# *ANNUAL PERFORMANCE PROGRESS REPORT*
## *TIME PERIOD: FISCAL YEAR 2004-05*

| | | |
|---|---|---|
| Agency: Oregon Student Assistance Commission | Date Submitted: September 29, 2005 | Version No.: 1 |
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### *Introduction*

In 1959, the Oregon Legislature created the Oregon State Scholarship Commission, now called the Oregon Student Assistance Commission (OSAC). The Commission's primary mission is to assist Oregon students and their families in attaining a postsecondary education and to enhance the value, integrity, and diversity of Oregon's college programs. To accomplish this mission, the Commission coordinates a variety of state, federal, and privately funded student financial aid programs for the benefit of more than 50,000 Oregonians attending institutions of postsecondary education. For the 2004-2005 academic year, the Commission awarded $10.7 million to students through privately funded scholarships and $23.1 million to low-income students through the state-funded Oregon Opportunity Grant and guaranteed nearly $2.3 billion in federal student loans to help Oregonians pay for college between 1967and 2005, the period when the Commission participated in the Federal Family Education Loan Program.

OSAC also houses the Office of Degree Authorization (ODA), which administers multi-segmental regulations. ODA's statutory mission is "to provide for the protection of the citizens of Oregon and their postsecondary schools by ensuring the quality of higher education and preserving the integrity of an academic degree as a public credential." ODA ensures that all private and non-Oregon schools offering degrees in Oregon satisfy the state's educational standards, validates degree claims, prevents fraud, and limits detrimental conflict between public and private postsecondary programs. ODA also investigates bogus "degree mills" and determines whether legal action is necessary to protect Oregonians from fraud and deception caused by the sale or use of substandard degrees.

The Commission's powers and duties are outlined in Oregon Revised Statutes 348.505 to 348.695. For 2004-05, the Commission had four major goals that are directly related to its mission: 1) increase Oregon Opportunity Grant funding; 2) increase the number of scholarship programs administered by Scholarship Services; 3) increase the number of federal loans guaranteed in a fiscal year; and 4) increase the number of Oregon high schools that participate in the ASPIRE program. Meeting these goals will contribute to an increase in the participation of Oregonians in higher education programs and the attainment of degrees, as highlighted by Oregon Benchmarks 24, 25 and 26:

| | |
|---|---|
| **Benchmark 24** | Percent of Oregon adults (25+) who have completed some college |
| **Benchmark 25** | Percent of Oregon adults (25+) who have postsecondary professional-technical credentials |
| **Benchmark 26** | Percent of Oregon adults (25+) who have completed: a. bachelor's degree, b. advanced degree |

The Commission has identified seven key performance measures based on these three benchmarks:

- Performance Measure 1—Percentage of eligible students who are awarded an Oregon Opportunity Grant
- Performance Measure 2—Need-based college grant dollars awarded per FTE student in Oregon for 2- and 4-year public institutions and 4-year nonprofit independent institutions (National Ranking)

Performance Measure 3—Percentage of growth in number of privately funded scholarships awarded
Performance Measure 4—Percentage of growth in the dollar volume of new student loans guaranteed
Performance Measure 5—Percentage of student loan defaults prevented
Performance Measure 6—Percentage of increase in annual dollars collected from average receivables
Performance Measure 7—Time to complete a degree program review

The Commission is also developing a performance measure for customer satisfaction, based on recently approved DAS guidelines.

The following table highlights the Commission's progress toward meeting these performance measures over the past year:

| Performance Target Achievement | # |
|---|---|
| **Total Number of Key Performance Measures (KPMs)** | **7** |
| # of KPMs at target for most current reporting period | 0 |
| # of KPMs not at target for most current reporting period | 7 |

The Commission was not able to meet any of its performance measures during the most recent year for which data were available for a variety of reasons: .

- Chronic shortages in the state's General Fund have made it difficult to make more grants available through the Oregon Opportunity Grant program (PM 1). This will change with a significant increase in funding for the program for 2005-07.
- College costs continue to increase at rates faster than the rate of available funding for the Oregon Opportunity Grant program. This creates an ever-widening gap between students' needs and available funds (PM 2)
- College enrollments continue to increase, although less dramatically than in the recent past, when college enrollments included both new high school graduates and large numbers of newly unemployed adults.(PM 1, 2, 3, 4, 5)
- Computer system limitations hindered the Commission's ability to add as many new scholarship programs as donors were ready to fund (PM 3).
- Ongoing loss of market share to large, well-financed out-of-state private nonprofit corporations reduced new loan volume contributed to the Commission's decision to end its participation as a guaranty agency in the Federal Family Education Loan Program (PM 4, 5, 6).
- Changes in program review procedures and lack of staff increased the length of time needed for degree program reviews (PM 7).

For 2005-07 and beyond, the Commission anticipates a number of ongoing challenges as well as several new challenges:

- Oregon's economic recovery may reduce the number of potentially eligible grant applicants who are displaced workers, which could mask the ongoing need for postsecondary education grants among other low-income populations.
- College costs continue to increase at a rate that outpaces available funding for Oregon Opportunity Grants.
- As the Commission's Scholarship Services unit grows, additional staff and system redesign will be critical to the agency's ability to accommodate the increased volume of new scholarship programs being established.

