



Briefing on Access and Affordability Working Group (AAWG)

Background on AAWG

In March of 2004, the Access and Affordability Working Group (AAWG) of the Oregon State Board of Higher Education began to **examine college affordability issues for students and determine the changes needed to secure access for Oregon's low- and moderate-income students.**

Led by Tim Nesbitt, a Board member, and Nan Poppe, a long-time leader in community colleges in the state, the Access and Affordability Working Group built a consensus model for addressing affordability issues affecting postsecondary access. AAWG members and resource experts were convened from public and independent colleges and universities, financial aid fields, and from community and business sectors to understand how college affordability affects student access and the economy across the state. After 15 months of collaboration and a series of 35 meetings with many stakeholders, the AAWG agreed upon a set of recommendations, and presented these to Governor Kulongoski and the State Legislature in the spring of 2005.

AAWG Goals

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

Findings

The consequences of declining access are severe: lost opportunity and earning power for Oregon residents, failure to maintain the attractiveness of our business climate and our competitiveness in the global economy, less tax revenue for the state, and greater social costs. A postsecondary education has become less affordable in Oregon today than in most other states. After receiving an "F" for affordability in the 2004 and 2002 national higher education report cards, it became clear that **affordability would not improve in Oregon without serious intervention.** The AAWG determined that several factors have converged simultaneously to create an affordability crisis:

- **Inadequate state need grants** that reach only one-third of those now defined as eligible, fail to cover part-time and middle-income students, and pay just 11% of students' costs of attendance;
- **Increases in tuition and fees** between 1999 and 2003, 56% and 36% at public two- and four-year colleges in Oregon, that have far **outstripped the 14% growth of median family income** in the state during the same period;
- **Students and families who are shouldering a much higher percentage of public postsecondary costs** as state funding has declined over the last few biennia. OUS students' share went from 41% of total costs in 1999-2001 biennium to 55% in 2003-2005, a 34% increase in just four years. Community college students' share went from 28% of total costs in 1999-01 to 50% in 2002-03, a 78% increase in only three years.

The most significant cause of Oregon's affordability gap is **its failure to match the commitment of other states** to need based financial aid. Oregon's state grant **policy is not synchronized with levels of General Fund** support or tuition. The Oregon Opportunity Grant is frozen in an earlier time when college costs were relatively low. Grant aid per undergraduate student in Oregon is only about one-third of the U.S. average, and even less than that when compared to student grant amounts in Washington and California. Our failure to keep up with the commitment to need-based financial aid provided by other states has magnified the "sticker shock" of postsecondary education costs for many low- and middle-income Oregon students and families.

Oregon Opportunity Grant Recommendations

Oregon needs to provide more need-based financial aid and restructure the state's grant program – the Oregon Opportunity Grant – in order to reach more students and do so more cost-effectively.

1. **Serve all eligible students**, by fully funding grants to meet demand on a year-round basis.
2. Extend coverage to **part-time students**.
3. Expand eligibility to **cover more middle-income students** and adopt the financial eligibility model of federal Pell grants to take into account family assets as well as income.
4. **Increase the maximum grant size** over time to the average cost of tuition and fees for undergraduates at the public four-year institutions, not to exceed the actual cost of tuition and fees at the Oregon institution in which the student is enrolled.

Access & Affordability Working Group

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5. Devote up to **ten percent of the grant** program to: encourage and reward better academic preparation by offering one-time incentive grants in addition to the traditional grants; find ways to attract and support first-generation students; and, meet targeted workforce needs.
6. As grant awards are increased over time, direct **more resources to students who enroll in lower-cost public institutions** while not diminishing historic levels of support for students who choose independent not-for-profit institutions in Oregon.
7. Develop a **“shared responsibility” model** that takes advantage of the federal financial aid policy, and balances the financial effort of students and their families with both public and private partners.
8. Continue to **examine the development of a long-term grant endowment** for Oregon. Such a legacy for the state would ensure that funds are available for need-based aid, even during periods of economic downturn when General Funds are not adequate to cover eligible students. The AAWG deferred consideration of an appropriate vehicle for the endowment, pending identification of appropriate new revenue sources, including new partnerships.

On February 3, 2005, the AAWG voted to endorse the Oregon Student Assistance Commission (OSAC) 2005 policy proposal to fund all currently eligible students, encourage students in high school to take more rigorous courses, and fund part time students. These recommendations are designed to bring the group closer to the high water mark it is hoping to achieve over multiple biennia building on partnerships to find new

sources of revenue. Eventually, when Oregon reaches the goal of a fully funded program, the grants will be equalized at levels that are higher than current amounts for all students.

For the AAWG Working Group's 2005 Progress Report, go to www.ous.edu and click on AAWG: Making College Affordable

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