How Oregon Measures Up

Presented to the State Board of Higher Education
Access and Affordability Working Group

March 4, 2004
How Oregon Measures Up

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Part I: Where we are today
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Where we are today: Oregon trends

Tuition is increasing rapidly at Oregon’s universities…

Annual tuition and fees, Oregon University System*

*Amounts shown are for the University of Oregon.
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Where we are today: Oregon trends

...and at its community colleges.

Annual tuition, Oregon Community Colleges
The Oregon Opportunity Grant has not kept pace with tuition increases.

Per-term tuition and Opportunity Grant amounts at Oregon public universities

- 1971 Fall: $510
- 2002 Fall: $510
- 2003 Fall: $589

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Where we are today: Oregon trends
Historically, the Opportunity Grant has served a smaller percentage of eligible students each year.
New income requirements have made many students ineligible for the Opportunity Grant.

• Starting in 2003-04, eligible families can only earn up to 55% of the median income, down from 75% in previous years.

• Families of four earning more than $31,000 per year are now ineligible.
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Where we are today:
The “Measuring Up” report

Why Oregon received an F

• Percentage of family income to attend college: Oregon 25% for two-year colleges and 29% for four-year colleges; top states 18% for four-year colleges and 16% for two-year colleges

• State grant aid targeted to low-income families as a percent of federal Pell Grant aid to low-income families: Oregon 23%, top states 108%
Why Oregon received an F (cont’d)

• Share of income that poorest families need to pay for tuition at lowest priced colleges: Oregon 15%, top states 8%

• Average borrowed by undergraduates: Oregon $3430, top states $2928
## Comparison with other western states

<table>
<thead>
<tr>
<th>STATE</th>
<th>Family Ability to Pay at 4-Year Public (% of family income needed to pay for college)</th>
<th>State Grant as % of Pell</th>
<th>Reliance on Loans (average amount undergraduates borrow annually)</th>
<th>Grade</th>
<th>Resident Tuition and Fees 4-year colleges (2002-03)</th>
<th>Resident Tuition and Fees 2-year colleges (02-03)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>25%</td>
<td>2%</td>
<td>$3,573</td>
<td>D-</td>
<td>$2583</td>
<td>$1146</td>
</tr>
<tr>
<td>California</td>
<td>28%</td>
<td>47%</td>
<td>$3,543</td>
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<td>$2479</td>
<td>$330</td>
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<tr>
<td>Colorado</td>
<td>20%</td>
<td>43%</td>
<td>$3,633</td>
<td>C-</td>
<td>$3030</td>
<td>$1633</td>
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<td>Idaho</td>
<td>22%</td>
<td>2%</td>
<td>$3,172</td>
<td>D+</td>
<td>$3055</td>
<td>$1547</td>
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<tr>
<td>Montana</td>
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<td>7%</td>
<td>$3,161</td>
<td>F</td>
<td>$3732</td>
<td>$1891</td>
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<td>Nevada</td>
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<td>27%</td>
<td>$3,460</td>
<td>D+</td>
<td>$2235</td>
<td>$1485</td>
</tr>
<tr>
<td>New Mexico</td>
<td>23%</td>
<td>25%</td>
<td>$3,000</td>
<td>C-</td>
<td>$2664</td>
<td>$832</td>
</tr>
<tr>
<td>Oregon</td>
<td>29%</td>
<td>23%</td>
<td>$3,430</td>
<td>F</td>
<td>$3883</td>
<td>$2210</td>
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<tr>
<td>Utah</td>
<td>16%</td>
<td>3%</td>
<td>$3,002</td>
<td>B</td>
<td>$2639</td>
<td>$1770</td>
</tr>
<tr>
<td>Washington</td>
<td>23%</td>
<td>68%</td>
<td>$3,447</td>
<td>C-</td>
<td>$3823</td>
<td>$2007</td>
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</tbody>
</table>
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Where we are today:
Comparison with other states

Oregon is below average in student aid provided per resident.

State Grant Aid for Students per State Resident, 2001-02

- National Average: $13.57
- Oregon: $5.81

Comparison with other states:
- New York
- Vermont
- Washington
- West Virginia
- Colorado
- Ohio
- Maine
- New Mexico
- Oregon
- Rhode Island
- Nevada
- Montana
- New Hampshire
- Utah
- Delaware
- Idaho
- Arizona
- Alabama
- South Dakota
Oregon is below average in grant aid as a percentage of higher-ed appropriations.
Part II:
Student Concerns
State spending on merit aid is outpacing funding for need-based aid.

Annual growth in state spending on student aid, 1991-2001

- Need-based aid: 7.7%
- Non-need-based aid: 18.3%
Merit-based grants are gaining a larger share of total state aid.

<table>
<thead>
<tr>
<th>Year</th>
<th>Need-based</th>
<th>Merit-based</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>2003</td>
<td>76%</td>
<td>24%</td>
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</tbody>
</table>
Merit-based aid does not effectively increase college access.

Funds awarded through Georgia's HOPE scholarship program

Only 4% of funds expanded access

96% went to students who would have probably attended college anyway
Most merit scholarships go to students from high schools that already have higher college participation rates.

