



Testimony on Senate Bill 55

Senate Education Committee

February 2, 2017

Chair Roblan, Vice-Chair Linthicum, and members of the Committee. For the record, my name is Kyle Thomas and I am the Director of Legislative and Policy Affairs for the Higher Education Coordinating Commission.

Governor Brown introduced the bill before you today on behalf of the Commission and I hope you will give it your support. Since you have just heard from Juan Baez-Arevalo about the history of the Oregon Promise, I will not go into any of the repetitive details about the program.

SB 55 contains two important provisions:

First, it clarifies language that requires a student to pay \$50 per term toward their tuition costs by changing when in the award process the \$50 co-pay is applied. In making this change, the intent is to allow colleges to more easily process the grant and co-pay in their systems.

The second change is a little more detailed. In 2015, SB 81 imposed a cap of \$10 million on the amount of grant aid the program could award in any given fiscal year. If passed, this Bill repeals that cap.

As you have just heard, the fall 2016 term was the first term students were awarded grant funding, and qualified students that enrolled in college during this term were the first cohort of students to receive awards. The Governor, in her budget proposal, has recommended nearly \$40 million for the Oregon Promise in the next biennium. Though this seems like it might be an expansion of the program, this allocation simply allows the program to move past its initial launch, and operate as it was designed—by serving two cohorts of students simultaneously.

Because the Promise was always intended to fund students throughout their course of study, provided they make sufficient progress, the result is that in the first year of the next biennium, the program will serve both the current cohort of students as they move into their second year of study, as well as the fall 2017 incoming class of students.

The cap on annual expenses that this legislation removes allows the second class of students to be funded at the same time as the continuing first class. Removing the cap allows the program to operate as designed—always serving two cohorts of students each fiscal year.

If the cap were not removed, the Commission would be faced with the decision by which it could either fund second-year students completely, leaving little funding left over to serve the new, incoming class. Alternatively, the Commission could sharply reduce funding to second year students to allow for funding for the next class. In doing so, the program would serve fewer students per class per year in order to remain under the cap.

We do not believe either remedy was intended when you passed the Promise two years ago, and we encourage you to support this bill to allow the next full class of students to participate.

While passing this bill fixes an important issue for the next biennium, I would be remiss in not making the committee aware that, in the current biennium, we expect to exceed the current \$10 million allocation for the first year of the program. This is largely due to the program's initial popularity in terms of students served, as well as a higher-than-expected number of credits taken per student. We are now projecting that the total cost of the program in 2016-17 will be between \$11.4 and \$13.6 million.

We are working with your colleagues on the Ways and Means Committee to find an appropriate way to address the difference between the dollars appropriated based on the model and the actual program cost, as well as to address the issue of the expense cap for the current biennium.

Thank you for your time and attention today. I am happy to answer any questions you have.