- Due to a significant increase in funding for 2005-07, the number of recipients for the Oregon Opportunity Grant will increase from the current 70% of eligible full-time students to 100% of eligible full-time students, and will serve part-time students starting with the 2006-07 academic year. The effect of an increased number of students served new performance measures related to college persistence and completion is unknown.
- The Commission is considering some program changes for the Oregon Opportunity Grant in response to suggestions from the Governor-appointed Access and Affordability Working Group. Changes may include stair-stepped awards, based on family income; expansion of the program to serve more middle-income families; and closer alignment with the Federal Need Analysis system, which determines students' eligibility for the Federal Pell Grant.

Finally, the Commission is finalizing several new performance measures in response to direction from the 2003 budget report for House Bill 5052, which reads as follows:

> "The Subcommittee reviewed the agency's performance measures and approved them with certain clarifications. The Subcommittee also directed the agency to develop additional measures to identify the impact of the Opportunity Grant on recipients' ability to complete degree programs, and to track the management and administrative costs of the agency's various programs. The agency is directed to disaggregate measures that track services to students by race and ethnicity, with a special emphasis on agency program services to Latino students."

The Commission presented portions of these new performance measures in its 2005-07 budget presentation before the Joint Ways and Means Committee. These and other new performance measures will be developed in the coming months and *will* be included in the 2005-06 Annual Performance Progress Report for 2006.

***ANNUAL PERFORMANCE PROGRESS REPORT– PART 1, MANAGING FOR RESULTS***
***TIME PERIOD: FISCAL YEAR 2004-05***

| | | |
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| Agency Name: Oregon Student Assistance Commission | | Agency No.: 575 |
|---|---|---|
| **The following questions shed light on how well performance measures and performance data are leveraged within your agency for process improvement and results-based management.** | | |
| 1 | How were staff and stakeholders involved in the development of the agency's performance measures? | OSAC's performance measures relating to operational goals were developed with Division Directors and their staff. Program goals were developed with OSAC's seven community members serving as board members on the Student Assistance Commission. |
| 2 | How are performance measures used for management of the agency? | Operational measures are used to measure progress toward achieving higher levels of effectiveness and efficiencies in administering agency-related programs. Program goals assist the Commissioners in measuring and communicating agency goals that relate to Oregon Benchmarks and in the development of the agency's budget. |
| 3 | What training has staff had in the use of performance measurement? | State-sponsored training has been provided for those assigned with the responsibility for coordinating the agency's performance measures. |
| 4 | How does the agency communicate performance results and for what purpose? | Performance measures are posted on the agency's website: http://www.osac.state.or.us/performance.html. OSAC will also share these measures at its public hearings during the budget development process and will seek input from the public regarding the measures and the results. |
| 5 | What important performance management changes have occurred in the past year? | Due to program reductions, the Commission tightened income thresholds in 2001-2003 for students to qualify for the Oregon Opportunity Grant, which serves low-income Oregonians. Continued funding limitations through the end of the 2003-05 biennium prevented the Commission from restoring the program eligibility criteria to past income thresholds. Although educational costs for students attending Oregon colleges and universities continue to rise, increased funding for the 2005-07 biennium will help the Commission serve more students than in recent years.<br><br>In 2004-05, financial problems associated with the agency's participation in the Federal Family Education Loan Program resulted in the layoff of 64 employees in the Loan Program, 5 employees in Administration, and 3 employees in the Information Technology division. The agency lost a total of 72 staff members; 23 staff members in the Grants and Scholarships program remain. The significant loss of staff required significant internal reorganization and reassignment of some responsibilities. |

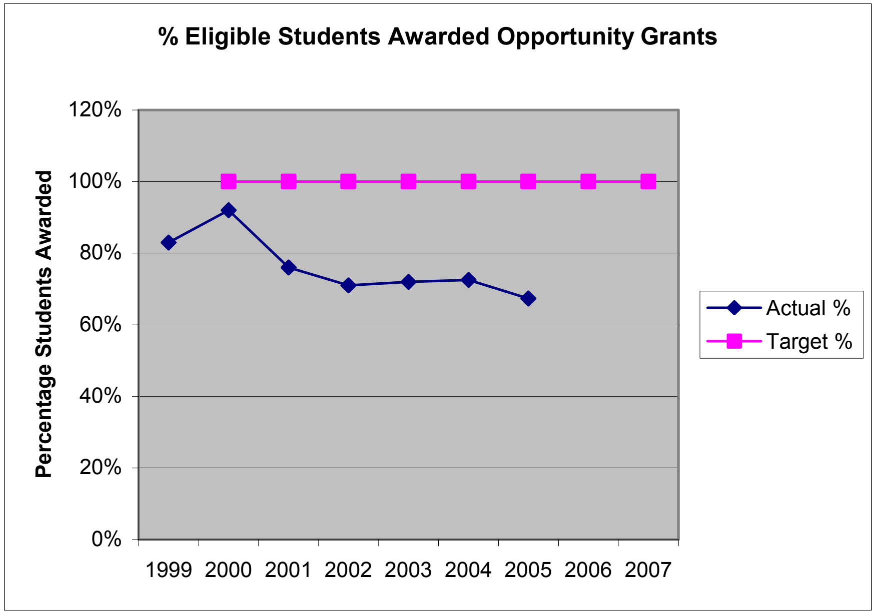
# *ANNUAL PERFORMANCE REPORT- PART II, KEY MEASURE ANALYSIS*

*TIME PERIOD: FISCAL YEAR 2004-05*

| **Agency Name: Oregon Student Assistance Commission** | | Agency No.: 57500 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Key Performance Measure (KPM) | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| #1 - Percentage of eligible students who are awarded an Oregon Opportunity Grant | Target | **NA** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| | Data | 83% | 92% | 76% | 71% | 72% | 72.5% | 67.4% | NA | NA |

*Data Source*: Oregon Student Assistance Commission

## Key Performance Measure Analysis




To what goal(s) is this performance measure linked?

