



# Oregon

**Higher Education Coordinating Commission  
775 Court Street NE  
Salem, OR 97301  
503-378-5690**

October 9, 2014

Dear Legislator,

Senate Bill 1524 (2014) charged the Higher Education Coordinating Commission (HECC) with studying 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. In order to fulfill that charge, the HECC and its Student Success and Institutional Collaboration (SSIC) Subcommittee held three public hearings on the subject. The HECC also contracted with the National Center for Higher Education Management Systems (NCHEMS) in order to collect data and construct a model that would identify program variables and generate cost estimates. Lastly, HECC staff completed a literature review on the topic.

The study that was generated by NCHEMS is attached. It is same study that was previously submitted to the Legislature on September 30, 2014. Since that time, the Higher Education Coordinating Commission has met and considered the concepts described in the study in the context of the HECC's Strategic Plan priority to attain the State's 40-40-20 goals as well as the Equity Lens that has been adopted by the HECC and the Oregon Education Investment Board. The Policy Statement used by the SSIC Subcommittee is also appended to this letter.

It is the Commission's assessment that funding community college tuition and fees for students who complete high school or home schooling in Oregon is viable, with some scenarios more fiscally viable than others. For instance, Scenario 1 estimated that, with a conservative enrollment projection, the state could pay the costs of tuition and fees for recent high school graduates enrolled full-time for \$8.9 million annually. Due to the availability of federal Pell grants for low income students, all of these funds in this scenario would be allocated to students in the upper two income categories (e.g. families earning more than \$48,000 annually).

Tennessee recently adopted a model similar to Scenario 1 and has seen increased interest and participation by eligible students. Observers there also describe heightened levels of college awareness and hope among Tennessee youth. Oregon could see similar interest that would contribute to the goal to increase the number of Oregonians participating in the degree and certificate programs that prepare them for the 21st century economy.

However, the Commission has also recognized that our focus must be on maximizing the state's dollars to improve educational outcomes. To that end, the Commission recommends prioritizing scarce resources on the strategically targeted Oregon Opportunity Grant program that the HECC endorsed when it adopted its Agency Request Budget.

Several considerations have informed this conclusion.

The HECC's Strategic Plan specifies that it will be necessary to educate students in addition to those who continue on to post-secondary education directly out of high school. In order to reach the State's 40-40-20 goal, adult and non-traditional students will need to access and complete post-secondary education paths at higher rates as well.

The Commission also noted that the NCHEMS study indicated that, in scenarios that estimated costs to cover tuition and fees, all of the funds would be allocated to students in the upper two income categories. This is due to the availability of federal Pell grants that, for many low-income students, fully cover the cost of tuition and fees at most community colleges. While focusing new state resources on higher-income students seems contrary to the spirit of the Equity Lens, it is ultimately an encouraging finding from the study and a message to carry forward: for many low-income students, community college is already free.

The Commission also noted that tuition and fees are only part of the cost that students incur to attend college. Other costs of attendance such as room, board, books, and transportation make the price tag for students much higher. The NCHEMS study estimated those costs at \$12,000 a year for students living at home. The strategically targeted Oregon Opportunity Grant proposal that was prioritized in the HECC's Agency Request Budget would help address this by providing additional funding to support the full cost of attendance for some of the most financially needy students, with an emphasis on funding the first two years of attendance.

The Commission identified several unintended consequences that could arise from the implementation of a free community college program. For instance, university costs might increase if they offer fewer lower division courses and have to develop more upper division coursework because students take the lower division coursework primarily at community colleges. Also, the concept would require the state to be more directly involved in setting and regulating community college tuition levels than has historically been the case.

Most importantly, the proposed program, in all of its iterations, focuses on student enrollment. The HECC has acknowledged that enrollment in post-secondary education is insufficient to meet our ambitious goals for educational attainment. But the Commission has also established that an even higher priority for the state should be to improve completion rates. Failure to shift our funding and policy emphasis to models

that focus on outcomes, not merely enrollment, will impede the state's progress toward its overall educational attainment goals.

While the Commission thoroughly evaluated the study, it was not able to fully assess possible impacts on community colleges and universities. This is due to the numerous variables around how such a program could be structured as well as the difficulty of projecting possible shifts in enrollment patterns between two- and four-year institutions.

If the Legislature does decide to pursue such a program, the HECC would recommend that it be limited in scope, similar to the program that has been implemented in Tennessee. There are two reasons for this recommendation. First, implementing a program on a smaller scale will provide an opportunity to analyze how it impacts student behavior. For example, it is not clear whether the Tennessee program expanded access or increased aid for students who would have attended with or without the program. Second, resources are limited and if funding is to be provided to students who might otherwise already be able to attend community college, it would be best to minimize that amount.

Another option would be to consider a different program that has been implemented in Tennessee. That program is known as the Wilder-Naifeh Technical Skills Grant. In that program, the state provides funding for tuition and fees for students pursuing one-year technical certificates or diplomas. The benefits of such a program are a lower cost to the state coupled with support for students to complete programs that are in high demand by many employers.

The Commission's careful consideration of this study and the state's overall education goals leads to the conclusion that, while a limited program to provide college tuition and fees for students who completed high school or home schooling is viable, scarce state resources can be better maximized with focus on a strategically targeted Oregon Opportunity Grant program.

Please let us know if you have any questions about the study or if the Commission can provide you with any additional information. The Commission sincerely appreciates the attention that the Oregon Legislature continues to bring to the issues of post-secondary access, affordability and completion. We look forward to working with the Legislature to address these issues moving forward.

Sincerely,

Tim Nesbitt, Chair

Ben Cannon, Executive Director

**POLICY STATEMENT FOR RECOMMENDATIONS**  
**OF TUITION-FREE COMMUNITY COLLEGES**

Prior to recommending a specific model, it is necessary to clearly state the policy of the HECC. What does the HECC intend to achieve with a tuition-free program?

The policy must be consistent with:

- The principles and priorities of the HECC strategic Plan to attain 40-40-20;
- Focus on under-represented students and non-traditional students and utilize the equity lens;
- Provide a rational basis to compare this program with other financial programs offered to students;
- Analyze whether or not the community colleges can facilitate increased enrollments; and
- Analyze the potential unintended consequences.