's new education policy advisor. Ms. Green also reported that Tim Nesbitt, former chief of staff for Ted Kulongoski, has returned to work on SB 909 in the next legislative session. Nancy Golden, former education policy advisor for the governor, is continuing her work with the Investment Board. The Investment Board members have been selected and will be confirmed with the Senate in September and will in place by January 1.

Ms. Green reported that SB 909 is in development and 30 people were sequestered to work on the design of SB 909 throughout the month of August. A presentation of the work and design was given yesterday.

Ms. Green reported that OSAC in the process of working with DHS to work out the process of sharing information as required for HB 3471 which requires OSAC to retain an amount of Oregon Opportunity Grant funds for foster youth. The first meeting is scheduled for September 6, 2011.

Ms. Green reported that SEIU ratified their contract and the contract contains new furlough days. Two of these furlough days conflict current commission meeting schedule. Ms. Green referenced the new Commission Meeting Schedule in the meeting packet which changed three meeting dates. The proposed date changes are March 30, 2012, June 1, 2012 and June 29, 2012. There were no objections from the commissioners on the changes of the meeting dates.

Ms. Green reported on her visits to rural Oregon which included Lake County, Klamath County and Northeastern Oregon. Ms. Green stated that she had 16 visits at various schools including larger schools and smaller schools. There were three goals for these visits one of which was to answer legislators questions about what is OSAC doing for rural Oregon since they are different. These visits were also used to promote ASPIRE and how can OSAC work with these schools to create a college going population.

Ms. Green reported that these visits resulted in three items that help create and promote the college going culture. These three items are as follows:

1. School Boards set a goal of graduates going on to further education. When this goal existed there seemed to be a high college going population.
2. One on one mentoring for these students. Smaller schools had fewer dropouts and higher college going population due to the one on one mentoring through college admission and financial aid process.
3. Significant scholarship dollars makes a direct impact on college going population. The Daly Fund is available for Lake County students and is close to 90 years old. It is believed to be the oldest scholarship fund in the nation. The culture that is created begins in elementary school by telling students that if you do well in school you can go to college. The Daly Fund has made a big impact on Lake County and research is being conducted by Sam Stern at OSU in regards to the Daly Fund recipients and even those that did not receive the Daly Fund.

Staffing Update:

Ms. Green reported that Commissioner Cap Sharples is leading the recruitment for the ODA Administrator. Candidates will be determined next week and interviews will begin the week of September 6.

Ms. Green reported that OSAC is considering best option for the Accountant 3 position and discussing contracting with shared client services of DAS to determine what will be the most cost effective manner to continue those services. Ms. Green also welcomed Paula Kenneth the newest OSAC staff member and she is the new management assistant.

SCHOLARSHIP AND ACCESS PROGRAMS

Vic Nunenkamp, Director of Scholarships and Access, reported that OSAC held a Foster Youth conference on August 1-4, 2011 in Monmouth at Western Oregon University. There were 80 registered participants and interest from the press. The keynote speaker traveled from Washington, DC and was a recipient of the Dream Scholarship. She is now the Executive Director for a national program for adopting children. Ms. Nunenkamp reported that the participants were age 14-21 and were very excited about the information and training they received from this conference.

Scholarship Program Update: Ms. Nunenkamp reported that OSAC has applied for and received the opportunity to become a recipient for Oregon Charitable Fund Drive. Those dollars will go to the Oregon Spirit Scholarship. Ms. Nunenkamp reported the Oregon Spirit Scholarship will be revitalized and OSAC will be putting together an advisory group to identify what is the Oregon Spirit and then

design what that scholarship will be focused on. This advisory group will include Commissioner Sharples. Ms. Nunenkamp reported there are four new funds that have been developed since June 2011. Two of the funds are from the partnership with Oregon Community Foundation (OCF) and are scholarships for Douglas and Lincoln County students. The other two are OSAC funds and are Eugene Area Radio Station Broadcast and the Dr. Will Wilcut Memorial Scholarship for Triangle Lake High School graduates.

ASPIRE Program Update: Ms. Nunenkamp reported that ASPIRE sites have increased from 125 since May and plan increase to 138 by October 2011. OSAC has been given an extension on the CACG grant to continue to use 2010-2011 grant funding and have 145 ASPIRE sites by June 2012. Ms. Nunenkamp reported that this extension has given OSAC the opportunity to develop a pilot program for master sites to work directly with struggling sites and to be support for new sites. ASPIRE has identified 12 struggling sites and plans for 16 new sites.