Goal 1(a): Increase college attendance and completion in Oregon (by offering an Oregon Opportunity Grant to all eligible college students)

What do benchmark (or other high-level outcome) data say about Oregon relative to the goal(s)?

Annual surveys of states' need-based grants programs show that Oregon is losing ground when it comes to access and affordability for postsecondary education.

What is the impact of your agency?

The annual cost of a college education has increased at rates far higher than available state funding for need-based grants. As a result, the percentage of eligible students who actually received an Opportunity Grant is now significantly lower than it was 5 years ago. In 2004-05, Oregon was still losing ground. The increase in funding that the Legislative Assembly approved for 2005-07 will ensure that Oregon regains lost ground during the 2005-07 biennium. Funding will permit the Commission to make awards to all eligible students attending public 2- and 4-year institutions for both years of the biennium; awards for students attending 4-year private institutions will increase from approximately 70% to 100% of eligible students in the second year of the biennium and awards will be made to part-time students for the first time.

How does the performance measure demonstrate agency progress toward the goal?

OSAC has not been able to demonstrate progress toward this goal due to lack of state resources. For the 2005-07 biennium, the Commission has replaced this measure with new measures that more accurately track the Commission's performance instead of the Legislature's ability to appropriate program funds.

Compare actual performance to target and explain any variance.

The target for this performance measure remains 100%, that is, to be able to make awards to 100% of eligible applicants. Current data shows that OSAC is moving in the wrong direction and is actually making fewer awards now than 5 years ago.

Summarize how actual performance compares to any relevant public or private industry standards.

It is difficult to compare actual performance state-to-state because award amounts, costs of attendance, and state economies vary significantly. A recent study of Oregon and five peer states (Washington, California, Minnesota, Colorado, and Kansas), commissioned by the OUS Access and Affordability Work Group (AAWG), shows that tuition and fees at Oregon's public institutions are topped only by Minnesota's. Oregon lagged behind three of the peer states in estimated grant dollars per full-time undergraduates enrolled (data for two states was not available).

What is an example of a department activity related to the measure?

Staff calculates award amounts, based on a percentage of college costs, and sets processing cutoff dates for students at various school segments. Moving cutoff dates and changing formulas used to calculate award amounts are among the few variables available that can affect the percentage of eligible applicants who will receive awards each year.

What needs to be done as a result of this analysis?

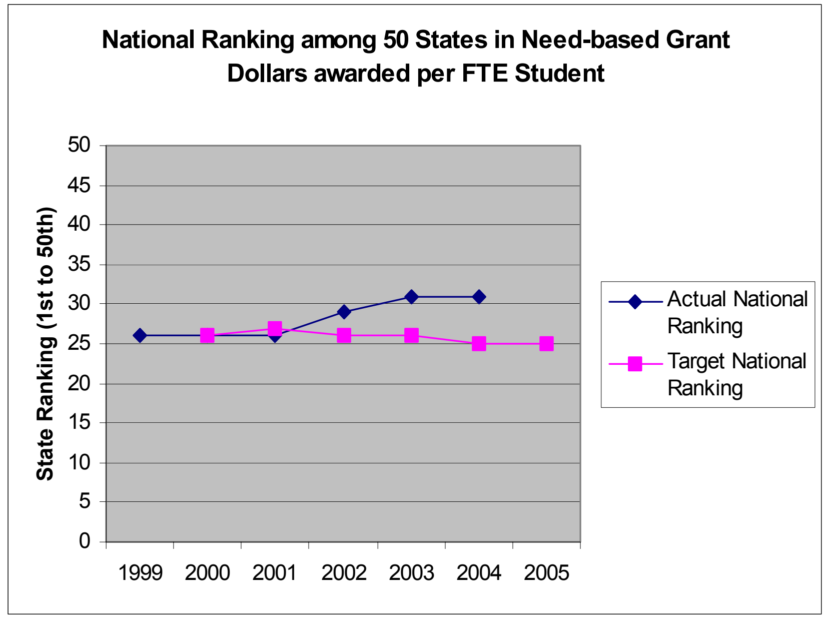
Achievement of this goal is not under this agency's control. Increased funding for the Opportunity Grant program is the primary solution to the agency's ability to meet this goal. OSAC will continue to collaborate with the various postsecondary sectors to evaluate and recommend the highest priority populations and needs in the 2007-09 budget development.

# *ANNUAL PERFORMANCE REPORT- PART II, KEY MEASURE ANALYSIS*
*TIME PERIOD: FISCAL YEAR 2004-05*

| **Agency Name: Oregon Student Assistance Commission** | | Agency No.: 57500 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Key Performance Measure (KPM) | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| #2 - Need-based college grant dollars awarded per FTE student in Oregon for 2- and 4-year public institutions and 4-year nonprofit independent institutions (National Ranking) | Target | **NA** | **26th** | **27th** | **26th** | **26th** | **25th** | **25th** | **25th** | **25th** |
| | Data | 26th | 26th | 26th | 29th | 31st | 31st | NA | NA | NA |

*Data Source*: National Association of State Student Grant and Aid Administrators (NASSGAP), "Annual Survey Report on State-Sponsored Student Financial Aid"

## Key Performance Measure Analysis




To what goal(s) is this performance measure linked?

