

### **Funding Recommendation: Oregon Promise**

In its initial year of operation, the Oregon Promise hopes to enroll the first cohort of students of 6,000-8,000 recent high school and GED graduates in Oregon community colleges. Based on applications to date, the average Oregon Promise student could bring into the state as much as \$2,617 per year in federal financial aid.

- The first cohort of students will be in their second year of community college in 2017-2018. Some of these students will have completed their program within their first year, and others may stop out for other reasons, however costs of attendance will likely also go up; therefore, we anticipate the total cost for their second year will be roughly \$10 million.
- In the fall of 2017, the second cohort of Oregon Promise students will begin their community college careers. While assuming some increase in participation and an increase in cost, we are forecasting first-year and second-year costs of this second cohort at roughly \$10 million per year, or \$20 million for the biennium.
- In the fall of 2018 (year two of the biennium), the third cohort of Oregon Promise students will be entering community college. Again, we assume some increase in participation and an increase in cost, however we forecast the first-year cost for this cohort at about \$10 million for the biennium, bringing the total biennial cost for the status quo Oregon Promise program to \$40 million.
- Due to an unintended limitation in the implementing statute, the Current Service Level Budget will be limited to \$20 million. A Policy Option Package may be produced to address the difference. A statutory change may also be requested.
- Student supports, including advising, will be addressed in a separate budget request.
- The 2017-2019 initial staff budget recommendation for the status quo Oregon Promise is \$40,000,000.

A significant portion of Oregon's population is identified by the US Census as having "some college – no degree." Statistically, this section of the population carries a disproportional share of student loan debt, and it much more likely to default on their loans.

- The Oregon Promise could be expanded to assist students who are relatively close to completing a degree or certificate but who have dropped out of college for some period of time. Assisting these students could enable them to complete a degree or certificate, which could correlate to higher income, lower unemployment, fewer loan defaults, and greater tax revenue for the state. In addition, these students are more likely to qualify for federal financial aid, bringing additional federal dollars into the state.

- While the program could be scaled up or down to serve any subset of this population, an appropriation of \$2 million per year (\$4 million per biennium) could assist 700 or more students complete their education per year.
- The 2017-2019 initial staff budget recommendation for this expansion to the Oregon Promise is \$4,000,000.