



Oregon
University
System



COMMUNITY
COLLEGES AND
WORKFORCE
DEVELOPMENT
WORKSOURCE OREGON



Oregon Independent Colleges Association

Earned Opportunity Concept

Conversation with
Oregon's Financial Aid Officers

February 9, 2006

10:00 to Noon

Tim Nesbitt and Nan Poppe, Co-chairs AAWG
Bridget Burns, AAWG Member
Marjorie Lowe, Policy Advisor, Governor's Office
Nancy Goldschmidt, OHSU & AAWG Staff

State Postsecondary Financing Policies

- Disinvestment for OR's public colleges
- Increases in tuition/fees to balance reductions
- Near bottom in state investment in need-based aid
- Opportunity Grant reaches only poorest students
- OR earned "F" in Affordability in *Measuring Up*
- Moderate-income Oregonians feeling "priced out"
- Students voting "with their feet" by not enrolling at projected levels based on population, demographics, workforce needs

Governor's Goal

Every Oregonian receives the opportunity for education and training.

- The Governor has set a policy of funding Oregon Opportunity Grants to cover 100% of eligible students, including part-time students.
- Serves poorest of poor
- 11% of student costs is arbitrary number
- End rationing by the calendar (year-round eligibility)
- Extend eligibility to more students

Questions from Legislators After Session

- How many more students, how much more money, when are we done?
- How far up the income later should we go?
- Arbitrary 11% of total cost doesn't make college affordable
- Need compelling framework to get job done
- Look at Minnesota model, viewing it as next step



Strategic Goals

Earned Opportunity/Shared Responsibility

1. Increased access, or enrollment in postsecondary education and training by those who would not otherwise likely attend
2. Increased retention and graduation of students who might not otherwise complete college due to the cost

Looking at the Evidence:

Positive Impact on Strategic Objectives

Strategic Objective	<i>Tipping Point Decisions</i>	Grants	Loans	Work Study	Tax Credits
Access	<i>To enroll...</i>	✓			
Affordability	<i>How to pay for college...</i>		✓	✓	
Persistence	<i>Continue program</i>		✓	✓	
Completion	<i>Complete program</i>		✓	✓	
Reduced Debt Burden	<i>Alter or delay major life decisions</i>	✓		✓	✓
Other Benefits	<i>Build workforce in targeted areas</i>	✓		✓	✓

AAWG Chronology

- Jan '04** **Governor charges AAWG**
Examine affordability and recommend new path
- Mar '04** **AAWG formed.**
Tim Nesbitt + Nan Poppe co-chair 35 meetings in 15 months
- May '05** **Consensus: *AAWG Report*, pp 16-19**
- **Recommendation to 2005 Legislative Assembly**
 - **Shared Responsibility Model**
- Dec '05** **Consensus: Redesign state financial aid policy**
based on new relationship to cost-sharing
- Feb '06** **Consensus: Developing OR version of srm as next phase of**
effort shared responsibility concept
- Apr '06** **Consensus: Extend Report Findings into Policy**
Proposals
- Ju '06** **Meetings w/stakeholders and key constituencies**
- Sept '06** **Target date for report to legislative leadership.**

Minnesota Shared Responsibility Model

What we like ...

- Assumes every student is principal beneficiary of college and is expected to contribute.
- Spells out principles of cost sharing for all partners
- Leverages federal dollars available to **both** low- and middle-income students & families
- Sees state resources as filling the remaining gap after all other partners

What we dislike ...

- Student contribution set at arbitrary proportion of total cost
- Living expenses too frugal and unrealistic

AAWG Principles for State Financial Aid Policy

- Student can expect to "work his/her way through college"
- Assumes borrowing is legitimate, but debt should be manageable
- Leverages Pell Grant, but is not "hogged tied" to it
- Meets interests of students, families, taxpayers fairly and equitably
- Provides stability and predictability for customers
- User-friendly, not overburden some
- Does not disadvantage independent and dependent students
- Results in transparent, efficient, simplified financial aid processes
- Is fiscally responsible and sustainable over time
- Encourages philanthropy (institutional and corporate)