Goal 1(b): Increase college attendance and completion in Oregon (by increasing the grant dollars awarded per FTE student)

What do benchmark (or other high-level outcome) data say about Oregon relative to the goal(s)?

Oregon is losing ground when it comes to access and affordability for postsecondary education.

What is the impact of your agency?

The annual cost of a college education has increased at rates far higher than available state funding for need-based grants. As a result, the percentage of eligible students who actually received an Opportunity Grant is lower than it was five years ago..

How does the performance measure demonstrate agency progress toward the goal?

OSAC has not been able to demonstrate progress toward this goal. Oregon appears not to have lost any more ground compared to other states' efforts to provide need-based grants to low-income college students. For the 2005-07 biennium, the Commission has replaced this measure with one that more accurately measures the agency's performance rather than the Legislature's ability to appropriate program funds.

Compare actual performance to target and explain any variance.

The target for this performance measure remains 100%, that is, to be able to make awards to 100% of eligible applicants. Current data shows that OSAC is moving in the wrong direction and is actually making fewer awards now than 5 years ago.

Summarize how actual performance compares to any relevant public or private industry standards.

It is difficult to compare actual performance state-to-state because award amounts, costs of attendance, and state economies vary significantly. A recent study of Oregon and five peer states (Washington, California, Minnesota, Colorado, and Kansas), commissioned by the OUS Access and Affordability Working Group (AAWG), shows that tuition and fees at Oregon's public institutions are topped only by Minnesota's. Oregon lagged behind three of the peer states in estimated grant dollars per full-time undergraduates enrolled (data for two states was not available).

What is an example of a department activity related to the measure?

Staff calculates award amounts, based on a percentage of college costs, and sets processing cutoff dates for students at various school segments. Moving cutoff dates and changing formulas used to calculate award amounts are among the few variables available that can affect the percentage of eligible applicants who will receive awards each year.

What needs to be done as a result of this analysis?

Increasing state funding for the Opportunity Grant program is the primary solution to the agency's ability to meet this goal. That has not been possible for the last two biennia because of the state's ongoing budget crisis. Until the annual increases to cost of education at public institutions slows and Oregon's economy improves, we have little hope of coming closer to our target. Our agency's budget request for 2005-07 included a program option package to add $115 million to the program. Although the Commission's actual funding was below the amount included in the POP, the Legislative Assembly did increase significantly funding for the Oregon Opportunity Grant for 2005-07. This will enable us, for the first time, to serve all eligible full-time students and, in the second year of the biennium, serve part-time students as funding permits.

# *ANNUAL PERFORMANCE REPORT- PART II, KEY MEASURE ANALYSIS*

*TIME PERIOD: FISCAL YEAR 2004-05*

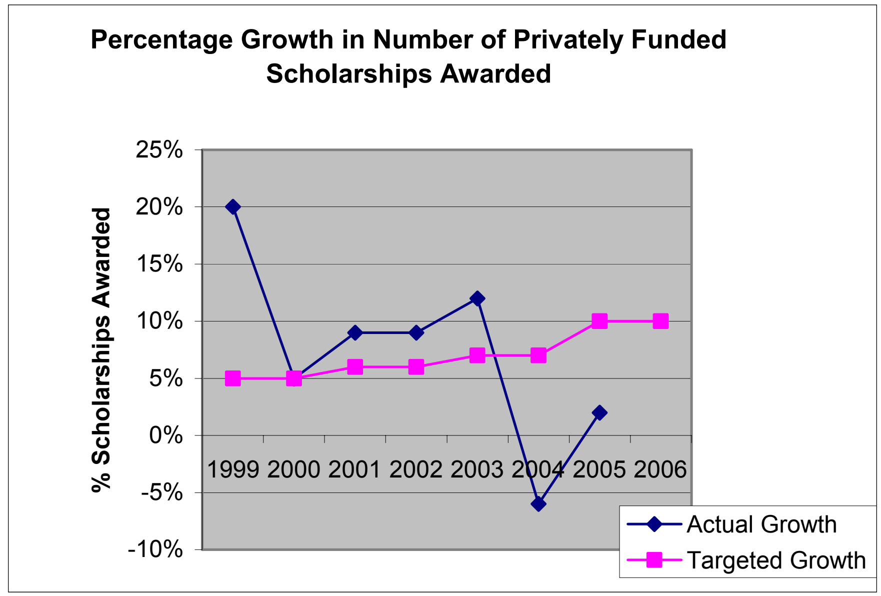
| **Agency Name: Oregon Student Assistance Commission** | | Agency No.: 57500 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Key Performance Measure (KPM) | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| #3 – Percentage of growth in number of privately funded scholarships awarded | Target | **NA** | **5%** | **5%** | **6%** | **6%** | **7%** | **7%** | **10%** | **10%** |
| | Data | 20% | 5% | 9% | 9% | 12% | -6% | 2% | NA | NA |

*Data Source*: Oregon Student Assistance Commission

## Key Performance Measure Analysis

To what goal(s) is this performance measure linked?

Goal 1(c): Increase college attendance and completion in Oregon (by increasing the number of scholarships funded by private sources)




What do benchmark (or other high-level outcome) data say about Oregon relative to the goal(s)? What is the impact of your agency?

The agency's growing portfolio of privately funded scholarship programs demonstrates that private citizens, organizations, and employers are interested in helping students go to college. Each year, the agency has been able to add new scholarships to its portfolio and increased the total dollar volume of scholarships awarded every year for at least the past 5 years. The agency's administration of privately funded scholarships demonstrates that it is possible to establish strong, successful private-public partnerships. The agency's goal is to continue to increase its portfolio of private scholarships.

