

Testimony before US Senate Committee on Health, Education, Labor and Pensions

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Good Morning, Mr. Chairman and other distinguished members of the committee. My name is Camille Preus, I am the Commissioner of the Oregon Department of Community Colleges and Workforce Development. Today however, I am here representing the state of Oregon and all of our 24 public post-secondary institutions. We appreciate the invitation to join the committee as you focus on successful policies, initiatives and strategies, designed and implemented at the state level, to improve college affordability.

I believe one such successful policy is Oregon's need-based financial aid program known as the **Shared Responsibility Model**. Before I discuss the Shared Responsibility Model policy it is important to explain the context.

Never has education been more important to the lives and fortunes of America, Oregonians and our communities. Yet, in Oregon, we are falling behind. Our current generation, of young adults (ages 25-34), is less educated than their parents' generation and fewer of them are earning a certificate or degree beyond high school.

Each year, well-paid jobs requiring only a high school diploma are replaced with new jobs that demand post-secondary education, technology skills and advanced training beyond high school. Over the next decade 61 percent of all Oregon jobs will require a technical certificate, associate's degree or higher level of education. This proportion of high skill jobs will only accelerate by 2025. Today, Oregonians with an associate's degree earn at least \$5,000 more per year than those with only a high school diploma. Those with a bachelor's degree earn approximately \$17,000 more per year. Eighty-nine percent of family wage jobs, paying more than \$18.00 per hour, will require a technical certificate/ associates degree or higher level of education.

Employment rates also highlight the need for higher education; the national unemployment rate for adults with a college degree is 4.4 percent—half the 8.8 percent unemployment rate for those with only a high school diploma and one third of the 13.2 percent unemployment rate for high school dropouts.

Education however, is not just about improving personal income and job security. Higher levels of education are associated with better health, longer lives, greater family stability, less need for social services, lower likelihood of involvement with the criminal justice system, and increased civic participation. All are benefits not only to the educated individuals and their families, but also to healthy, thriving communities.

*The Oregon Context.* There are encouraging signs of progress across Oregon. At every level of education in Oregon, leaders, faculty and teachers are pioneering new practices that enable

students to achieve their potential as lifelong learners and contributors to our economic and civic life.

In 2011 the Oregon Legislature addressed these challenges and opportunities head on, marshaling strong bipartisan majorities to enact:

- Senate Bill 253 which established the most aggressive high school and college completion goals of any state in the country; and,
- Senate Bill 909 which called for the creation of a unified, student-centered system of public education from pre-school through graduate school (P-20) to achieve the state's educational outcomes.

Senate Bill 253 defines our goal: by 2025, we must ensure that 40 percent of adult Oregonians have earned a bachelor's degree or higher, that 40 percent have earned an associate's degree or post-secondary credential, and that the remaining 20 percent have earned a high school diploma or its equivalent. We refer to these targets as our "40/40/20" goal.

Senate Bill 909 created the Oregon Education Investment Board (OEIB) and charged it with the responsibility, across P-20, to ensure that all public school students in the state reach the established educational outcomes. The 'P-20' term refers to the education of children from birth through their education career including childcare and early learning programs, the k-12 system, community colleges, and the undergraduate and graduate programs of universities.

There are three key strategies in the initial OEIB plan to reach the 40/40/20 goal:

- *Create a coordinated public education system*, from preschool through college and career readiness to enable all Oregonian students to learn at their best pace and achieve their full potential. At the state level, this will require better integration of our capacities and smarter use of our resources to encourage and support successful teaching and learning across the education continuum.
- *Focus state investment on achieving student outcomes*. Oregon defines the core educational outcomes that matter for students, their families and our state:
  - All Oregon children enter kindergarten ready for school
  - All Oregonians move along the learning pathway at their best pace to success
  - All Oregonians graduate from high school and are college and career ready
  - All Oregonians who pursue education beyond high school complete their chosen programs of study, certificates, or degrees and are ready to contribute to Oregon's economy.
- *Build statewide support systems*. It is not the state's role to deliver education, but rather to invest in and support the institutions and providers across the state that do. To succeed the state must engage educators and leaders, students and families, communities and employers to achieve the educational excellence envisioned for Oregon students. The state will continue to set standards, provide guidance, conduct assessments and coordinate support and resources to its public educational pathways.

