

## SB 996 A STAFF MEASURE SUMMARY

### Senate Committee On Education

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**Action Date:** 04/18/17

**Action:** Do pass with amendments. Refer to Ways and Means by prior reference. (Printed A-Eng).

**Vote:** 3-2-0-0

**Yeas:** 3 - Gelser, Hass, Roblan

**Nays:** 2 - Kruse, Linthicum

**Fiscal:** Fiscal impact issued

**Revenue:** Has minimal revenue impact

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#### WHAT THE MEASURE DOES:

Establishes Oregon Bright Futures Fund (Fund) in State Treasury for post-secondary education savings program. Establishes Financial Institution Community Education Subaccount within Fund for contributions or donations from participating financial institutions. Authorizes State Registrar of Center for Health Statistics to send data file on children born in Oregon to the Department of Consumer and Business Services (DCBS). Directs DCBS to open designated beneficiary account (account) at participating financial institution for each child and to establish maximum amount in account. Authorizes DCBS to use moneys in Fund for post-secondary education expenses and provide scholarships, grants and incentives to designated beneficiaries. Allows contributions by designated beneficiaries or by DCBS into account. Allows donations or contributions into the Fund. Requires reports and notifications to designated beneficiary. Allows DCBS to terminate account for moneys unlikely to be used. Allows for financial aggregation software. Directs DCBS to adopt rules to design, implement and administer program. Requires reports by September 15, 2020 and April 1, 2021. Creates operative date of January 1, 2018 or when sufficient moneys are available. Redefines financial institution. Clarifies that Registrar of the Center for Health Statistics should send data to DCBS on or after the execution of an agreement. Clarifies provisions related to disclosure of confidential information. Declares emergency, effective on passage.

#### ISSUES DISCUSSED:

- Benefit to families
- Need for program
- Challenges with implementation

#### EFFECT OF AMENDMENT:

Replaces measure.

#### BACKGROUND:

In 2011, the Oregon Legislative Assembly set the 40-40-20 goal, that by 2025, 40 percent of the working-age Oregonians will hold a bachelor's degree, 40 percent will hold an associate degree or certificate and 20 percent will hold a high school diploma or equivalent. The Higher Education Coordinating Commission (HECC) issued a report in 2016, showing the most recent analysis for working-age Oregonians:

- 31 percent hold a bachelor's degree or advanced degree;
- 17 percent hold an associate degree or certificate;
- 19 percent have completed some college;
- 23 percent have completed high school; and
- 10 percent have not completed high school.

The Kids Count Data Center estimates that in 2015, 43 percent of Oregon children are in families below 200 percent of the federal poverty level. The Assets and Education Initiative reports that students of low-income families face the

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largest opportunity, access and achievement gaps in education. Low-income students are less likely to enroll in and complete higher education, are more likely to be averse to loans, have more financial emergencies and are more likely to have a job to support payments for higher education.

Student loans are the second largest source of consumer household debt in Oregon, which mirrors the national trend. HECC reports that from 2007 to 2013, tuition for higher education increased by a total of 50 percent and has slowly continued to rise. In Oregon, 63 percent of students graduating with a four-year public or private institution incurred an average of \$27,697 in student loan debt.