How does the performance measure demonstrate agency progress toward the goal?

Even during the worst economic times in the past decade, the agency has been able to add new scholarships to its growing portfolio. This continues to be true, with 40 new scholarship programs added to the OSAC portfolio since 2003. However, the decline in returns on investment dollars during 2003-2004 has limited donors' ability to award scholarship dollars.

Compare actual performance to target and explain any variance.

Until 2004, the agency has been able to meet or exceed its targets. Current system capacity has slowed the number of private scholarship programs that the agency is able to add. In addition, market forces have limited the returns of investment dollars and therefore the capacity of existing scholarship funds to generate more award dollars. The Commission no longer has a staff member in charge of developing new scholarship programs. However, the Commission does have a major partner, the Oregon Community Foundation (OCF), which administers a $500 million endowment fund composed of contributions from hundreds of donors. Each year, OCF develops 5 to 25 new scholarship programs, depending on donor choices.

Summarize how actual performance compares to any relevant public or private industry standards.

Oregon is unique in the country as the only state with a state agency that works in partnership with private donors and foundations to administer scholarships to college students. A few state have small private nonprofit organizations that administer small portfolios of scholarship programs, but nothing on the scale of Oregon's program. These activities are financed completely by Other Funds, based on administration fees charged to donors. The unified application is also unique to Oregon. Students may apply for any of the scholarships using one unified application form, which helps increase the applicant pool for donors and provide access to students.

What is an example of a department activity related to the measure?

The agency works in direct partnership with The Ford Family Foundation and the Oregon Community Foundation to provide program administration services. Each year staff develops an application form in paper and electronic format for the more than 315 scholarships. Applications are accepted in hard copy and via the agency website. Staff collects and reviews applications, confirms applicants' eligibility, prepares information packages for selection committees, notifies award recipients, and disburses award funds to the students' schools. The Scholarship Services Manager and two staff divide the scholarships into portfolios to provide better donor services. Two research staff members manipulate the large databases required to provide donors with eligible candidates who match their selection criteria.

What needs to be done as a result of this analysis?

In past years, the agency had a Scholarship Development Officer, who was responsible for finding donors and helping them set up their scholarship programs. Due to lack of funds, the position has remained vacant since the retirement of the original Scholarship Development Officer in 2003. In addition, the agency's current computer software is able to accommodate only a limited number of new programs each year. Additional funding needed to implement the design is being sought from several of the agency's scholarship partners. In addition, OSAC is currently working with a major partner— The Oregon Community Foundation — on an investment instrument that will encourage additional donors to add their scholarships to the OSAC unified application as well as enable smaller OSAC funds to gain higher returns.

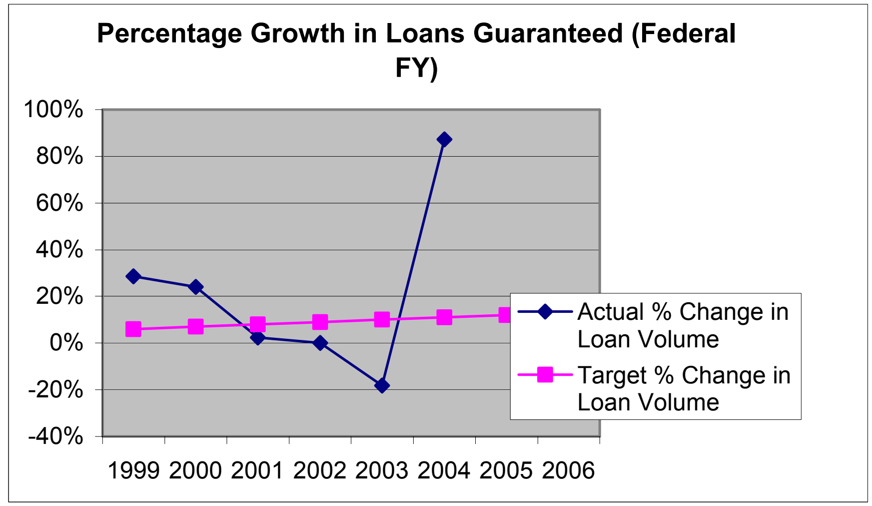
# *ANNUAL PERFORMANCE REPORT- PART II, KEY MEASURE ANALYSIS*

*TIME PERIOD: FISCAL YEAR 2004-05*

| **Agency Name: Oregon Student Assistance Commission** | | Agency No.: 57500 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Key Performance Measure (KPM) | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| #4 - Percentage growth in the dollar volume of new student loans guaranteed | Target | **NA** | **6%** | **7%** | **8%** | **9%** | **10%** | **11%** | **12%** | **13%** |
| | Data | 28.6% | 24.1% | 2.4% | NA | -18.15% | 87.25% | NA | NA | NA |

*Data Source*: National Student Loan Data System; U.S. Department of Education; American Student Assistance, Inc.; Oregon Student Assistance Commission

## Key Performance Measure Analysis




To what goal(s) is this performance measure linked?

Goal 1(d): Increase college attendance and completion in Oregon (by increasing the availability of low-cost guaranteed student loans)

What do benchmark (or other high-level outcome) data say about Oregon relative to the goal(s)? What is the impact of your agency?

