



ASET Briefing with Governor Kulongoski

The progress of the OUS Access & Affordability Working Groups is presented below including policy issues for which we have not reached closure and seek direction. One more meeting of A&AWG is scheduled before the June Board meeting in which the A&AWG recommendations are presented. Seven policy issues are organized into three groups — Basic ASET Design Parameters, Strategic Investments, and Postsecondary Capacity.

Basic ASET Design Parameters (Redesign of the Oregon Opportunity Grant)

1. Need-based Priority

The primary focus of ASET should be to reduce or eliminate financial barriers to a college education so Oregonians can achieve personal goals and the state can develop a competitive economy by:

- Increasing the proportion of financially eligible and academically qualified students receiving awards,
- Tying the grant award to the tuition and fees charged by public institutions to allow larger numbers of students to go to college in an affordable way,
- Providing support for eligible students to use the award at one of Oregon's public and private/independent colleges or universities,
- Leveraging federal need-based assistance (federal Pell Grant and work study programs) to increase affordability for low- and middle income Oregonians and using new resources efficiently.

Governor's Comments: The focus of ASET is removing financial barriers for students to attend college plus reducing gaps in participation between different student groups. Making the Oregon Opportunity Grant an equal partner with the federal Pell Grant would go a long way in improving affordability in Oregon.

2. Degrees and Certificates

ASET should include as many students as it can to meet Oregon Benchmark goals for adult educational attainment levels. Eligible students include students meeting need-based criteria pursuing undergraduate degrees (90 and 180 credit hour programs) and certificates (45- credit hour programs), but exclude students who are not enrolled in credit or non-credit courses or programs leading to degrees.

Governor's Comments: The interest is in producing more bachelor's degrees. Certificate programs with pathways to associate's and bachelor's degrees would be an appropriate use of ASET.

3. Grant Structure

Three options for redesigning the OOG through ASET were considered:

- A. Maximum grant award up to the average tuition and fees at OUS institutions *or* actual tuition and fees charged by the eligible institution, whichever is less, not to exceed tuition and fees by the institution in which the student chooses to enroll.
- B. Maximum grant award based on OUS tuition and fees, **regardless** of actual tuition and fees charged by the college.
- C. Two-tiered grant based on the most affordable public option by student's level of study:

Freshman/sophomore standing (0 to 90 credit hours). Maximum amount based on average tuition and fee charges of Oregon's community colleges;

Junior/senior standing (91 to 180 credit hours). Maximum grant based on average tuition and fee charges of OUS universities.

Governor's Comments: The Governor preferred option A to the others. Benefits to this approach cited include that it is easy to explain and that having a grant that exceeds tuition and fees would be difficult to defend. Option C seems to create policy implying that community college is the entry point for all students.

The Governor understands the importance of childcare for a single mother or father trying to become self-sufficient. We need to seek other avenues for funding and providing critical childcare services.

4. Eligible Institutions.

The Oregon Opportunity Grant (OOG) currently includes non-profit private/independent and public two- and four-year colleges/universities, but excludes for-profit colleges/universities and career schools. There are two issues for which we have not reached consensus: eligibility of students enrolled in for-profit/proprietary institutions (e.g., The Art Institute of Portland, University of Phoenix) and eligibility of students attending religious colleges (e.g., Concordia University, Northwest Christian College, Mt. Angel Seminary) a policy question raised by the ACLU with respect to an 1980s agreement to settle a dispute. We have not addressed the subject of fixed proportions by sector as provided for by the current OOG.

Governor's Comments: ASET needs to get established before eligibility is expanded.

Strategic Investments

5. Magnitude of Funding Effort

A&AWG has focused on building the “dream program” to reduce the gap for low- and middle-income students enrolling and completing degrees. We are currently costing proposals. Should we fund to increase Oregon’s F in affordability to an A within 10 years? What is the funding target for the endowment?

A&AWG has discussed the need to prioritize “wants” to match yet-to-be-determined available resources to fund ASET. On what basis should need-based grants be rationed when demand exceeds available resources? Should grants be thinned to reach a larger number of students, focused on students in two- and four-year programs (not one-year certificate programs), focused on needy students who enroll in programs aligned with strategic program areas tied to the economy?

Governor’s Comments: The expectation is the program would require a corpus of \$1.5 to 2 billion dollars. Mark Elsworth is estimating what a \$2 billion endowment would generate in current dollars.

6. State Priorities

A&AWG is beginning to address the possible flexibility needed to address and apply a small proportion (5% to 10%) of ASET to exceptional statewide objectives and needs (“Opportunity Plus”). This is a difficult issue for some interest groups, those closest to the students and student financial aid community. Do we want to ensure that smart students from low- and middle-income families remain in Oregon when prestigious universities around the country aggressively seek them? Do we want to encourage students who complete two-year degrees to continue on to attain a bachelor’s degree? Do we want to target workforce shortage areas, like nurses and mathematics and science teachers? Do we want to do this within ASET, or in some other way?

Governor’s Comments: The primary focus of ASET is financial need, but up to 10% should be set aside for keeping talented students in Oregon (“merit within need”), focusing on needed skill sets in the economy (e.g., nursing, mathematics and science teachers, information technology), and providing incentives for students with associate’s degrees to go on to complete bachelor’s degrees. He favors flexible language to permit the governing board to make these decisions based on contextual factors and to include sunset provisions for any programs developed.

6. Postsecondary Capacity

Needed Capacity to Attain Goals for the Economy

In the context of “fund it and they will come,” we are pursuing questions about the capacity of Oregon’s postsecondary system. What capacity is needed to meet

goals for Oregon's economy? Is the Oregon Benchmark too high for bachelor's degrees by 2010 (45%) and too low for advanced degrees (11%) given the interest in "a small state's being competitive in the big, global economy?" How many more students can the postsecondary system accommodate by traditional or new learning technologies to reach new learners without bricks and mortar? These are questions currently being addressed by a small group.