

OREGON OPPORTUNITY GRANT SHARED RESPONSIBILITY MODEL

Senate Bill 334 Shared Responsibility Proposal, 2007 Legislative Session

Today in Oregon, average tuition and fees to attend our state universities represent 8.5% of median family income in the state, a doubling of the percentage paid 30 years ago when many of today's leaders went to college. In the last few years, the state-student share of college costs shifted from the state covering 51% in 2001 to covering only 35% in 2005, with students picking up the balance through higher tuition. As a result, Oregon students from low- and middle-income families are borrowing more, working more, taking a longer path to graduation, or simply giving up on college altogether.

Oregon cannot afford to put a college education beyond the reach of so many Oregonians, when, increasingly, more jobs in our economy require postsecondary training or a degree.

But the good news is this: Oregon *can* make its community colleges and public universities affordable for all Oregonians again. By restructuring the need-based Oregon Opportunity Grant, the program can reflect a shared responsibility and partnership among students, their families, the federal government and the state to meet college costs and increase educational attainment statewide.

This shared responsibility approach guarantees a truly affordable higher education system for *all* Oregonians. Under this approach, even students with no resources will be able to “work their way through college” again, as generations of students did before them.

Addressing the Public Interest

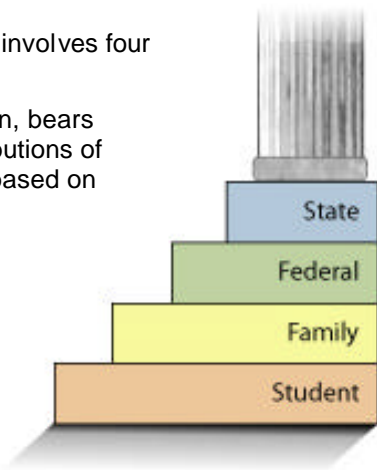
Oregonians recognize the benefits of postsecondary education. Students develop better skills, job prospects and earning potential, while the state benefits from a more productive and diverse workforce, better-paying jobs, and higher-income, tax-paying citizens. Oregonians believe that even if students have no family resources to pursue postsecondary education, they should at least be able to work their way through college.

But today, working one's way through college is no longer an option for most students. In 1965, an Oregon student could work approximately half time at a minimum wage job year round and pay for a year at a public university. In 2005, that student attending a community college would have to work 28 hours a week, 49 hours a week for a student attending a public 4-year university, or 111 hours a week for a student attending an independent university, year round, to do the same.

A Four-Step Approach to Affordability

- proposed shared responsibility model of the Oregon Opportunity Grant involves four steps that will enable all students to cover the cost of college attendance.
- model assumes that the student, as primary beneficiary of the education, bears the first and most significant responsibility for paying for college. The contributions of other partners—family/household, federal government, and the state—are based on the resources it takes to close the “affordability gap” for each student.

STEP 1: STUDENT SHARE The defined **student contribution** spells out the amount every student would contribute to his or her education, based on the decision to attend a community college or a four-year public or private college or university in Oregon: **\$4,750 per year for a community college student; and \$7,500 per year for a four-year college/university student** (public or independent).



Each student would decide the best personal strategy by combining one or more of several options to cover their share of postsecondary costs: working, borrowing (student loans), savings, private scholarships, federal work-study, institutional grants, Academic Competitive Grants (for Pell-eligible students), Chafee educational and training vouchers for eligible foster children, and ROTC scholarships. For example, working at a minimum wage job during the summer and part-time during the school year would cover the \$4,750 community college contribution and a large percentage of the 4-year contribution (\$7,500).

STEP 2: FAMILY SHARE The family share for both dependent and independent students is determined by an established financial need formula based on income and assets, family structure and attendance patterns¹. Families with greater resources are expected to cover the remaining costs, middle-income families are expected to contribute some of the remaining costs, and families with very low to no resources are expected to contribute much less, or nothing.

STEP 3: FEDERAL SHARE The same need formula determines how much aid, if any, the federal government will provide to replace some or all of the family contribution. Students whose families earn less than \$40,000 in pre-tax income and assets are often eligible for a Pell Grant (range from \$400 to \$4,050). Middle-income families with federal tax liability are often eligible for one of the federal education tax credits for tuition paid in the prior tax year.

STEP 4: STATE SHARE As the final partner, the state assists only when there is any remaining need not covered by the other partners. These grants support student choice by reflecting the differential costs of public 2-year and 4-year colleges and public universities. Students who choose eligible 4-year independent colleges and universities receive assistance as well—but no more than their public counterparts.

Background and Process

The State Board of Higher Education's Access and Affordability Working Group (AAWG) first convened in March 2004. With diverse representation from the K-16 education sectors as well as Oregon business and community leaders, AAWG recommended increasing and restructuring the current Oregon Opportunity Grant (OOG). The recommendations helped to secure an unprecedented increase in 2005-2007 state funding for the OOG. The AAWG reconvened in December 2005 to develop their second phase of recommendations. Through a K-16 funding partnership, OUS retained a consultant from the Western Interstate Commission for Higher Education to develop the shared responsibility framework and financial modeling. After a series of public and outreach meetings, the AAWG finalized recommendations in June 2006, which were endorsed by the Oregon State Board of Higher Education (OSBHE) and other partners in July 2006.

AT THIS FOURTH AND FINAL SHARED RESPONSIBILITY STEP, THE COST OF A PUBLIC HIGHER EDUCATION IN OREGON BECOMES, BY OBJECTIVE MEASURE, TRULY AFFORDABLE FOR ALL OREGONIANS.

Projected Student Impact

Establishing the “shared responsibility” Oregon Opportunity Grant would:

- Increase the number of eligible students;
- Continue to assist students currently eligible for the Opportunity Grant;²
- Extend grant aid to many middle-income families currently not eligible for an OOG;
- Increase average grant size;
- Assist half-time students (6 credit hours);
- Enable students with financial need to be able to work their way through college, with lower borrowing amounts for many students; and
- Help increase educational attainment in the state, bolstering the ability of Oregonians to contribute to the economy and society.

¹ Dependent students are defined as under 24, not married, with no children; Independent students are defined as over 24, self-supporting, married and/or who have dependent children.

² \$30,100 in pre-tax income for a family of four.