OSAC ended its 33-year participation in the Federal Family Education Loan Program as of January 1, 2005. No data are available for agency activity for the 2004-05 fiscal year. The student loan industry in Oregon has been highly volatile for the past 5 or 6 years, making it increasingly difficult for a small state agency to compete in a marketplace that has evolved over time to include a number of large, well-funded private nonprofit organizations as well as a competing program operated by the federal government. The agency had hoped that converting to a new loan processing system in 2001 would help it regain some of its lost market share, but that did not happen. Market share lost one year was regained the following year when one OUS institution left the competing federal program. However, this new volume was lost again when the institution chose to guarantee loans with an out-of-state nonprofit organization the following year.

How does the performance measure demonstrate agency progress toward the goal?

OSAC has not been able to demonstrate progress toward this goal. In fact, OSAC's Board of Commissioners made the difficult decision to have the state agency exit the federal guaranteed student loan programs altogether at the end of the 2004 calendar year. Loan volume data for July 2004 through December 2004 are not available.

Compare actual performance to target and explain any variance.

Since the Guaranteed Student Loan Program (now called the Federal Family Education Loan Program) was created in 1971, the student loan industry changed significantly. Originally, the program consisted of designated state guaranty agencies with a few regional nonprofit entities designated to serve states that did not create their own agencies.

Now the industry consists of several large national private nonprofit organizations and several small state agencies. Several state agencies, such as the one in Washington, became private nonprofit organizations, in part, to better compete with the large national nonprofit organizations. In 1994, Congress created the Federal Direct Student Loan Program, which served to further affect the number of schools that participated with the agency's program.

Summarize how actual performance compares to any relevant public or private industry standards.

The agency has not been able to retain sufficient new volume to generate the revenues needed to cover operating costs and make necessary changes in services and equipment for the agency to comply with federal regulations and remain competitive with out-of-state organizations.

What is an example of a department activity related to the measure?

Not applicable after December 2004. Staff communicates daily to monitor new loan guarantees, communicate with lenders that disburse loan funds to schools, work with schools to ensure that students remain eligible for loans, help borrowers who are making payments on their loans, prevent borrowers facing economic problems from defaulting on their loans, and collecting payments from borrowers who have defaulted on their loans.

What needs to be done as a result of this analysis?

Effective January 1, 2005, OSAC transferred its student loan portfolio to Educational Credit Management Corporation, the federally designated successor guaranty agency. At that point, OSAC ended its 33-year participation in the Federal Family Education Loan Program.

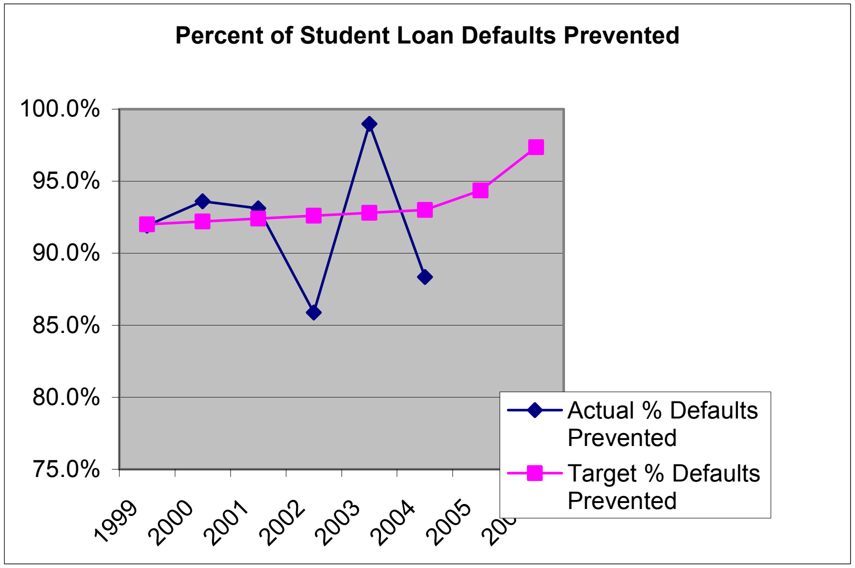
# *ANNUAL PERFORMANCE REPORT- PART II, KEY MEASURE ANALYSIS*

*TIME PERIOD: FISCAL YEAR 2004-05*

| **Agency Name: Oregon Student Assistance Commission** | | Agency No.: 57500 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Key Performance Measure (KPM) | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| #5 - Percentage of student loan defaults prevented | Target | **NA** | **92%** | **92.2%** | **92.4%** | **92.6%** | **92.8%** | **93%** | **94.35%** | **97.35%** |
| | Data | 91.9% | 93.6% | 93.1% | 85.88% | 98.98% | 88.35% | NA | NA | NA |

*Data Source*: U.S. Department of Education; Oregon Student Assistance Commission

## Key Performance Measure Analysis




To what goal(s) is this performance measure linked?

Goal 2(a): Maintain the integrity of the student loan program (by preventing defaults among student borrowers).

What do benchmark (or other high-level outcome) data say about Oregon relative to the goal(s)? What is the impact of your agency?

The data show that most Oregonians are able to stay out of default on their student loans. The data also show that the agency is successful in helping prevent defaults for the majority of borrowers with Oregon-guaranteed loans.

How does the performance measure demonstrate agency progress toward the goal?

OSAC ended its 33-year participation in the Federal Family Education Loan Program as of January 1, 2005. No data are available for agency activity for the 2004-05 fiscal year.

Compare actual performance to target and explain any variance.

