

Appendix A

Oregon Opportunity Trust Proposal

A community college or university education raises the standard of living for all Oregonians, reduces the income gap between rural and urban Oregonians, and boosts personal income.

Yet Oregon's high school freshmen are considerably less likely to go to college, stay in school, and earn a degree than the national average. Although some get a college education eventually, or make a decent living, far too many end up in low-wage jobs with no health insurance. Their inability to move easily between jobs or start their own businesses shows up in Oregon's high unemployment rates, and in the number of people who need the government support services.

Unfortunately, the rapid rise of college tuition and fees without enough student financial assistance has created an opportunity and affordability gap in Oregon - the difference between what a student **can** pay and what a student **must** pay to go to college. Action clearly is needed to reduce the financial barriers to getting a college education for those Oregonians who seek to go.

Without adequate financial support, more and more families will be priced out of college all together. Students with the talents and aspirations for college should not be shut out because they were born into a low-or moderate- income family.

Postsecondary education is crucial to Oregon's future as a leader in the information age and global economy. This future depends on having more highly educated workers as we continue to evolve from one with many jobs in manufacturing and natural resource industries (such as logging and fishing) to a knowledge economy.

There is a significant gap between Oregon's need for highly educated workers and what we currently produce. By 2010, 87% of new jobs will require an associate's degree or higher and Oregon's current and potential employers will require that 45% of Oregon adults have at least a bachelor's degree.

Oregon businesses will recruit workers from other parts of the world, leave the state, or provide more services off-shore if Oregon fails to produce the highly skilled workers they need.

Over the past five years, tuition and fees have grown 64% for community college students and 51% for public university students. Yet 29,000 student who met financial need criteria last year were shut out because the funds ran out.

The lowest income Oregon students used the equivalent of 69% of family income to pay for college *after* receiving financial aid in 2002-03. Nationally, students only paid the equivalent of 25% of family income.

Unlike generations before them, Oregon students cannot earn the money needed to cover college costs by taking part-time and summer jobs. They would have to work about 39 and 48 hours a week to finance their costs at public 2-year and 4-year colleges.

The State Board of Higher Education is developing a proposal for increasing need-based financial aid for students seeking their first undergraduate degree or certificate. Working with the Governor and in collaboration with other interested stakeholders, the Board is seeking sponsorship of legislation to create and protect an endowment or “trust” – called the *Oregon Opportunity Trust* – for financial assistance to those most in need.

To assure a legacy of college affordability for future generations of Oregonians, the Oregon Opportunity Trust legislation is in the form of a proposed constitutional amendment for referral to the voters.

Those working on this proposal are looking at different options for funding the trust that would not divert existing dedicated general fund dollars. Taking money away from other important services, like K-12 education, would be self-defeating since public schools are making much progress in assuring that students are ready for a postsecondary education.

Funding options for the Trust include a variety of public and private revenue sources. Public funding could come from such sources as a portion of capital gains taxes, the lottery, and revenue from timber sales. Private funding could come from such sources as philanthropic gifts and bequests, and grants.

Trust funds will be available for students to use at any eligible two- or four-year college or university in Oregon, including public and private nonprofit institutions. Most of the funds would be in the form of grants to low- and moderate-income students in need.

Postsecondary education has become the gateway to individual economic opportunity, just as a high school diploma used to be. Only those with a college degree have seen their incomes rise in the last 15+ years; other incomes have stagnated or declined.

These higher incomes benefit the state as well by generating more income tax revenues. Over time, we expect demands on the Oregon Opportunity Trust to decline as family incomes increase.