

Why This Is Important

Across the nation, a growing consensus emerged among business leaders, economic developers, and elected officials: America needed to significantly increase the share of adults with training beyond high school. Their policy prescriptions included traditional associates, bachelors, and graduate degrees, but also extended to non-degree certificates, industry certifications, apprenticeships, military training, and other credentials with demonstrated value in the job market.

High College Attainment, Low Personal Income

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Low College Attainment, Low Personal Income

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Percent of Adults 25 to 64 with College Degrees (2018)

Personal Income per Capita (2018)

New Economy Index 2020

- Top Tier
- Middle Tier
- Bottom Tier

State	Personal Income per Capita (2018)	Percent of Adults 25 to 64 with College Degrees (2018)	New Economy Index 2020
MS	\$35,000	35	Bottom Tier
WV	\$40,000	31	Bottom Tier
NM	\$42,000	35	Bottom Tier
AR	\$43,000	32	Bottom Tier
LA	\$45,000	31	Bottom Tier
OK	\$46,000	34	Bottom Tier
TX	\$48,000	38	Bottom Tier
SC	\$44,000	39	Middle Tier
IBZ	\$45,000	38	Middle Tier
GA	\$46,000	41	Middle Tier
NC	\$47,000	43	Middle Tier
MT	\$48,000	42	Middle Tier
ME	\$49,000	42	Middle Tier
MI	\$49,000	41	Middle Tier
FL	\$50,000	41	Middle Tier
MOH	\$50,000	40	Middle Tier
IN	\$47,000	39	Middle Tier
TN	\$48,000	37	Middle Tier
NV	\$50,000	33	Middle Tier
DE	\$52,000	39	Middle Tier
VT	\$54,000	48	Middle Tier
NE	\$55,000	46	Middle Tier
KS	\$51,000	44	Middle Tier
OR	\$51,000	44	Middle Tier
ND	\$56,000	48	Bottom Tier
RI	\$57,000	44	Bottom Tier
PA	\$58,000	44	Bottom Tier
US	\$55,000	43	Bottom Tier
CA	\$65,000	42	Bottom Tier
WY	\$60,000	39	Bottom Tier
AK	\$61,000	38	Bottom Tier
VA	\$59,000	49	Top Tier
MN	\$58,000	52	Top Tier
CO	\$59,000	51	Top Tier
WA	\$62,000	48	Middle Tier
MD	\$64,000	49	Top Tier
NY	\$69,000	49	Top Tier
NJ	\$68,000	50	Top Tier
CT	\$76,000	50	Top Tier

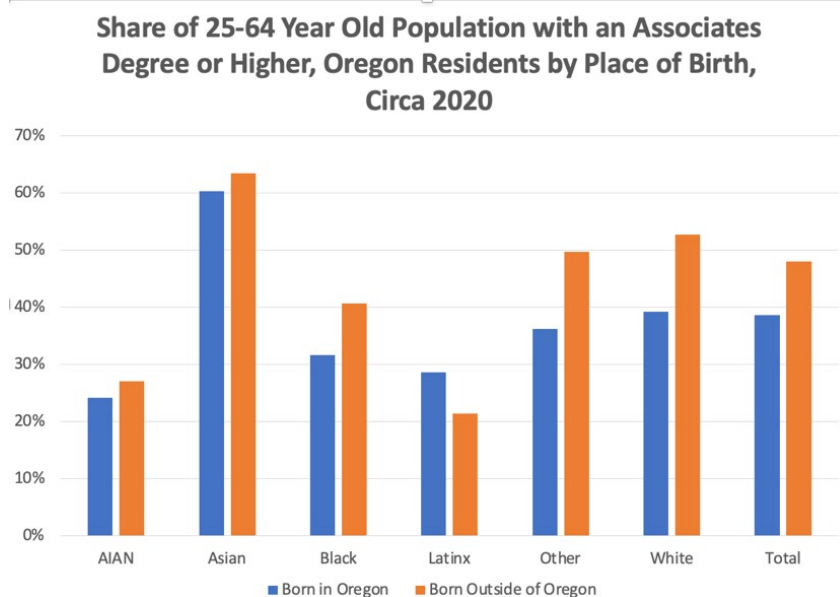
¹ See Golden and Katz

Oregonians and the state's economy. In today's U.S. knowledge economy, the education attainment of a state's population has a strong relationship with per capita income (see chart). A well-trained labor force is more productive, attracts employers and investment, generates income that improves well-being, and funds essential public services. It's a critical economic development investment. But more importantly, making meaningful progress on Oregon's postsecondary goals would signal our collective commitment to the American Dream and underscore our belief that all children should have an opportunity to succeed regardless of their background.

