



Oregon

John A. Kitzhaber, MD, Governor

Oregon Student Access Commission

1500 Valley River Drive, Suite 100, Eugene, OR 97401

(800) 452-8807 and (541) 687-7400; Fax: (541) 687-7414

www.OregonStudentAid.gov

Testimony for Public Hearing on House Bill 2478

Joyce Berman, Philanthropy Specialist

Rachel Cummings, Scholarship Portfolio Coordinator

Good morning, Co-Chairs Burdick and Barnhart, Doherty and members of the Joint Committee on Tax Credits. For the record, my name is Joyce Berman, and I am the Philanthropy Specialist at the Oregon Student Access Commission (OSAC). Seated next to me is Rachel Cummings, Portfolio Coordinator for the Employer-Sponsored Scholarship Programs. We are here today to testify on House Bill 2478. Thank you for the opportunity to speak with you.

The purpose of HB 2478 is to extend the sunset date of the tax credit for payments to qualified employee and dependent scholarship programs from January 1, 2014, to January 1, 2020. The tax credit encourages small Oregon businesses with 4 to 250 employees to create and sustain employer-sponsored scholarship programs. We thank the House Interim Committee on Revenue for advancing this bill for this committee's consideration.

The Oregon Student Access Commission administers more than 450 different scholarship programs, awarding almost \$16 million annually to Oregon students, reaching every county in Oregon. Although these scholarships have a wide variety of eligibility criteria, OSAC has simplified the application process by creating one single electronic application for OSAC, Oregon Community Foundation and The Ford Family Foundation programs. With over 12,000 applications submitted to our scholarship programs last year, OSAC awarded over 3,000 students annually with scholarships.

Under OSAC's current program, the Oregon tax credit is granted only to employers who participate in an Employer-Sponsored Scholarship program certified by OSAC. The tax credit is equal to 50% of the amount of scholarship awards that each eligible employer has provided or intends to provide during the calendar year for which tax credit is being sought up to the employer's tax liability or \$50,000. An employer's lifetime amount may not exceed \$1 million, and the total for all tax credits administered by OSAC may not exceed \$1 million annually. Unused tax credits may be carried forward for five succeeding tax years. Once the scholarship program has been created and scholarships have been awarded for the year, OSAC works with the employer and the Department of Revenue to certify the tax credit. The tax credit program first issued tax credits in 2002 and has granted an average of roughly \$3,500 in tax credits for a maximum of six Oregon businesses.

Now that Oregon's economic recovery is beginning to take hold, OSAC hopes to devote some of its outreach efforts to qualifying businesses to build awareness of this opportunity. Extending the sunset date would allow the program to continue, and hopefully expand its current reach of a limited number of program participants. Given the continuing escalation of tuition costs, coupled with a growing awareness of businesses interested in making investments in education needs for

future generations, we believe that the potential benefits of this program far exceed any limited costs to any tax revenue. OSAC has only recently been able to hire a part-time outreach employee needed to expand our current portfolio of scholarship awards. We hope that this extension will provide further attraction to the private sector to support and expand scholarship programs for Oregon students and to help meet the Governor and Legislature's 40-40-20 educational goals.

Thank you for the opportunity to speak with you today. We look forward to answering your questions.

Joyce Berman
Philanthropy Specialist
Oregon Student Access Commission
541-687-7454
Joyce.a.berman@state.or.us

Rachel Cummings
Portfolio Coordinator
Oregon Student Access Commission
541-687-7387
Rachel.B.Cummings@state.or.us