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Oregon's Running Start on Affordable College

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Free college education has become a campaign slogan in the 2016 presidential election, but Oregon has gotten a running start with the first class of high school seniors facing a deadline next week to apply for the Oregon Promise.

Oregon has gotten a head start on the challenge of free college education, with a deadline next week for high school seniors to apply for the new Oregon Promise program, which guarantees a “free” two-year education at a state community college.

According to state financial aid officials, more than 12,000 Oregon high school students have signed up, with the total expected to go higher by next Tuesday. That's when students must have filled out their online application, submitted high school transcripts to show they have a 2.5 grade point average or better and completed a financial aid application.

In the first year of the program, an estimated 7,000 Oregon Promise applicants are expected to enroll, which would push up the percentage of high school graduates who move on to college in the state.

Senator Mark Hass, D-Beaverton, won legislative approval for the program because of its market appeal to students from lower income households and its relatively small cost. As The Oregonian's Betsy Hammond has pointed out, many Oregon Promise applicants already would have qualified for financial aid that covered virtually all of the cost of tuition at a community college.

Even so, Hass says the program entices students to apply who might otherwise have not even bothered. Going to community college allows most students to stay at home and continue jobs they had in high school.

Eligible Oregon Promise students will be required to take a full course load and maintain a good grade level. They can take courses needed to move on to a four-year degree-granting institution or to earn an industry certificate. Hass modeled his program after one in Tennessee, which he says has increased enrollment at both community colleges and four-year colleges and universities.

The Oregon College Savings Plan allows for student accounts that can accept contributions from parents, grandparents or other relatives and realize tax-free earnings when they use the money for college tuition.

Another Oregon program is helping college students hold down debt. The Oregon College Savings Plan, which began in 2001, now has more than \$1.2 billion in assets spread over 86,000

student accounts. More than \$170 million was contributed to Oregon College Savings Plan accounts last year.

Students are able to draw on their account to pay for tuition and other qualifying educational expenses when attending college or an accredited technical school. Oregon offers a tax deduction for contributions up to \$4,600 for married taxpayers filing jointly or \$2,300 for single filers, but tax-free earnings are the real advantage when the funds are withdrawn for qualifying college expenses.

Not every household has the cash to contribute to the plan. However, student accounts can accept contributions from more than parents. Oregon College Savings Plan officials point out that whatever money can be tucked away for a student is money they won't have to borrow in the future when they attend college.

Assets in the plan are subject to investment cycles, so there is an element of risk. Many savings plan account holders saw their nest eggs shrink when the housing bubble burst in 2006-2007 and the subsequent financial industry meltdown. Oregon officials replaced the plan's financial partner and overhauled the program to provide greater protection for student account holdings.

It's worth noting that 36,000 Oregon college students received \$57.3 million in need-based Oregon Opportunity Grants in the 2014-2015 academic year. Another \$69 million in student aid will be distributed to qualifying Oregon students this year. Grants of \$2,100 are available for full-time, full-year students at eligible Oregon postsecondary institutions.

Oregon has lagged other states in providing need-based student aid, but in recent legislative sessions has stepped up expenditures. The 2015 legislature authorized \$140.9 million for Oregon Opportunity Grants, which was almost a 24 percent increase over the previous biennium.