Ms. Nunenkamp reported that ASPIRE is placing emphasis on Community Based Organizations (CBO) and there are currently six organizations. These CBO's will be working with low income youth and community partners with a focus on creating a college going culture. Ms. Nunenkamp also reported that ASPIRE has received a three year grant for \$150,000 from The Ford Family Foundation. The first allotment of \$75,000 will allow for the hire of a part-time eastern Oregon supervisor, who will work on developing sites in eastern Oregon. ASPIRE is planning a fall conference on October 7 at Willamette University and Susan Castillo will be the key note speaker. ASPIRE also has a grant pending with OCF that will help be used to hire a part time trainer.

Commissioner Holland asked if OSAC has talked to foundations, colleges and universities in a way that directs them to refer persons interested in scholarship donations to OSAC. Ms. Nunenkamp reported that yes, OSAC works with colleges and universities to let them know of the resources that OSAC has to offer. Ms. Nunenkamp also reported that the OSAC and OCF agreement states that any scholarship less than \$25,000 or less works through OSAC and any scholarship over \$50,000 will be referred to OCF due to the amount of time that is required to manage that amount of funds.

Chair Howard asked if the ASPIRE position for the eastern Oregon supervisor will be located in eastern Oregon. Ms. Nunenkamp responded that the position will be based here in Eugene at the OSAC office so that this person can work directly with the ASPIRE trainer; this focus will allow eastern Oregon to become a strong ASPIRE area.

Commissioner Sharples asked what modifications is OSAC looking at for the scholarship application. Ms. Nunenkamp replied that the new design is great and skip logic is good and that the personal statements are being reviewed to ensure they are appropriate. Commissioner Sharples commented that when the personal statements on the application are changed that it may have an impact wider than the agency realized. For example, Marshfield High School and Southwestern Oregon Community College decided that their scholarship applications will use the same questions as OSACs to minimize the number of essays that students have to write.

Ms. Green reported that the scholarship application had a major rewrite to help the flow and usability. Currently OSAC receives 200,000 FAFSAs each year and only 25,000 start the OSAC scholarship application and only 11,000 complete the application. The new product will be a more user friendly application that doesn't require a college course to learn how to fill out the application.

ADMINISTRATIVE SERVICES

Chair Howard welcomed Don Charlton, Director of Administrative Services and asked him to come forward to give his report. Mr. Charlton reported that the Oregon Opportunity Grant (OOG) advisory group had a meeting on August 15, 2011. Those present at that meeting were Commissioner Holland, Commissioner Weeks, Commissioner Howard, Leslie Limper from Reed College, Kathy Campbell from Chemeketa Community College, Donna Fossum from Western Oregon University, Josette Green, Susan Degen and Don Charlton from OSAC.

Mr. Charlton reported that the OOG advisory group discussed a wide variety of items which lead to the following four recommendations that the OOG advisory group is asking the commission to take action on. The items and recommendations from the OOG advisory group are as follows:

1. The OOG advisory group discussed the use of the excess 2011-2012 funds, if they are available, after fall 2011 disbursement reporting closes. The OOG advisory group recommends to the Commission that the block date is moved and make awards to students already in the pipeline. The new part of this discussion comes today with the release of the Economic and Revenue Forecast by the Office of Economic Analysis which is forecasting the revenue down about \$195 million. Unless the economic situation changes with the January forecast it is the new recommendation is to move the block date and make awards to students already in the pipeline if practical based on budget considerations. If budget considerations forced us to hold funds then that would be done.
2. The maximum OOG award amounts for 2012-13 school year. The recommendation of OOG advisory group is that there is a flat OOG award amount of \$1,950 for all students regardless of sector and limit OOG eligibility to students whose financial need is at or above \$1,950. Financial need is equivalent to Expected Family Contribution (EFC). The statute was reviewed and the advisory group believes that this recommendation is in compliance with the Shared Responsibility Model. 85% of recipients are already receiving the maximum award and this provides clarity for the financial aid offices and simplifies the processing of the OOG awards. Chair Howard reported that this recommendation allows OSAC to make awards early and make this process as simple as possible to allow financial aid offices and students and families to know early so that decisions can be made early on where to go to college. Chair Howard reported that a disadvantage to this recommendation is the flat award of \$1,950 can cause some students who are not receiving the maximum award to not be eligible for the flat award.
3. The OOG advisory group recommends that February 1, 2012 be set as the application deadline for 2012-2013. Students must file their initial FAFSA by February 1 to be considered for an award. It is important to note that this is a suggested filing date however it is not an absolute guarantee that any person that files by this date who is eligible will receive an award. Ms. Green commented that the positive part of this recommendation is that then financial aid offices will be able to guide students and advise services to students.
4. The last item the OOG advisory group recommends to the commission is to allow direct communication to notify eligible students as soon as possible. This has not been done the past two years and if this is implemented then it will be possible to hit the February 15 deadline of award notifications. If students are notified directly of OOG awards they can also be notified of the March 1 deadline to apply for scholarships.

