



Oregon  
University  
System

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DATE: December 31, 2002  
TO: Oregon State Board of Higher Education  
FROM: Richard Jarvis

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**SUBJECT: Fact Sheets on Components of The Deal**

In my travels around Oregon presenting The Deal at nine Town Halls and numerous other meetings, I've realized that it is not an easy set of concepts to summarize.

With that in mind, we have been working to develop a series of Fact Sheets that provide "talking points" for Board members for use when discussing The Deal components with your professional and personal contacts. Our goal is to provide background, context and strategies in the Fact Sheets that build a logical progression to the System's proposed solutions.

Attached are the first two Fact Sheets on The Deal components:

- #1: Access, Excellence & Quality
- #2: Financial Aid, Equity & the Oregon Opportunity Grant

Coming soon are:

- #3: System Growth & Unmet Demand
- #4: Flexibility Initiatives
- #5: The Deal in Brief (overview of the entire plan)

Please let me know how these meet your information and communication needs. You will be receiving the other fact sheets over the next few weeks.

Thank you.



## Access, Excellence & Quality

### The Deal Fact Sheet #1 *Oregon State Board of Higher Education*

#### **OUS institutions have a lot to be proud of...**

- We serve more than one million Oregonians a year with teaching, research and a variety of public services.
- More than 460 different academic majors – from undergraduate through graduate and professional – are offered by OUS's seven campuses, providing a diversity of locations and sizes to meet students' needs.
- Eleven current faculty at OUS institutions have been elected to the National Academy of Sciences.
- In the high school class of 2001, 39% of college bound students with high GPAs (3.75-4.0) chose to attend OUS institutions, up from 30% for the class of 1995.
- A new report on bachelor degree recipients shows an increasing level of satisfaction and post-graduation employment: over three-quarters of graduates would choose the same OUS university, rating the quality of their education as very good (mean of 4 out of possible 5); and over 90% of graduates are employed, the majority in Oregon, at average salaries of \$30,000 to \$40,000.
- Sponsored research at OUS institutions totals more than \$250 million a year, contributing to Oregon's economy by generating new jobs and ideas that lead to business development and academic achievements.

#### **...but this is at risk because...**

- Budget cuts of \$61 million so far in 2001-03 have denied access to more than 3,500 students.
- Also at risk is another \$26.9 million in cuts if the income tax surcharge fails in January '03, bringing cuts to \$87.9 million or 10.5% (includes the most recent cut of \$9.1 million).
- We trail our peer institutions in State General Funds support, from 89% of national average three years ago to 77.7% now, with the potential to fall to 75.5% if current shortfall brings program cuts.
- Faculty and staff salaries are lowest among our peers, decreasing OUS's ability to retain current top academics, attract top quality faculty to the System, and ensure instructional excellence at a time of growing demand.
- Deferred maintenance costs have reached \$500 million, the amount needed to catch up on needed building and repair costs.

#### **To address access, excellence and quality issues we need to...**

- Increase enrollment capacity of OUS institutions to 100,000 students by 2010 in order to meet the strategic needs of the state and interests of learners, and not close the door on under-served students' aspirations for and access to postsecondary education.
- Enhance student retention and graduation rates to those of the top states and public universities in the country.
- Double the enrollment and number of degrees produced in engineering and computer sciences to meet state economic demands for a skilled and flexible work force.
- Double state and institutional spending on student financial assistance (see Board Fact Sheet #2: *Financial Aid, Equity & the Oregon Opportunity Grant*) to ensure system equity for all Oregonians. ■



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## Financial Aid, Equity & the Oregon Opportunity Grant

### The Deal Fact Sheet #2 *Oregon State Board of Higher Education*

#### ***While OUS strives to align affordability and equity goals, financial realities threaten access for Oregonians...***

- The top reason cited by the Class of 2001 for not going to college was ‘unable to afford it’, confirmed by Oregon’s “F” in affordability<sup>1</sup> – down from a D- in 2000.
- Oregon’s lowest income families paid nearly **70% more of their income** to attend a public university than did families in the most affordable states.
- Despite campus scholarship awards of almost \$20 million in 1999-00, **remaining need** (after financial aid provided) for OUS students exceeded \$120 million in 2000-01.
- **Changing state demographics** means that more low-income students currently in K-12 must be prepared for higher education during a period of declining resources.
- Oregon serves the fewest students and has the **lowest overall and per student appropriation** of state financial aid; and is the only state without state-sponsored work-study and without a publicly funded merit scholarship program.

#### **Access and equity goals can only be met through a new commitment to the state’s neediest students...**

- OUS has joined with a **coalition of education organizations** – Oregon Student Assistance Commission, Oregon Community College Association, and Oregon Student Association – to endorse a three-biennia plan to expand access to Oregonian’s neediest citizens:
  - **In 2003-2005: fully fund all eligible students**, with the grant covering 11% of the cost of education, a \$34.5 million increase in the appropriation.
  - **In 2005-2007: increase grant value to cover 15% of education costs**, fully fund all eligible students, a \$27 million increase in the appropriation.
  - **In 2007-2009: Equalize grants awarded to dependent and independent students<sup>2</sup>**, a \$20 million increase in appropriation.

#### **... because Oregon is falling even further behind in supporting its students...**

- The Opportunity Grant (OOG) is the **only need-based grant in Oregon**, but lack of funds is preventing many qualified, low-income Oregonians from obtaining a degree, or causing them to borrow student loans in greater amounts than their higher income counterparts.
- OOG receives less than half the support enjoyed by similar programs in other states, at a mere 3% of state higher education expenditures, compared to a national average of 8.5% of higher education expenditures.
- The current Oregon Opportunity Grant **covers only 11% of educational costs** and has not kept up with costs or with demand: in 2001-02, more than 13,000 eligible students went unserved due to lack of OOG funds.

<sup>1</sup> From: *Measuring Up 2002* published by the National Center for Public Policy in Higher Education.

<sup>2</sup> A single mother with 2 children (classified as independent) would not have qualified for an OOG in 2000-01 if her income was greater than \$22,770, but if her child applied in the same year as a dependent student they would have qualified.

- And **need continues to rise**: the number of eligible students for the Opportunity Grant is now an estimated at 54,000, up from 30,000 in 1997-98.

### **Research shows that grants positively affects enrollment and graduation rates...**

- A 2002 study showed that receipt of the Oregon Opportunity Grant makes a difference in student enrollment rates: 57.3% of awarded students attended college, while 45.6% of low-income students who were not offered awards enrolled.
- In the same study it was shown that students who received an Oregon Opportunity Grant graduated at a rate of 39% within six years, compared to 30% for non-recipients.
- Studies report enrollment increases of 4% to 8% for a \$1,000 increase in grant aid, but enrollment drops of up to 1.0 percentage points for each \$100 increase in tuition.
- Low-income students are among the groups most **sensitive to increases in financial aid**.

### **...and that OOG has a history of efficient distribution of aid...**

- Oregon Opportunity Grant has served the state's poorest students for more than 30 years, and according to a 2002 study, **“operates efficiently and at low cost”**. It is considered the best vehicle for increasing need-based financial aid as a means to increase access and persistence. ■