



**Date:** May 21, 2015

**To:** Education Subcommittee of the Joint Ways and Means Committee

**From:** Bob Brew, Executive Director, Office of Student Access and Completion  
Susan Degen, Administrator, State Grants and Government Affairs, Office of Student Access and Completion

**Subject:** House Bill 2409A and -A2 amendments (OSAC Housekeeping)

Good morning Co-Chairs Monroe and Komp and members of the Joint Ways and Means Education Subcommittee. For the record my name is Bob Brew, Executive Director of the Office of Student Access and Completion (OSAC). With me is Susan Degen, Administrator of State Grants and Government Affairs at OSAC. We are here to talk about House Bill 2409A, a bill that would repeal unused or unfunded statutory programs and streamline and clarify a couple of other statutes.

OSAC administers the Oregon Opportunity Grant, nearly 500 privately funded scholarships, and a variety of government funded programs including the Chafee Education and Training Grant for former foster youth. In addition, we are home to ASPIRE (Access to Student Assistance Programs In Reach of Everyone), a mentoring program that matches trained and supportive adult volunteer mentors with middle and high school students to develop a plan to help them meet their education goals beyond high school.

The primary purpose of House Bill 2409A is to streamline existing statute by deleting a number of old, defunct scholarship and loan programs that were administered by the OSAC. The bill also consolidates into one account a number of related funds created by statute ten or more years ago in order to improve program administration. Finally, the measure separates language for two existing scholarship programs – one for dependent children of deceased and disabled public safety officers and one for former foster children – into two separate sections of statute.

Removing old, defunct, and long-unfunded programs from statute will allow OSAC to focus on existing, active programs. Combining multiple old accounts will eliminate duplicative accounting procedures. Creating separate sections of statute for two different scholarship programs will resolve confusion and clarify provisions associated with each program.

The attached table summarizes each affected program and the proposed changes in more detail. We would be happy to walk the committee through some of these changes. OSAC has contacted all agencies and other entities that have or had programs referenced in the sections of statute proposed for deletion: Oregon University System, Department of State Lands, Eastern Oregon University, Oregon Health Sciences University, and the Oregon Education Investment Board.

We have also clarified provisions of this bill with the Oregon Nurses Association and Children First for Oregon. We are not aware of any concerns around removing or updating these statutes.

The -A2 amendments make several minor changes to Section 7 of the bill that align eligibility criteria for the old scholarship program for former foster children with current eligibility criteria for the Chafee Education and Training Voucher program for former foster youth along with tuition waivers and prioritized Oregon Opportunity Grants for former foster youth.

Thank you for the opportunity to speak with you today. I look forward to answering your questions.



## HB 2409 – Summary of Proposed Changes

Statutes Affected	Proposed Changes
Section 1 348.040 to 348.059 Loans Generally – repeal in 2015	<p>These are old loan programs established under federal Health Professions, Nurses Training, and National Defense Education Loan in the 1950s and 1960s, including Medical Dental Student Loans and Guaranteed Student Loans. The federal acts referred to – National Defense Education Act of 1958, Health Professions Educational Assistance Act of 1963, and Nurses Training Act of 1964 – created “campus-based” loan programs at individual institutions. The program created by the National Defense Education Act, originally called the National Defense Student Loan, is now the Federal Perkins Loan, which is targeted for elimination. The other two acts created loans administered by institutions offering health professions programs.</p> <p>Sections 348.050 (1) to (4) authorized loans to be made out of the Common School Fund to medical and dental students at OHSU and to veterinary students at OSHU. Section 348.050 (5) authorized loans under the old Guaranteed Student Loan (GSL) program, created in 1965. The State Board of Higher Education was initially responsible for Oregon’s GSL program and contracted out administration to an out-of-state servicer. When Oregon took over the program in 1967, OSAC became the guarantor for federal student loans made by Oregon lenders to Oregon students and students at Oregon schools. The GSL became the Federal Family Education Loan (FFEL) program in the 1990s. OSAC exited the FFELP in 2005, and Congress eliminated the FFELP in 2010.</p>
Section 1 348.070 List of schools for loan program – repeal in 2015	<p>List of suitable career schools used to determine schools qualified for loan program. No longer needed for purposes of a loan program.</p>
Section 1 348.090 Loans funded by State Lands – repeal in 2015	<p>Loans guaranteed by OSAC and funded by Department of State Lands. GSL loans were made by private lenders, and this option from 1967 was not used.</p>
Section 1 348.186 Oregon Achievement Grant – repeal in 2015	<p>Oregon Achievement Grant was a merit-based grant, separate from the Oregon Opportunity Grant, limited to recent high school graduates who have high test scores. The program was created in 1999 but never funded.</p>

