

HOUSE BILL 2973:  
January 2016 Interim Report



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## FOREWORD

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Oregon leaders are committed to ensuring that each Oregon student graduates from high school with a plan for the future—whether it’s college, post-secondary job training or the world of work, and the tools to succeed in their post-secondary goals. Recognizing the landscape in which individual legislative reports and strategic investments are positioned promotes critical alignment and coordination needed in Oregon to support student transitions, particularly across Grades 11-14.

In the 2015 session Governor Kate Brown and the Oregon Legislature made significant investments in the future of Oregon students served by the state’s cradle to career education system. For the 2015-17 biennium, the state not only made key investments in the schools, colleges, and universities that serve our students, but also took strategic actions to foster improved and seamless pathways between each sector of the public educational enterprise. In addition to HB 2973 work is underway on numerous bills related to the important transition years for students in grades 11-14, work that is of key and continuing importance to the Chief Education Office, Oregon Department of Education, and Higher Education Coordinating Commission.

Specifically, the Legislature directed strategic focus on high school graduation, requiring reports on: dropout prevention, graduation, attendance (HB 3319), and training for school districts and educational services district staff for reporting high school graduation data (HB 5016). Key investments were made in student financial aid to improve access to college, and in the redesign of the state’s need-based grant for college, the Oregon Opportunity Grant (HB 2407). The Oregon Promise grant program was created to offset tuition at community colleges (SB 81). Additional actions addressed academic alignment and transferability between sectors, expanded services in the state’s GED Program, improved college readiness through accelerated learning (SB 418), continued work on the Transfer Student Bill of Rights and Responsibilities (HB 2525), and processes for placing students in community college courses (HB 2681).

Improving access to a high quality education for historically underserved students was also a priority. The Legislature required the development of statewide education plans for African-American students (HB 2016), American Indian/Alaskan Native students, and English Language Learners (HB 3499), addressing educator equity (HB 3375), expanding eligibility for undocumented students who would otherwise qualify for in-state tuition at public universities to apply for OOG funds (SB 932) and directing the HECC to address disparities in higher education (HB 3308).

No one strategy promises to be a singular solution for Oregon, but working in concert, these efforts are setting the stage for students to have the access and support they need to graduate high school with the skills and opportunity to move on to higher education or the world of work.

## EXECUTIVE SUMMARY

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House Bill 2973 (HB 2973) (2015) Interim Report was prepared as an update regarding the current research and progress on affordable baccalaureate degree options. As HECC convenes the first HB 2973 workgroup meeting, anticipated in early February of 2016, this report will help inform the upcoming discussions. In addition to this interim report, HECC has issued a Request for Information to the public universities to comment on any new or existing programs that aim to shorten time to degree or take advantage of dual credit, credit for prior learning.

The interim report begins with a discussion of the legislative background, incorporating the two sections HB 2973 “Bill Overview” and “National and Local Conservations on Affordability.” Outlining the rising cost of tuition and largely stagnant median household income are two metrics in which the report depicts the current situation of “college affordability.” We offer both national-level and Oregon-specific statistics to further illustrate this situation. Although, tuition increases and decreases in state appropriations to public universities have likely contributed to greater financial strain on students and their families, state and local policy responses have not been absent. In Oregon, the state legislature passed numerous initiatives and funding increases to assist students in their higher education goals, including making college more affordable.

Following the legislative background discussion, we provide an overview of general models and frameworks regarding affordable degree programs. The most well-known general models explored include the fixed-price per term model and the “\$10,000” affordable degree challenges or accelerated models. These two models are living examples in numerous states, which are most recognized in Florida and Texas. Before exploring the Florida and Texas models, we provide a brief discussion on several Oregon-specific models at Oregon public universities which shorten the time to degree completion, thus providing tuition savings to participating students. The three programs discussed include: SOU’s Accelerated Baccalaureate (“Acc Bacc”), PSU’s Four-Year Degree Guarantee (4YDG), and Oregon’s Applied Baccalaureate (AB).

As mentioned, we discuss the Florida and the Texas models in greater detail in a subsequent section. The specific models discussed include the following: Texas Affordable Baccalaureate, Texas Science Scholars Program at University of Texas at Permian Basin, and Florida State Colleges “10K Challenge.” Elements these affordable degree programs leverage include but are not limited to: local partnerships between education sectors, such as high schools and community colleges and eligibility requirements for enrollment and graduation, such as GPA or credit load requirements.