Where We Stand

Oregon has ambitious education goals but middling performance. About one-half of working-age Oregonians have some postsecondary credentials (through apprenticeships, certificates, industry certifications, and degrees) – slightly below the U.S. average and nine percentage points below Washington State. Disaggregated attainment rates show who is getting left behind: primarily communities of color and adults born in Oregon (see chart).

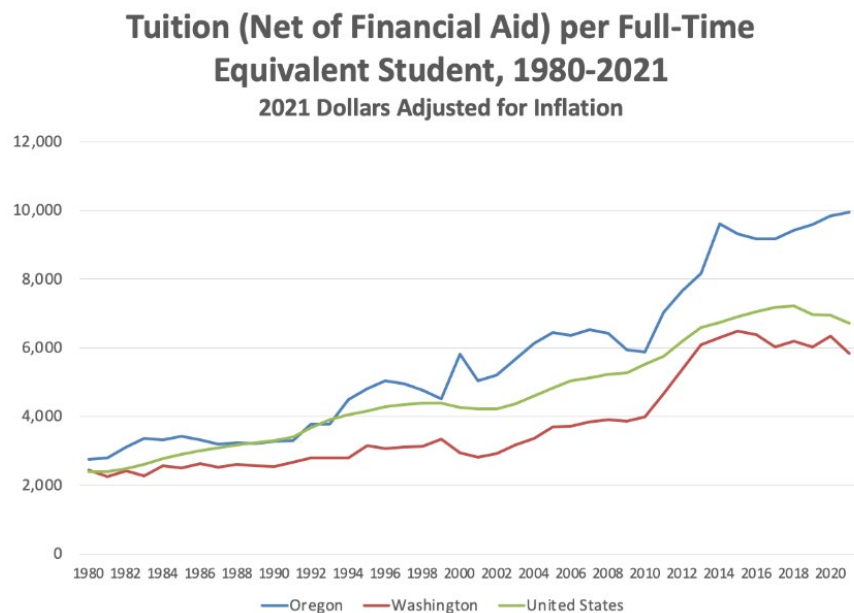
Racial/ethnic gaps in postsecondary attainment are longstanding and have broad systemic causes, including neighborhood segregation, a lack of access to high-performing K12 schools, a lack of exposure to networks that connect youth to postsecondary opportunities, unfamiliar and unwelcoming environments on college campuses, inadequate guidance on course selection, and more. When lawmakers adopted the 40-40-20 goal more than a decade ago, they knew that better than average gains among students of color was the only path to achieving it. While attainment has edged up, the gains are well short of the original vision and too inconsistent to achieve greater economic opportunity for all.



Oregon has moral and economic imperatives to prepare its own youth for a future of increasingly complex work.

Across most racial/ethnic groups, adults who were born in Oregon show lower attainment rates than adults born elsewhere. This type of gap is common in states like Oregon that routinely attract well educated net in-migrants. While the state's ongoing ability to appeal to out-of-state talent is important, Oregon has moral and economic imperatives to prepare its own youth for a future of increasingly complex work.

Aspiring students encounter multiple access barriers. Price is high on that list. States, including Oregon, scaled back on postsecondary funding, which put strong upward pressure on tuition. From 1980 through 2021, tuition revenue per full-time equivalent (FTE) student increased from \$2,749 to \$9,954 at Oregon’s public community colleges and universities—a 3.6-fold increase after adjusting for inflation (see chart). Students in Washington and across the U.S. have seen increases too, but not as severe as Oregon’s.



Growth in the cost of attendance slowed in the late 2010s thanks, in part, to increased funding of Oregon’s two financial aid programs: the Oregon Opportunity Grant (OOG) and the Oregon Promise. The programs delivered an estimated \$661 per full-time student in 2021. That represented strong growth since 2011, but the funding remained below the U.S. average of \$921 per FTE and less than one-third of the \$2,037 per FTE provided in Washington State.