Commissioner Weeks moved to accept the four recommendations made by the OOG advisory group. Commissioner Sharples seconded the motion. The motion was passed with a unanimous vote. Mr. Charlton reported that OSAC has set up meetings to work with DHS to develop rules to implement HB 3471. OSAC has a goal of holding public hearings for HB 3471 as required for Oregon Administrative Rules (OAR) and at the same time update other OARs that are identified as requiring updating or clarification.

Mr. Charlton reported that OSAC will begin downloading and processing 2012-13 FAFSAs on January 3 because January 2 is a holiday and plans to post the first OOG award lists by February 15, 2012.

Mr. Charlton reported that the next OOG advisory group meeting is set for Tuesday, January 17, 2012.

ODA ADMINISTRATOR'S REPORT

Jennifer Diallo, Interim ODA Administrator reported that back in February and March ODA had approximately 90 program reviews that had not been completed and on average per year ODA has approximately 50 program reviews. 80 program reviews at 12 schools have been completed since the last report in May. 36 of these program reviews have issues to resolve and have not yet been authorized. ODA has received seven applications for new programs since the last report, and six of those have already been reviewed. There are two applications for authorization currently received by ODA for processing at this time. Ms. Diallo reported that ODA has also received two applications for religious exemption.

Ms. Diallo reported that ODA continues to receive applications for online exemption even though July 1 was the deadline that was set by the federal regulations. There was a last minute grace period given which has lead to the receipt of more applications. ODA have received more than 310 inquiries and applications for online exemption. Ms. Diallo reported that many of these include degree programs that also have a practicum or clinical program which has caused two issues to surface. ODA has to discern whether these programs are all online or if they have a practicum. ODA rules require authorization for any program with activities at a site in Oregon. ODA is working with the schools that have both types of programs, to ensure that they have requested the appropriate type of approval and have completed all the necessary steps. The second issue is that online programs are paying for clinical placement of their students and on the ground schools are having a difficult time placing their students. Online programs have a competitive advantage in gaining placement because they are paying for the placement. The workforce development committee and ODA has spent time discussing what can be done to ensure there is enough capacity for placing people in practicum.

Ms. Diallo reported that ODA staff sent out letters acknowledging receipt of a completed application file by July 1, for all schools who had submitted all the information required and paid the appropriate fees at that time. This met our obligation to schools by acknowledging their good faith effort to seek approval. ODA now has two years to get them the approval but these schools can continue to operate under their good faith effort.

Ms. Diallo reported that diploma mill activity has increased with pressure from unaccredited schools seeking approval. Degree validation communications have increased as well as requests from Department of Justice and various licensing boards for expert advice on academic credentials. Two of these requests came from the Board of Psychologist Examiners and one is under investigation and the other required ODA to issue a cease-and-desist letter. Ms. Diallo reported that Department of Justice has

requested an expert opinion on two licensing issues and one has been completed and ODA will be testifying at the first hearing in October.

Ms. Diallo reported that ODA has discussed process for adverse impact notification with Community College and Workforce Development staff and proposed changes that improved the process for both departments.

Ms. Diallo reported that changes have been made to the way school reviews are processed in order to make it more cost effective and efficient. In the past each time a school has a new program they must submit a full application and ODA performs a full review. Currently, ODA has been looking at ways to separate the general school review from the program content review. In the past, ODA has contracted out the entire review and now ODA is contracting only the program content for review and performing the general school review in house. Another change ODA has made in the review process is to ask for a report from the contractor on why and how the school has satisfied or not satisfied the 20 standards required for the program review.