Scholarship award rates by high-school college participation rate quintile, Florida Bright Futures program

- 1st quintile (highest participation rate): 26.1%
- 2nd quintile: 20.4%
- 3rd quintile: 17.4%
- 4th quintile: 9.6%
- 5th quintile (lowest participation rate): 5.2%
Merit-based aid worsens economic and racial inequities.

- Merit-based aid disproportionately goes to higher-income families and students from the wealthiest high schools.
- In at least one study, merit-based aid was shown to actually widen the income gap in college attendance.
- Students of color are consistently under-represented in merit-based aid awards, while white students are consistently over-represented.
Native American, African American and Latino/a students qualify for merit-based scholarships at lower rates than Asian American and white students.
What is a high-tuition, high-aid model?

- Public funds are pulled out of higher education, and tuition increases are used to cover the cost of education.
- The state money that was previously used for funding then goes into financial aid for the most needy.
- The goal is to set up a situation in which students who can afford tuition pay more, while those who cannot receive financial aid.
Why doesn’t this work?

- “Sticker shock” discourages many from applying, or even aspiring, to post-secondary education.
- A high-tuition, high-aid policy would lessen the quality of public institutions.
- High tuition does not guarantee high aid.
- High-tuition, high-aid is often politically undesirable.
- The high-tuition, high-aid model denies the appropriateness of higher education as a public good.
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Student concerns: High-tuition, high-aid

Does it work in the states that have it?

• New Hampshire’s appropriations to aid were never enough. Now the state has high tuition and little aid and receives an F in affordability in the Measuring Up report.

• New York provides the most aid per resident in the entire country, but still does not provide access to low-income students because it cannot offset the high tuition. New York also receives an F in the Measuring Up Report.

• Vermont provides over $25 in grants per resident, but receives an F in affordability because the amount a family must pay after aid is very high and the amount students must borrow is high.
Part III: 
Looking Forward
ASET:
The Governor’s proposal for access

- The program could allow access to thousands of students.
- The problem is large enough so that a program like ASET is necessary to solve it.
- The Governor’s support for the program gives us a chance to make real change.
Looking forward: ASET

Problems that need solutions while crafting ASET

• ASET will take decades to start providing access for needy students.
• As tuition rises, there needs to be a link between grant size and tuition and fees.
• ASET does not solve the problem for students graduating in the next five years.
Policies that must be included in ASET

- Flat grant
- High-school graduates, transfer students and non-traditional students are all eligible
- Need-based
- The Oregon Student Assistance Commission, or a similar public agency, determines criteria for eligibility and disperses the money to students
Current problems with the Opportunity Grant

• The Oregon Opportunity Grant currently funds only 70% of eligible students.
• The size of the grant is smaller than what is needed to equalize access among different income groups.
• The Oregon Student Assistance Commission was forced to decrease eligibility to ensure that the most needy students are served.
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Looking forward: The Opportunity Grant

The Opportunity Grant is the short-term solution.

- During the 2003 legislative session, the legislature increased funding for the Oregon Opportunity Grant by $12 million, a 5.8 percent increase.
- The increase allowed the commission to serve 70% of eligible students and maintain grant size at 11% of the cost of education.
- The trend of investing in need-based aid can continue with support from the community colleges, OUS and the Governor.
Next steps for the Opportunity Grant

- Work to continue to increase funding for the Oregon Opportunity Grant to cover all eligible students at 11% of the cost of education.
- Set a goal of covering 15% of the cost of education in the near future.
- Make the Oregon Opportunity Grant a flat grant to ensure that the state is funding access as its number one priority.
Flat grants

- The Oregon Opportunity Grant should serve students at 4-year schools at 11% of the cost of education for a public university and students at 2-year schools at 11% of the cost of education for a community college.
- A flat grant could serve over 2,500 currently unfunded students.

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Looking forward: The Opportunity Grant

Students Served Under Various Grant Policies

- 69.8% served with the current policy
- 74.8% served with flat grant policy
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Looking forward: Tuition

Current tuition policy does not encourage access.

• With the elimination of the tuition plateau, low-income students may be forced to take fewer credits to save money, forcing them to stay in school longer.

• Tuition increases have begun to price students out an education. Enrollment leveled off in fall 2003 and will likely continue to decline as students consider the impacts of further tuition increases.

• The use of fees to fund programs and services makes it more difficult for low-income students to attend college. Department fees price low-income students out of majors that have the most pay-off upon graduation.
Is there a solution to the tuition dilemma?

• The connection between tuition and state funding for colleges and universities needs to be made more clear to legislators.

• Tuition cannot be the first place universities and colleges look when cuts are being made.

• The tuition plateau policy should be revisited to see how it affects the access goal of more, better, faster.
California

• One-third of tuition revenue is returned to need-based aid.
• The one-third return to aid is in addition to a state grant program.
• The one-third return to aid covers people who are not covered by the state grant.
• California has also made a commitment to keeping tuition low.
California

- The goal is to ensure that every student whose family makes under $60,000 has tuition and fees covered through need-based aid.
- As tuition increases, the amount of money available for aid increases, and the grant size increases, ensuring that low-income students have access to college.
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Any questions?