AAWG Proposed in June 2004

- Include family assets in calculation of eligibility (*OSAC Implemented in '05*)
- Set maximum state grant @100% public tuition/fees
- Eliminate variable grants for independent colleges
- Reward students completing rigorous hs courses
- Set aside ASET resources to meet workforce needs
- Serve all currently eligible students
- Extend grant to middle-income students
- Calibrate grant based on need-replace cliff w/ slope
- Extend state grant to part-time students

	Need Methodology	Year-round Eligibility	Part-time Eligibility	Grant Calculation	Awards for Eligible Students
Federal Pell Grant	Federal (income & assets)	Yes	Calibrated w/credit hr enrollment	Grant level determined by need (EFC)	\$400 - \$4,050 frozen for last 6 yrs
State Grant 2004-05	% MFI cut off (excludes assets) @ 55% dependent student @ 30% >24 + single @ 50% independent w/dependent (s)	No	No	11% student budget by sector and institution	<u>Flat grants</u> \$1,257 CC \$1,482 OUS \$2,064 OHSU <u>Variable grants</u> \$1,932-\$4,204 OICA
AAWG Proposal 2005 Legislature	Align w/federal methodology (income & assets) Retain %MFI for now	Yes	Yes 6 hr min @50% of grant award	Average tuition & fees @ CC/OUS + maintenance of effort for OICA	<u>Flat grants by sector</u> \$1,500 CC \$1,800 OUS \$3,600 OHSU \$3,600 OICA
Leg Decision 2005-2007	Unchanged	FT students @ CC/OUS only	Yes half-time minimum		
State Grant 2005-06	Income & Assets % MFI cut off	FT Students '05 @CC/OUS '06 @ OICA Cut-off date in '05 @ OICA	Yes AY06 w/cut-off date	11% student budget by sector and institution	<u>Flat grants by sector</u> \$1,323 CC \$1,587 OUS \$2,121 OHSU <u>Variable grants by institution</u> \$2,052-\$4,432 OICA