The three strategies are overlapping, driven by student learning outcomes and aimed at transforming the state's approach to education. Under the leadership of Governor Kitzhaber, the state is also transforming its approach to the budget, leveraging investment in innovations and rewarding success.

A key investment area is post-secondary access and affordability. To reach our 40/40/20 educational attainment goal the state must be strategic in generating a college-going culture across the education continuum, and in making and honoring a promise that post-secondary education will be within reach for all learners who achieve a high-school diploma.

### **The Shared Responsibility Model**

The average tuition and fees to attend a state university in Oregon today, represents 11.3% 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 31% in 2010, 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 realized it could not afford to put college education beyond the reach of so many Oregonians, when as stated earlier, more jobs in our economy require post-secondary training or a degree. In 2007 the Oregon Legislature passed, with wide bipartisan support, Senate Bill 334 enacting the Shared Responsibility Model for the Oregon Opportunity Act. This bill restructured the need-based Oregon Opportunity Grant into a shared responsibility and partnership among students, their families, the federal government and the state to meet college costs and increase educational attainment statewide.

*Addressing the Public Interest.* Oregonians recognize the benefits of post-secondary 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 post-secondary 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. A current student attending a community college would have to work 36 hours a week, 44 hours a week for a student attending a public 4-year university or 90 hours a week for a student attending an independent university, year round to do the same.

*A Four-Step Approach to Affordability.* The shared responsibility model of the Oregon Opportunity Grant involves four steps that enable all students to cover the cost of college attendance. The model assumes that the student, as the 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, a four-year public or private college or university in Oregon: **\$5,700 per year for a community college student**; and **\$8,700 per year for a four-year college/university student** (public or private).

Each student would decide the best personal strategy by combining one or more of several options to cover their share of post-secondary costs: working, borrowing (student loans), savings, private scholarships, federal work-study, institutional grants, etc. For example, working at a minimum wage job during the summer and part-time during the school year would cover \$5,700 of the community college contribution or a smaller percentage of the 4-year contribution (\$8,700).

### Step 2: Family Share

The family share, for both dependent and independent students, is determined by an established financial need formula based on incomes and assets, family structure and attendance patterns. 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

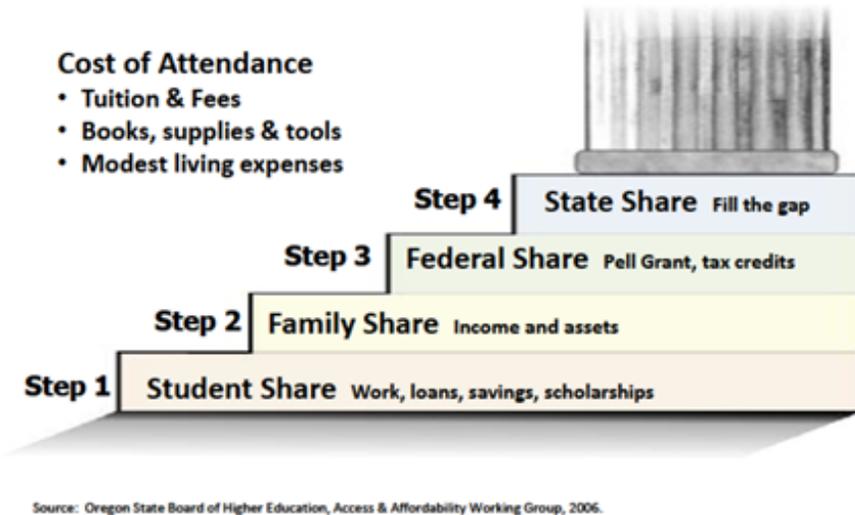
The same need formula determines how much aid, if any, the federal government will provide to replace some or all of the family contribution. Students whose families earn less than \$40,000 in pre-tax income and assets are often eligible for a Pell Grant (up to \$5,550 currently). Middle-income families with federal tax liability are often eligible for one of the federal education tax credits for tuition paid the prior tax year.