Stemming from the discussion of the specific models, we discuss strengths and limitations to these models, including replicability concerns in Oregon. Several limitations may include limited sustainability and scalability, institutional governance and sector size, and unique political and fiscal conditions. These limitations and strengths should be taken as building blocks, not stumbling blocks. The innovative work which Oregon and the various out-of-state models are derived from provide a foundational base of information for future workgroup discussions.

The report concludes with key takeaways and next steps. As nuanced in the preceding paragraph, key takeaways include limitations of various alternative models, yet these limitations should not obstruct or deter a successful Oregon model. Models created with an Oregon context and leverage our assets have great potential.

## INTRODUCTION

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The Office of University Coordination of the Oregon Higher Education Coordinating Commission (HECC) prepared this House Bill 2973 (HB 2973) (2015) interim report. This interim report discusses the current progress regarding the bill's legislative charge, relevant research and data, as well as lessons learned and key takeaways. Initially, a summary of HB 2973 and background information that frames the problem of college affordability is provided. The following section explores general models and programs currently developed as alternatives to high-cost traditional models of higher education. In subsequent sections, this report analyzes a number of affordability models in Oregon and out-of-state, and considers the strength and limitations of out-of-state models. The report concludes with a discussion of key takeaways and an outline of the next steps.

## LEGISLATIVE BACKGROUND

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### BILL OVERVIEW

HB 2973, introduced and passed in the 2015 legislative session, directs the HECC to conduct a detailed analysis of affordable baccalaureate degree programs and whether they are feasible for public universities. The measure passed unanimously in the Oregon House and Senate.

The bill directs that public universities work toward the creation and implementation of a four-year baccalaureate degree or pathway to a baccalaureate degree that costs the student significantly less than a traditional four-year degree. Community colleges are directed to assist public universities in the endeavor through streamlined transfer and dual enrollment programs—those where a student is enrolled at an Oregon Community College and University at the same time. Affordable baccalaureate programs need to meet the same academic and accreditation standards of a traditional four-year degree program. A specific cost threshold price target (i.e. \$10,000) was not specified in the bill, nor were any standards for “affordability” outlined in the bill, other than “significantly less” than four years of in state tuition for a baccalaureate degree.

HB 2973 requires that the HECC investigate the use of accelerated learning options, credit for prior learning, community college credit, competency-based learning models, massive open online courses (MOOCs), and state funds or other financial incentives as models of affordability. Accelerated learning options include opportunities to earn college credit while in high school such as dual credit courses, Advanced Placement (AP) and International Baccalaureate (IB) credit by exam, and Advanced Diploma where students earn their high school diploma with additional associates degrees and/or professional certificates. Competency-based learning models award credit when a student demonstrates mastery of specified learning outcomes or performance objectives. MOOCs collectively are online, open-access courses that may or may not result in college credit for completion. In subsequent sections these examples and additional options will be discussed in further detail.

The bill's legislative testimony outlined its intent, as well as discussed similar affordable degree initiatives in other states such as Texas, Florida, and Wisconsin. Previous legislation emphasized leveraging regional universities to meet the college affordability challenge due to their greater perceived flexibility in developing

specific programs. HB 2973 allows individual institutions to develop affordable baccalaureate degree options to accommodate local economic needs and workforce demands.

## NATIONAL AND LOCAL CONVERSATIONS ON AFFORDABILITY

### Tuition Increases

Since the late 1980s tuition prices have increased at a greater rate than the median household income, shifting a greater share of the financial burden of higher education to families and students. The national average inflation-adjusted tuition price increased nearly 270 percent from 1973 to 2015. Over the same time, the growth in tuition rates outpaced household income gains. Median household income gains totaled 5 percent and the top 1 percent of households realized income gains of 155 percent. Although income inequality has increased since at least 1973, families across the income spectrum are not insulated against the rising costs of a higher education degree (Mitchell and Leachman 2015).

Over the past decade, tuition rates before financial aid or scholarships are applied at in-state public universities in Oregon and across the country increased at rates above core inflation. Nationwide, average inflation-adjusted public college and university tuition prices increased nearly 29 percent, equivalent to \$2,068, from 2007-2015. Inflation-adjusted tuition increases in Oregon were 31.5 percent from 2007-2015, the 19th highest in the country. This percent increase equates to a \$2,141 increase, the 18th highest in the country (Mitchell and Leachman 2015).