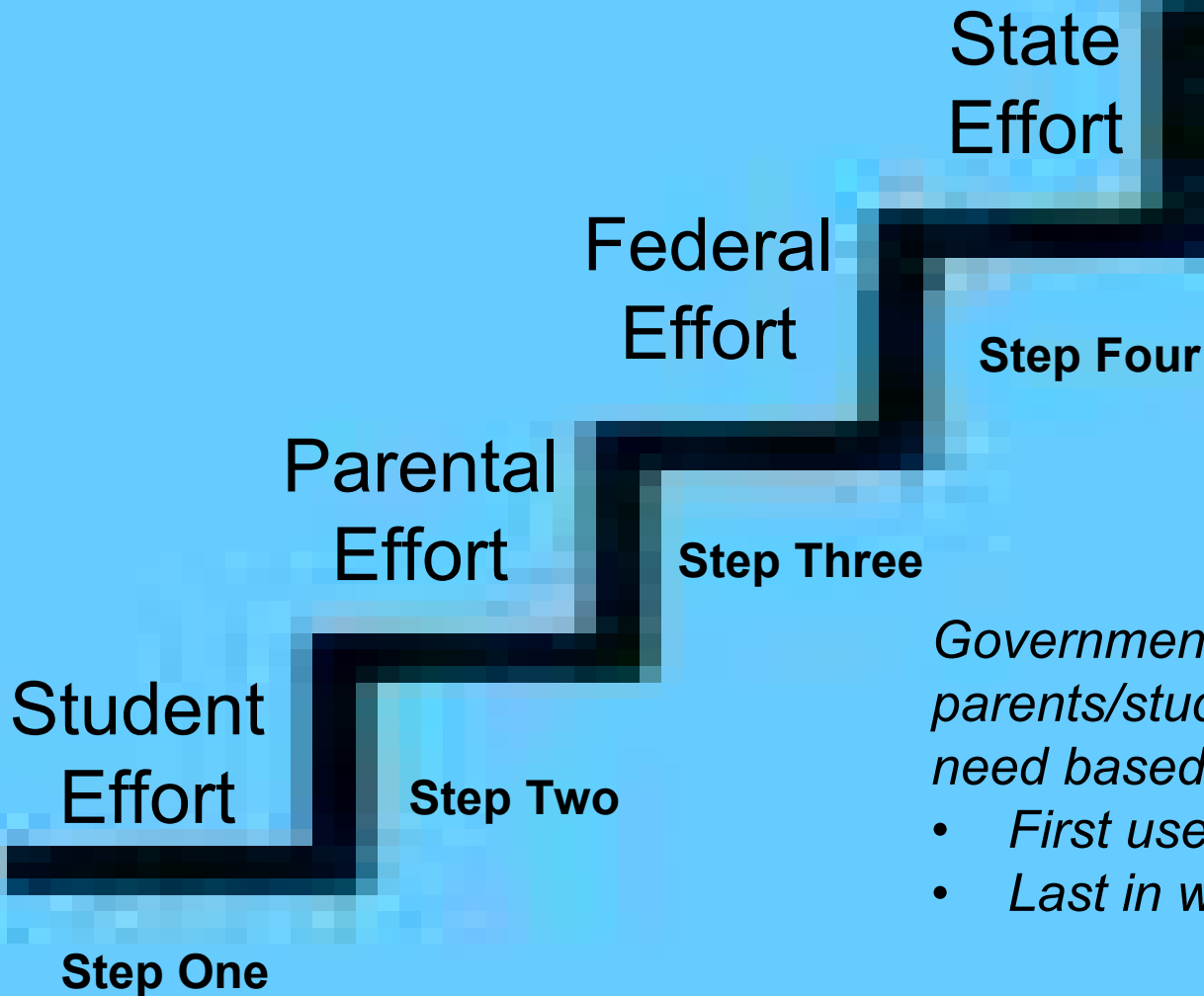


The Oregon Way

Shared Responsibility/Earned Opportunity

- Assumes student is principal beneficiary of his/her college education
- Asserts student should be first in line to contribute resources to college education through work, savings and borrowing
- Sets student contribution based on reasonable work effort in minimum wage job at level that doesn't impede student success (based on research evidence).
- Provides that parents have an responsibility for contributing to the college education of dependent children (students).
- Leverages federal dollars available to both low- and middle-income students/families

Earned Opportunity/Shared Responsibility Partners



Government Effort is triggered when parents/student establish financial need based on means-testing:

- *First use available Pell Grant*
- *Last in with Opportunity Grant*

Step One: Student Effort

- Regard student as principal beneficiary of his/her postsecondary education & training
- Student accepts financial burden of institutional choice
- Expectation for effort is uniform, regardless of family circumstances
- Students ought to be able to "work their way through college" at the most affordable college option
- Student effort includes reasonable earnings and savings, external scholarships, and borrowing (**excludes federal grants**)
- Student effort should be tied to an external metric

Step Two: Parental/Spousal Effort

- Parents have a responsibility for developing a college financial plan for each child consistent with the student's intentions.
- The expectation for parent effort is based on the cost of attendance minus the student effort for each child.
- The parent effort varies based on choice of institution.
- Parents can choose to meet their effort through current earnings, savings and/or borrowing.
- If parents do not have sufficient resources, the government stands in for the parent(s) at a level determined by means testing.



Step Three: Federal Effort

- The need for government effort is triggered by results of means testing.
- Federal government assistance is triggered first.
- The federal effort is progressive: parental economic circumstances determine the value of the grant(s) available to substitute/replace parental effort.
- The Pell Grant and other federal grant programs available are loaded into the parental side before turning to the state.



Step Four: State Effort

- After leveraging all of the federal grant aid available, the state effort kicks in to fill-in the remaining gap on the parental side.
- Like the federal effort, the state effort is progressive: parental economic circumstances determine the value of the grant(s) available to substitute/replace parental effort

Earned Opportunity Policy Development

Policy Questions	Options Considering
<i>What is the expectation for the student effort?</i>	<ul style="list-style-type: none"> a. 50% of student cost b. Fixed earning amount from working @ minimum wage job (40 hours for 10 summer wks and 15 hours for 30 wks)
<i>What is a reasonable cost of attendance budget for students?</i>	<ul style="list-style-type: none"> a. Individual institution living expense budgets b. Uniform living expenses budget for all regardless of dependency status, institution and/or living arrangements c. Average living expenses budgets by sector d. Commuter student living expenses budget
<i>What is a reasonable expectation for student borrowing?</i>	<ul style="list-style-type: none"> a. Work only for students @ CC (no borrowing requirement) b. Work + modest borrowing for student @ OUS c. Work + more borrowing for student @ OICA
<i>How should income eligibility be determined?</i>	<ul style="list-style-type: none"> a. EFC b. MFI c. Other