COMMITTEE TO DISCUSS FOSTER YOUTH

Chair Howard has requested to table this agenda item until after OSAC has a September 6 meeting with DHS regarding HB 3471. This item was tabled until next meeting.

AUDIT SUGGESTIONS

Colin Wallace from Moss Adams reported that Moss Adams assists OSAC with the internal audit functions including IT related concerns, compliance, and financial audit concerns. Moss Adams has been working with OSAC since 2008. The initial risk assessment was completed in 2009 and an update to risk assessment for the 2011-13 biennium still needs to be completed. The legislature requires that one internal audit be performed per year that is based on the risk assessment that is preformed. Audits performed to date by Moss Adams include reviewing the business continuity plan in 2009, key performance measures in 2010, and financial reporting process review in 2011 for the prior biennium. Mr. Wallace reported that Moss Adams also performed penetration testing of the servers in 2008 to exam where the agency might be vulnerable to outside attack. Mr. Wallace referenced the Risk Heat Map provided in the meeting packet to show the results of risk assessment and risk assessment updates. The high risk items are items that have been addressed with internal audits. Mr. Wallace reported that he will begin working with Don Charlton to update the last risk assessment and determine what actions have been put in place since the last internal audit and update the risk heat map.

Mr. Wallace reported that in the key financial process review, Moss Adams assessed procedures related to financial reporting, segregation of duties, budgeting process to identify concerns in which management should take action on. Actions that have been taken to improve processes include increased review of manual calculations, additional reconciliations and review of financial statements, a clear mapping of accounts between the financial reporting and budgeting systems and performed consulting on segregation of duties.

Commissioner Weeks requested a report that identifies what actions have been taken on the high risk items to minimize the risk and that will allow them to move out of the high risk area and if these items do move out of the high risk area. Commissioner Weeks would also like the report to include the actions that have been taken to minimize the risk, if Mr. Wallace and Moss Adams feel that these actions are

enough to minimize the risk, and if these actions are not enough what other steps should be taken by the Agency. Mr. Wallace responded that he would prepare a report for the commission by the next commission meeting. Mr. Wallace also noted that some of the high risk items will remain in the high risk category due because internal controls may not operate as they should. Even though there are controls in place to mitigate the risk certain high risk items remain high risk because they need to be looked at them periodically, every 2-3 years.

Mr. Wallace reported that the proposed internal audit to perform for 2011-2012 is a penetration and vulnerability testing on the IT structure since it has been virtualized and there have been a number of changes made to the servers. This audit would perform a number of tests to determine if outside hackers could hack into OSAC's data and to determine if the agency is in compliance with the Statewide Data Classification policy.

Ms. Green commented that the IT team has supported and requested an IT audit. Ms. Green recommends that the commission move forward with this audit as it would be most beneficial for OSAC at this time.

Mr. Wallace commented that future suggestions for internal audits include an audit of ODA procedures and policies and a data integrity audit to ensure that queries and filters that are used to select scholarships applications are working correctly and pulling in the right applicants for the scholarships.

Commissioner Weeks ask what the timeframe is for the IT internal audit. Mr. Wallace responded saying that this audit is for the 2011-2012 year. Ms. Green also responded saying that OSAC would like to schedule the audit this fall. Mr. Wallace commented the timeframe to complete the audit report is typically one month following the audit.

Commissioner Sharples moved to accept the 2011-2012 recommendation for an internal audit of information security and vulnerability. Commissioner Holland seconds the motion. The motion passed with aye votes from Commissioners Sharples, Melton, Holland, Howard and Weeks and zero votes against. Commissioners Lucero Castaneda and Mario Parker-Milligan were not present for the vote.

PUBLIC COMMENT

No public comment.

CONSENT CALENDAR

Chair Howard called for a motion to approve the consent calendar which included #410 June 24, 2011 meeting minutes. Commissioner Holland moved to approve consent calendar. Commissioner Weeks seconded the motion. The motion passed with aye votes from Commissioners Sharples, Melton, Holland, Howard and Weeks and zero votes against. Commissioners Lucero Castaneda and Mario Parker-Milligan were not present for the 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. The motion passed with aye votes from Commissioners Sharples, Melton, Holland, Howard and Weeks and zero votes against. Commissioners Lucero Castaneda and Mario Parker-Milligan were not present for the vote. The meeting was adjourned at 11:44am.

Respectfully submitted,

Bart Howard, Chair