A system conversion in 2001 had an adverse effect on account maintenance and default prevention for several months. In addition, Oregon has experienced the highest or among the highest unemployment rates for the past three years or more. These two factors have negatively affected the agency's ability to help borrowers stay out of default during the worst years of the economic downturn that began in 2000.

Summarize how actual performance compares to any relevant public or private industry standards.

In September of each year, the US Department of Education calculates and publishes cohort default rates for all schools, all lending institutions, and all guaranty agencies that participate in the two federal student loan programs. The rates are based on the cohort of borrowers who enter repayment during the 12-month period between October 1 one year and September 30 of the following year and default on those loans between the time they entered repayment and September 30 two years later. Over the past 10 years the agency's default rate has dropped from 11.4% to 6.2%; the agency's official rate has been as low as 3.5%, but has increased over the last 3 years partly because of the state's high unemployment rate and partly because of a change in mix of borrowers in the agency's loan portfolio. The national rate is currently 5.2%. Until two years ago, the agency's cohort default rate was consistently below the national rate.

What is an example of a department activity related to the measure?

Default prevention staff contact borrowers at the first sign of delinquency in loan payments, as reported by the lenders who hold the loans. Agency staff work with individual borrowers to provide information on options for loan payment deferment, forbearance, rehabilitation, and discharge.

What needs to be done as a result of this analysis?

Effective January 1, 2005, OSAC transferred its student loan portfolio to Educational Credit Management Corporation, the federally designated successor guaranty agency. At that point, OSAC ended its 33-year participation in the Federal Family Education Loan Program.

# *Annual Performance Report- Part II, Key Measure Analysis*

*Time Period: Fiscal Year 2004-05*

| **Agency Name: Oregon Student Assistance Commission** | | Agency No.: 57500 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Key Performance Measure (KPM) | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| #6 - Percentage increase in annual dollars collected from average receivables | Target | **NA** | **11.5%** | **12%** | **12.5%** | **13%** | **13.5%** | **14%** | **14.5%** | **15%** |
| | Data | 10.696% | 13.824% | 12.073% | 12.470% | 11.236% | 10.92% | NA | NA | NA |

*Data Source*: U.S. Department of Education; Oregon Student Assistance Commission

## Key Performance Measure Analysis

To what goal(s) is this performance measure linked?

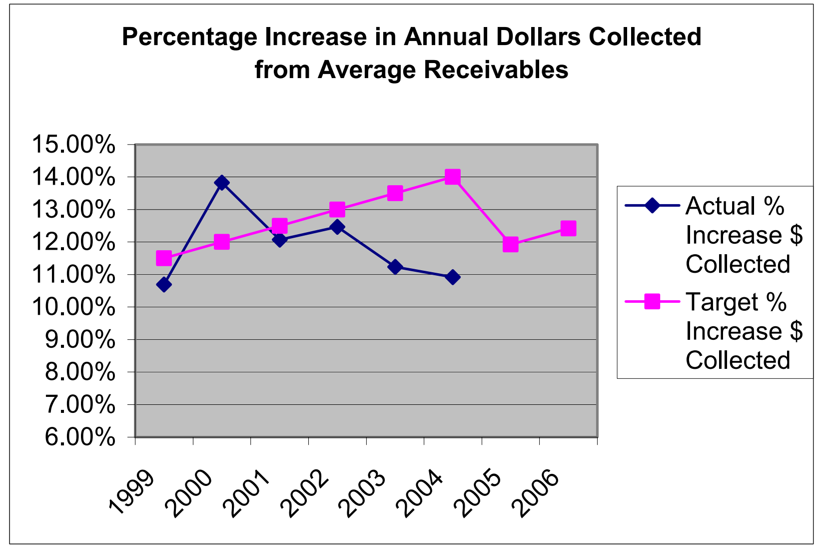
Goal 2(b): Maintain the integrity of the student loan program (by collecting payments on defaulted student loans).

What do benchmark (or other high-level outcome) data say about Oregon relative to the goal(s)? What is the impact of your agency?

Until 2003, the agency was able to meet or exceed its goals. Starting in 2003, however, the agency's percentage increase in annual dollars collected from student loan borrowers in default has fallen below earlier targets.

How does the performance measure demonstrate agency progress toward the goal?

OSAC ended its 33-year participation in the Federal Family Education Loan Program as of January 1, 2005. No data are available for agency activity for the 2004-05 fiscal year.




Compare actual performance to target and explain any variance.

Staff reductions in the agency's collection division occurred about the same time as performance data fell below targets. Oregon has experienced the highest or among the highest unemployment rates for the past three years or more. These factors have negatively affected the agency's ability to collect on the defaulted loans in the agency's portfolio. In July 2004, the agency switched its focus from collecting on defaulted student loans to helping borrowers manage monthly payments by consolidating their defaulted loans. This effort reduced the number of staff available for ongoing collection activities. The previous target level of .5% per year increase has proven to be a very high standard.

Summarize how actual performance compares to any relevant public or private industry standards.

As of June 30, 2004, Oregon ranked 25th among the 36 active student loan guaranty agencies in the country in recovery rates on defaulted loans in its portfolio. Oregon's combined recovery total is 16.62%, which is 3.2% better than the total combined recovery rate for all guaranty agencies and the federal agency of 13.72%.

What is an example of a department activity related to the measure?

Agency staff members make collections calls to those borrowers whose defaulted students loans are held by the agency. Staff members also work with borrowers who are attempting to rehabilitate their default status or who need to reinstate their eligibility for federal student loans and grants.

What needs to be done as a result of this analysis?