What We Propose

Few other policy areas are as critical to achieving a vision of shared prosperity as postsecondary education. Oregon has long recognized the economic imperative of improving postsecondary access and completion, but a funding commitment has never followed. Oregon will fall well short of its 40-40-20 goal on the original 2025 timeframe, but employers’ need for better skilled workers that can interact with increasingly sophisticated technology will only grow with advances in artificial intelligence and machine learning.

Invest in and Redesign Student Aid. To improve college affordability and access, Oregon should build on its recent progress with expanded and redesigned student aid. The two existing aid programs are relatively small and interact in ways that are difficult to explain to prospective students. A new, three-part aid program would target students beginning in high school, ensure affordability for traditional-aged students, and support transitions and retraining for working-age adults.

- **High School Learning Accounts.** Modeled after a rigorously evaluated program out of New Brunswick, Canada, students would build postsecondary accounts as they successfully meet benchmarks during high school. The program would send a strong signal that students should consider postsecondary training and would trigger financial planning. Schools would deposit funds at the end of the 10th, 11th, and 12th grades. Students could use the aid at public or private postsecondary institutions across the U.S. The New Brunswick program provided up to \$8,400 per student and focused on low-income students. A randomized controlled trial showed that the

program produced a 6.5 percentage point improvement in high school graduation rates and a 6.8 percentage improvement in postsecondary completion².

- **Expanded Oregon Opportunity Grants.** A second component of the package, and the largest, would consist of an expanded OOG targeted to 18– to 24-year-old students and modeled on the Washington College Grant Program (WCG)³. Students from families with 60 percent median family income (MFI) would be eligible for the maximum awards and full coverage of tuition, fees, and textbooks. Students from families between 61 percent and 100 percent MFI would be eligible for partial awards. Maximum awards would cover tuition and fees at the average cost of in-state community colleges or universities and could be applied to approved private colleges and career training programs.
- **Lifelong Learning Grants.** A third component would target adult learners and draw on the evidence-based programming that sits at the foundation of the new *Future Ready Oregon* initiative. Packages tailored to the needs of adult learners could cover: financial assistance with tuition and fees for classes, books, transportation, uniforms, licensing exams, and tutoring; counseling to address personal and academic concerns and provide motivation and emotional support; referrals to outside agencies for assistance with utility bills, childcare, food, and other services; direct financial assistance with other supports on an as-needed basis; meetings that focus on life skills, including time management, study skills, critical thinking, and conflict resolution; and job placement assistance, including help with résumé writing, interviewing, and employer referrals.

Improve Student Support and Wraparound Services. Ensure that postsecondary learners have the support they need to support their academic needs and wellbeing and ensure that fewer students struggle with homelessness, housing insecurity, and food insecurity.

Strengthen the Continuum of Pathways from Education and Training to Careers. Ensure that all learners have access to a full range of education and training options beyond high school, including apprenticeships, career certificates, and college degrees.

Sustain Public Investment in State Institutional Support. Adequate and sustained levels of general state financial support for public universities and community colleges is one of the best ways for Oregon to reduce pressure on tuition increases that fall on students and their families. At the same time, the state should accord these schools greater flexibility and incentives to reduce and contain costs.

The Investment and How to Pay for It

The Legislature should fund the High School Learning Accounts through gradually expanded allocations to the High School Success Fund, which has goals of dropout prevention and college-education opportunities. Few programs, if any, bring stronger evidence on affecting those outcomes than the learning account model. The state could target initial funding to populations and geographies with lower-tier high school graduation and college-going rates, learn from early implementation, and expand the program with growth in the Corporate Activities Tax. Additionally, proceeds from future corporate tax kickers could endow a focused fund to underwrite and stabilize the program.

For the reorganized OOG and Lifelong Learning Grants, the state should commit to tripling its postsecondary financial aid appropriations – inflation-adjusted – during this decade. Oregon budgeted

² <https://evidencebasedprograms.org/programs/learning-accounts/>

³ <https://wsac.wa.gov/wcg>

\$244 million in the 2021-23 biennium for its two current student aid programs. The state should expand funding by \$500 million per biennium (in 2022 dollars). If it made aid expansion a priority, the state could fund the added cost through existing revenue streams and thoughtful budget planning. Projected slow growth in child and young adult populations work to the budget's advantage in coming years and, if managed with intention, create the opportunity to fund critical investments like this one.