

THE PRINCIPLES OF OREGON EARNED OPPORTUNITY

Prepared by David Longanecker for the AAWG – 5/10/06, revised 5/25/06

Financing the costs of attending college in Oregon is a responsibility shared by the student, the student's family, the Federal Government, the State of Oregon, and the institution that the student attends. The Oregon Earned Opportunity grant seeks to assure that the citizens of Oregon will be able to afford the postsecondary education that they believe best meets their educational needs, regardless of costs, recognizing that an individual who chooses a more expensive education will have to contribute more toward that education.

- The **student**, as the principal beneficiary of the education being received, should be prepared to contribute as much as reasonably possible to her or his education. Any student who is willing to accept this responsibility, and earn their way through college, should be assured that they will be able to afford to attend.
- The student's **family**, be that her or his parents if the student remains dependent upon them or her or his spouse if the student is married, should be prepared to contribute as much as reasonably possible to the student's education before they expect either state or federal tax-payers to do so.
- Prudent state policy will take into consideration the substantial benefits available to many students from the **federal government** via both the Pell Grant program for low and moderate income families and the tax-credits available to middle-income families.
- Having taken into consideration the resources available to the students and their families, and having taken advantage of federal Pell Grants and tax-credits, **Oregon State Government** must fill in the remaining gap in resources necessary to attend college, if the State truly accepts responsibility for assuring affordable access to postsecondary education.
- **Oregon institutions** have the responsibility to fill in the gaps that invariably arise from any formula driven policy and to keep tuition costs as low as possible, both to assist students and to relieve the costs that must be borne by the state through the Oregon Earned Opportunity program.

Process for determining the amount each partner will share in responsibility for paying for college.

- **The Student** will be expected to contribute in two ways, first by earning admission to college through rigorous preparation in high school and second financially through a combination of earnings, borrowing, and saving.
 - ?? Students attending a public community college (or private non-profit equivalent) will be expected to contribute an amount equal to what they could legitimately earn by working part-time while attending college (fifteen hours per week for 30 weeks) and full-time during

the summer (40 hours per week for 10 weeks) or by borrowing an amount that would leave them with a manageable debt for a person with an associates degree. In 2006-2007 this has been estimated at \$4,750. This amount should be adjusted annually to reflect changes in the Consumer Price Index (CPI) and other relevant factors.

?? Students attending a public university (or private non-profit equivalent) will be expected to contribute from both work and borrowing. The earnings expectation will be the same as for community college students (\$4,750) and the borrowing expectation should not exceed an amount that would accumulate to a level of debt that could be supported by a modest initial income for a baccalaureate recipient. At the present time (2005-2006) beginning teachers in Oregon, with only a baccalaureate, on average earn \$29,000. Based on recent research, this income is sufficient to support student loan debt of \$16,500 to \$20,000. The borrowing expectation assuming in the Earned Opportunity Policy is \$2,750 per year, which would amount to a total debt of \$11,000 for four years of education or \$13,750 for five years (the average time to degree), and this amount is well within the range of reasonable debt burden.

?? Students should be able to use earnings, savings, borrowing, or earned scholarships to cover this student contribution. The shared contribution from other partners should not be reduced if a student has earned, saved, or borrowed more than expected, except in the circumstance where total resources would exceed the total recognized costs of education, thus warranting an adjustment.

- **The federal** contribution will include the amount provided via the Pell Grant program and the estimated tuition tax-credit amount for which the family will be eligible for the costs they are currently incurring.
- **Parents or Spouse** will be expected to contribute the amount established as their contributing in the “*federal methodology*”. Parents who sacrifice and provide more than the amount established in the federal methodology in order to reduce the amount their child must pay should not be penalized for doing so.
- **Institutions and private philanthropy** should be encouraged to assist students in financing college, both to fill the gaps that will inevitably occur in the use of a formula based program and to reward desired performance, and should be assured that their contribution helps the student and does not substitute for the state contribution.

- **The Oregon Earned Opportunity Grant** will equal the amount of financing necessary to cover the full cost of attendance, after taking into account the shares provided by the student, the parents or spouse, and the federal government. If the amount available from the State of Oregon is not sufficient to fund this full amount, each grant will be pro-rata reduced to fit within the available resources. Alternatively, the State could establish an income cutoff above which students would not receive grants if there are insufficient resources.
- **Costs of attendance** will be determined annually using the student financial aid budgets determined by institutions for eligibility for federal student assistance.
 - ?? Tuition costs will be actual published institutional tuition rates for public institutions in the state.
 - ?? Eligible private non-profit two year institutions will use the average tuition rate for Oregon community colleges and eligible private four year colleges and universities will use the average tuition rate for Oregon public universities.
- Awards for **part-time students** will be pro-rata reduction of the award amount that would have been received if the student were attending full-time. Part-time students must be enrolled for at least 6 credit hours each semester to be eligible to receive a grant.