Effective January 1, 2005, OSAC transferred its student loan portfolio to Educational Credit Management Corporation, the federally designated successor guaranty agency. At that point, OSAC ended its 33-year participation in the Federal Family Education Loan Program.

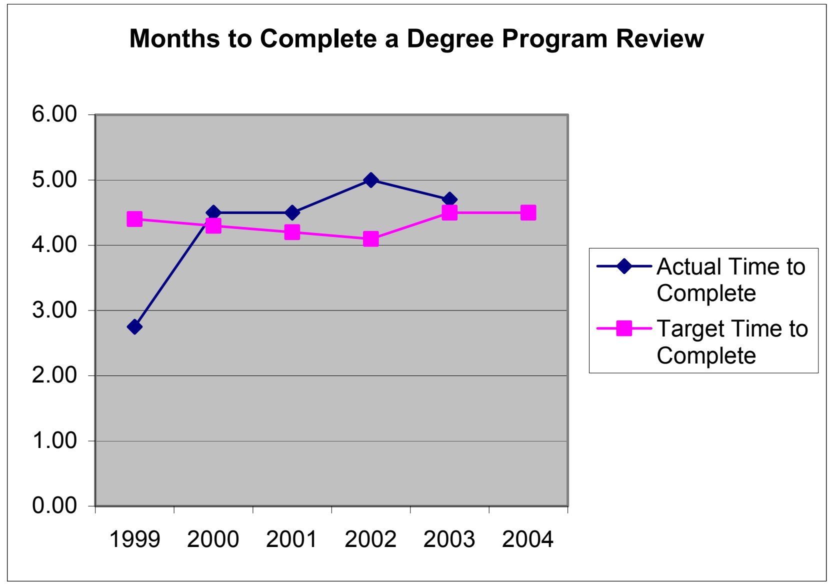
# *ANNUAL PERFORMANCE REPORT- PART II, KEY MEASURE ANALYSIS*

*TIME PERIOD: FISCAL YEAR 2004-05*

| **Agency Name: Oregon Student Assistance Commission** | | | | Agency No.: 57500 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Key Performance Measure (KPM) | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| #7- Time to complete a degree program review | Target | **NA** | **NA** | **NA** | **4.4 mo** | **4.3 mo** | **4.2 mo** | **4.1 mo** | **4.5 mo** | **4.5 mo** |
| | Data | NA | NA | 2.75 mo | 4.5 mo | 4.5 mo | 5.0 mo | 4.7 mo | NA | NA |

*Data Source*: Office of Degree Authorization

## Key Performance Measure Analysis




To what goal(s) is this performance measure linked?

Goal 3: Protect the value of a college degree (by regularly reviewing schools and programs that offer college degrees in Oregon and screening potential new programs.

What do benchmark (or other high-level outcome) data say about Oregon relative to the goal(s)? What is the impact of your agency?

Oregon sets high standards when a postsecondary institution submits a request for approval of a new degree program. The thoroughness of Oregon's degree program reviews reflect these high standards. Citizen complaints about programs approved by the agency are rare.

How does the performance measure demonstrate agency progress toward the goal?

The agency came close to meeting the target for 2002 but has not been able to meet the targets set for 2003-05, owing in part to an increase in applications.

Compare actual performance to target and explain any variance.

Until fall 2004, agency staff time for reviews had not kept up with the volume of applications received. Review time should shorten now that staffing has stabilized. Loss of a ¼-time support staff member has limited improvements. Several large, complex reviews come in at the same time and have in the past been treated as "arriving" on that date, though the review did not begin until much later. We have not treated each program's review start date separately in the past, but have started to do so in the current year for more accurate numbers. This will allow us to accurately track how long reviews take based on time spent on them, rather than assigning an arbitrary state date for all of them based on when a group of them arrives.

Summarize how actual performance compares to any relevant public or private industry standards.

Owing to great variation among state laws, review times vary widely. The Commission has set a by rule a desired completion deadline of 6 months.

What is an example of a department activity related to the measure?

ODA staff evaluates applications for degree programs on a case-by-case basis, ensuring that programs meet state standards.

What needs to be done as a result of this analysis?

With fewer staff members, more time is needed to complete a review. The targets have been revised to reflect more realistic goals and staffing has recently been increased owing to the availability of additional Other Fund revenues (applicant fees). We also treat each degree program as a separate review, which is more accurate.

# ANNUAL PERFORMANCE REPORT- PART II, KEY MEASURE ANALYSIS

## TIME PERIOD: FISCAL YEAR 2004-05

| **Agency Name: Oregon Student Assistance Commission** | | Agency No.: 57500 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Key Performance Measure (KPM) | | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
| #8 – Customer satisfaction measure – placeholder pending DAS guidance | Target | | | | | | | | | |
| | Data | | | | | | | | | |

*Data Source*: Customer surveys

## Key Performance Measure Analysis

To what goal(s) is this performance measure linked?

Goal 4: Provide excellent customer service

Placeholder Chart Only

What do benchmark (or other high-level outcome) data say about Oregon relative to the goal(s)? What is the impact of your agency?

This performance measure is under development.

How does the performance measure demonstrate agency progress toward the goal?

This performance measure is under development.

Compare actual performance to target and explain any variance.

This performance measure is under development.

Summarize how actual performance compares to any relevant public or private industry standards.

This performance measure is under development.

What is an example of a department activity related to the measure?

This performance measure is under development.

What needs to be done as a result of this analysis?

This performance measure is under development.