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Section 1 348.210 Scholarships at EOU, scholarships for certain foreign students – repeal in 2015	Section (1) refers to merit scholarships for resident undergraduates at EOU. Section (2) refers to scholarships to cover tuition and fees for foreign students enrolled at public universities. Neither program was funded.
Section 1 348.230 Scholastic grants at postsecondary institutions – repeal in 2015	Added in 1971, this section created a merit-based grant program. It has not been funded for many years, if ever, and has no identified revenue source.
Section 1 348.265 Grants for students at OHSU – repeal in 2015	This section was first added in 1977 to provide need-based grants to health professions students at OHSU. It has not been funded for many years, if ever, and has no identified revenue source.
Section 1 348.427-348.436 Community Service Voucher Program – repeal in 2015	This program was created in 1993 to encourage community service participation among students at postsecondary institutions. Vouchers were to be issued in amounts of \$35 for each 8 hours of eligible community service. Students had to work at least 20 hours per week for one term to qualify and could receive vouchers for only one term. Any vouchers distributed under this program have either been used or expired. The measure also abolishes the related fund.
Sections 2 and 3 348.310-348.390 Rural Medical Education Loans – repeal in 2017	This program was an old, forgivable loan program established in 1979. It was replaced by a loan repayment program called the Rural Health Program in the 1990s. The Rural Health Program was transferred to the Office of Rural Health at OHSU in 2011. The measure also abolishes the related fund.
Sections 2 and 3 348.440-348.448 Nursing Faculty Loan Repayment Program – repeal in 2017	This program provided for loan repayments on behalf of nurse educators at nursing school in Oregon who have earned a master’s or doctoral degree in nursing education. It was added in 2009, but was funded for only one biennium and benefitted fewer than 10 participants. The measure also abolishes the related fund.

## HB 2409 – Summary of Proposed Changes

Statutes Affected	Proposed Changes
Sections 5, 6, 7, and 19 348.270 Scholarships for children of public safety officers and former foster children – separate and relocate program in statute	Currently scholarships for Former Foster Children and scholarships for dependent children of Deceased and Disabled Public Safety Officers (DDPSO) exist in the same section of statute but serve very different populations. The measure moves the Foster Children Scholarship and provisions for prioritized Opportunity Grants for foster youth into a separate section of statute and aligns its eligibility criteria with that of the Chafee program, the foster youth tuition waiver program, and prioritized Opportunity Grants by removing the enrollment 3-year rule. It also updates references to certain postsecondary institutions. The DDPSO scholarship program has existed since at least 1973. The Former Foster Child scholarship was added in 2001 but has no identified revenue source.
Sections 8, 9, 10, 11, and 12 348.570; Multiple funds – abolish and consolidate	The measure removes statutory language that created separate accounts for Alternative Student Loan Program Fund, Nursing Services Account, Foster Youth Scholarship Fund, JOBS Plus, Teacher Corps, and Nursing Faculty Loan Repayment (in 2017). This will eliminate separate funds for other inactive or defunct programs and allow OSAC to consolidate and simplify receipting into one interest-bearing account and move funds remaining programs to accounts within the Oregon Student Assistance Fund.
Sections 13, 14, 15, 16, 17, and 18 348.425, 348.430, 348.482, 327.484, 348.180, and 348.250 Repealed programs	This section of the bill removes multiple references to repealed programs from program definitions and various program requirements.
Section 19 348.270 Scholarships for children of public safety officers and former foster children	This section of the bill updates and adds cross references to new section of statute created by Sections 5, 6, and 7.
Sections 20, 21, 22, 23, and 24 348.530, 348.665, 348,685, 348.690, and 442.540	These sections of the bill update statute by combining accounts in the Alternative Student Loan Program Fund and the Nursing Services Account into the Oregon Student Assistance Fund.