### Step 4: State Share

As the final partner, the state assists only when there is a remaining need not covered by the other partners. These grants (Oregon Opportunity 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, but no more than their public counterparts.

## The Shared Responsibility Model

A shared responsibility and partnership among students, their families/households, the federal government, and the state to meet college costs and increase educational attainment statewide.



### *More Aid = More Access*

Beginning in 2008 the state doubled the annual state commitment to the Oregon Opportunity Grant from \$34 million in the fall of 2007 to \$72 million in the fall of 2008. The average award amount in 2008 was \$2,600 for a community college student, nearly double the \$1,398 from 2007. Today the Opportunity Grant is funded at just under \$100 million with awards to more than 56,000 students.

The gap between the cost of attendance and resources to pay for college has also dropped for a full-need student since the implementation of the Shared Responsibility Model. The need gap for a community college student has decreased by half and for a student choosing a four-year public institution the gap has been reduced from \$8,874 (2004-5) to \$3,776 today.

The Shared Responsibility Model design also helped middle-income families afford college—up to \$70,000 for a family of four, previously capped at \$31,000. And, college savings plans do not reduce the grant award.

Another key aspect of the Shared Responsibility Model is statewide outreach. Leveraging the federal College Access Challenge Grant, secondary and post-secondary partners launched an aggressive 'get-the-word-out' campaign that included advertising on TV and radio, mailings and posters targeted to student, parents and counselors and community outreach visits statewide sponsored and supported by cross-sector education groups. This resulted in an increase of eligible applicants from 41,800 in 2007 to 74,694 in 2008 and 155,103 estimated for 2011-12.

### *How can the Federal government encourage and support states in affordability?*

There are a number of ways in which the federal government can help states provide education at a lower cost. First, it should be noted that the maintenance of effort (MOE) requirements included in the American Recovery and Reinvestment Act (ARRA) concerning expenditures for public higher education did in fact serve to sustain funding at a time of tremendous fiscal duress. This had a direct impact in maintaining educational services and in limiting community college tuitions. Although the federal government is no longer supplementing state education budgets, other means of exerting similar leverage should be explored.

In addition, the federal government should consider regulating public institutions of higher education differently from other sectors of higher education, particularly for-profit institutions. The reason for this is obvious – public institutions are funded and regulated in a fashion that is fundamentally different, and infinitely more exacting, than that generally provided on for-profit colleges. Community colleges are accountable to taxpayers and the broader public; for-profit colleges are accountable to their owners, usually shareholders. As a result, community colleges have been subjected to a regulatory apparatus that is entirely inappropriate to their nature.

The federal government also could help states in their efforts to be more efficient by aligning the various reporting requirements that it imposes on institutions of higher education. These requirements differ for various programs, such as the HEA and the Workforce Investment and the Carl D. Perkins Act, and these in turn differ from information that states themselves require. A concerted effort needs to be undertaken to eliminate these inefficiencies. Many community colleges have only one individual who is responsible for meeting all reporting requirements. Sometimes states becoming directly involved in providing needed information. In addition, the federal government needs to be much more aggressive in ensuring that appropriate state educational entities have access to data that will enable them, in concert with institutions, to identify the earnings of students after they have left institutions. These data in turn will help colleges to maximize resource allocation.

Many states are leading efforts to overhaul remedial education, often through modular courses. Unfortunately, this new approach has led to complications in the area of return of Title IV funds and standards of satisfactory academic progress. We urge the committee to place special attention on all the positive changes taking place in this area, which could well lead to much higher success rates for our students.

### *Conclusion*

Oregon's educational attainment goal of 40/40/20 is more than a series of numbers—it represents an aspirational goal for degrees and certificates but it also represents a commitment to increasing the socio-economic benefits to all citizens. Connecting student learning along the P-20 education continuum is an important step in increasing the number of students who successfully complete high school and enter college but equally important is the promise that college is accessible and affordable, as in Oregon's Shared Responsibility Model.