Oregon

Higher Education Coordinating Commission
775 Court St. NE
Salem, OR 97301
503-378-5690

September 29, 2014

Dear Legislator,

In accordance with Senate Bill 1524 (2014), please find attached an interim study on the viability of a program that would allow a student who graduated from high school in Oregon, or who completed grade 12 through home schooling, to attend community college without paying tuition and fees for a specified period of time.

The study was produced by the National Center for Higher Education Management Systems (NCHEMS), which the Higher Education Coordinating Commission (HECC) contracted with in order to collect data and construct a model that would identify program variables and generate cost estimates.

The HECC worked closely with NCHEMS in developing this model. The model provided by NCHEMS can calculate costs under a variety of student eligibility and enrollment scenarios beyond those required by SB 1524. For instance, the model can estimate costs for adults as well as recent high school graduates to attend community college without paying tuition and fees. Additionally, the model can estimate costs for the state to pay the full cost of attendance (including room, board, books, transportation, etc.) in addition to tuition and fees.

Scenario 1 estimates the lowest cost option which is $8.9 million annually. That amount is a based on a conservative enrollment estimate that would pay the costs of tuition and fees for recent high school graduates who are enrolled full time. The report notes that, due to the availability of federal Pell grants for low income students, all of these funds would be allocated to students in the upper two income categories (e.g. families earning more than $48,000 annually).

Scenario 4 demonstrates the amount needed for the State to make community college fully affordable for recent high school graduates and adults, based on the overall cost of attendance including room, board, books, transportation, and tuition and fees. Conservative enrollment estimate puts that figure at $33.4 million annually provided that support is provided only for two, not three, years.

Scenarios 5 and 6 model program costs if State dollars are used only to cover tuition and fees, and are accessed after Oregon Opportunity Grants and federal Pell grants are

applied to the total cost of attendance. The cost under these scenarios for recent high school graduates attending full-time would be $14.5 million using a conservative enrollment estimate. The cost to fund such a program for all students to attend full-time would be $32 million using conservative enrollment projections.

The HECC has not completed its analysis of this study. At its next meeting in early October, the HECC plans to more fully evaluate the information contained in the study and provide recommendations to the Legislature on the merits of this and other proposals for college affordability. A final report with those recommendations will be provided within the next month.

The principles that will guide the HECC's evaluation of the program include the priorities adopted in the HECC's Strategic Plan to attain the State's 40-40-20 goals as well as the Equity Lens that has been adopted by the Oregon Education Investment Board and the HECC. The HECC will also consider potential unintended consequences and provide a rational basis to compare a program such as this with other investments that the state makes to promote affordability for students.

Please let me know if you have any questions about the study at this time or if I can provide you with any additional information.

Sincerely,

Ben Cannon, Executive Director