

Access & Affordability Working Group (AAWG)

EXECUTIVE SUMMARY

Policy Background

The national higher education state-by-state report card, which evaluates state policies and their effect on outcomes, gave Oregon a failing grade in 'affordability'. This failing grade stems from higher-than-average tuition rates at Oregon's public, two-year colleges and four-year universities compared to Oregon's median family income, lower-than-average incomes (exacerbated by the severity of the recession in Oregon), and lower-than-average state-funded financial aid.

Access and affordability is fast becoming one of the biggest issues in higher education. Students in OUS universities and Oregon's Community colleges are facing steep increases in tuition and fees. More students apply for and receive some financial assistance, including loans. Although Oregon students who qualify for a federal Pell Grant can count on receiving one, not so with the Oregon Opportunity Grant. The relatively stable funding of the Opportunity Grant was matched by a 125% increase in the number of students eligible for the grant and a reduction in the income threshold to qualify (now 55% of median family income which translates into an income cap of \$31,000 for a family of four with one child in college.) In the 2003 legislative session, the Governor introduced Assess Scholarships for Education Trust (ASET) as a legislative concept to address needed college access. Unfortunately, the legislature did not adopt ASET prior to adjournment.

Governor Kulongoski called upon the Oregon State Board of Higher Education (OSBHE) to reconnect postsecondary education to its statewide mission – access – and better align higher education with state priorities. In response, the Assess & Affordability Working Group (AAWG) was created, along with two other working groups, to focus on high-priority higher education issues. The recommendations of the AAWG arise from research by and conversations among voting members, resource specialists, and interest groups.

Goals and Objectives

The AAWG has identified three key goals behind their recommendations:

(1) to expand access and make postsecondary education more affordable for all Oregonians, (2) to increase the number of Oregonians who are successful in achieving their individual postsecondary goals, and (3) to ensure the well-educated workforce required by Oregon's current and potential employers (Oregon Benchmark target of 45% of Oregon adults with at least bachelor's degrees and 80% with some college by 2010).

Recommendations

The AAWG suggests redesigning the Oregon Opportunity Grant to improve student financial assistance.

- Although it is seriously under funded, the Oregon Opportunity Grant (OOG) is perceived as a good, cost-effective program with high value. AAWG recommends using the brand name “Oregon Opportunity.”
- Three of the five elements of the proposed redesign are consistent with the current Opportunity Grant (i.e., eligible students, eligible institutions/programs, and length of eligibility).
- Two of the elements represent significant changes including better alignment of the Opportunity Grant with the federal Pell Grant and increasing the grant level by linking it with the average tuition and fees of OUS universities.

A sample amendment to the Oregon Constitution, contained in this report, focuses on removing financial barriers to postsecondary education. This sample amendment also includes a “set aside” that allows for up to ten percent of the funds awarded in any year be used to enhance need-based assistance to attract and retain students in programs needed to advance Oregon’s competitiveness in the global economy. This provision was developed to incorporate any scholarship or incentive recommendations from the other two OUS Board work groups. The AAWG debated this policy option and was unable to reach consensus about its merits.

The AAWG recommends long-term support for the creation of the ASET endowment and ensuing grant program, and increased short-term support for the Oregon Opportunity Grant. The creation of the ASET endowment with a corpus sufficient to generate interest income to support access scholarships is projected to take approximately ten years.

If the Board concurs that this is a critical need today, bridge funding is needed in this biennium and the next several biennia to support the increased demand for an Oregon Opportunity Grant and the proposed revised policies. It is likely that the proposed source and magnitude of funding for the proposal will require revisions to the initial recommendations regarding student eligibility, qualifying programs or other grant features. Specific resource needs and funding scenarios are being developed for the end of June.

Action Item

A Legislative Concept was filed as a placeholder with the Department of Administrative Services on April 14 called Access Scholarships for Education Trust (580-02) or ASET, with the final due on July 1, 2004. The Legislative Concept’s stated purpose is to “Reduce financial barriers to attaining postsecondary education in Oregon,” and includes the intent, pending OSBHE approval, to develop a proposal for a legislatively referred constitutional amendment to establish an endowment for financing access for postsecondary students. Board approval is needed before advancing this concept.