Recent research highlights a negative effect of increasing tuition prices on student enrollment. Decreased enrollment is most pronounced at more selective the universities as more students opt for less expensive in-state options. In addition to this substitution effect between institutions of different tiers, enrollment changes due to increases in-state tuition may take the form of reduced credit hour loads by students, resulting in a longer than expected time-to-degree (Mitchell and Leachman 2015; Hemelt and Marcotte 2011).

Two recent Urban Institute reports use data on tuition, income, and state support to draw some clear distinctions between states' approaches to affordability. Oregon consistently ranks below average in most affordability metrics: Oregon families' yearly median income is approximately \$10,000 below the national level, while Oregon's public university tuition is slightly higher than the national average. And while state need based aid support is increasing, Oregon ranks 46<sup>th</sup> nationally in state support for public post-secondary education (Baum and Johnstone 2015a), with the state's appropriations having fallen 50 percent between 2000 and 2013 (Baum and Johnstone 2015b). (Appropriations did increase significantly for the current biennium.) At the same time, Oregon ranks highly nationally in its availability of need-based state student aid, with a 23.6 percent increase in state appropriations for the Oregon Opportunity Grant for 2015-17.

Further research highlights equity concerns, noting the adverse effect of tuition increases on college enrollment by low income students who would otherwise benefit from higher education (Mitchell and Leachman 2015; Prescott and Longanecker 2014; Nellum and Hartle 2015; Kim 2007). Between 2008 and 2013, college enrollment of students of low income families has dropped 10.4 percentage points from 55.9 percent to 45.5 percent. While other income brackets also suffered a decline in enrollments in the recent years of economic recovery, they are substantially smaller in size. For example, enrollment of students in the middle

income bracket only declined 1.4 percentage points from 65.2 percent to 63.8 percent (Nellum and Hartle 2015). Potential explanations for enrollment declines despite an enhanced focus on higher education access and equity in state policymaking include: tuition increases in recent years, students perceiving a college degree holds less economic value than previous generations, and a recovering economy that offers more attractive employment opportunities. These findings pose a challenge to the state of Oregon's 40-40-20 goals; a recent report from the Southern Education Foundation supports this claim that showed for the first time in recent history a majority of students attending public schools are of low socioeconomic status (SES) (Nellum and Hartle 2015). In Oregon, 53 percent of all public school students are eligible for free or reduced price lunch, an indicator of high financial need (ODE 2015).

Although more students than ever before now qualify for federal financial aid and student loans, more pressure is exerted on the available aid than ever before. In the 1970s, a Pell grant would cover roughly two thirds of tuition at a public university. Today, the Pell grant covers approximately 25 percent of the cost which exacerbates the impact on lower income students who rely more on Pell, loans, and other aid. And while increased tuition affects students at all socioeconomic levels, the average unmet financial need for students in the bottom income quartile represents 84 percent of family income. This unmet need for these students has increased nearly 100 percent since 1990. Pell recipients, in addition, borrow more than their more affluent counterparts, which indicates that families of the most financially needy students are unable to make up the difference with family assets, resulting in higher debt loads (Pell Institute 2015).

## **Policy Responses**

In recent years, legislatures across the United States have scrutinized post-secondary tuition and affordability. Legislative activities in 2015 addressed an array of initiatives including but not limited to affordable baccalaureate degree programs, state-based financial aid and grants, free or reduced-price community college opportunities, and accelerated learning options (Krueger 2015). These activities are largely in response to large tuition increases and decreases in state appropriations to the higher education section in the recent past. While state appropriations to higher education increased in the 2015 budget, total funding when adjusted for inflation is still below pre-recession totals (Krueger 2015; Stauffer 2015).

Oregon's news media, higher education community, and government all took notice of the convergence of public disinvestment in higher education and sharp tuition increases in the period covering 2009-2013. The public, the government, and the higher education community have been engaged in a wide ranging conversation about the fiscal basis and public purpose of state higher education. The discussion gave cause for action. In an attempt to stop or slow the growth rate of tuition, the Legislature in the 2013 Special Session appropriated approximately \$15 million for a tuition "buy down" that limited the upward spiral of tuition at all twenty-four public institutions

One policy response through the HECC has been a shift in the funding formula for public universities, now partly based on student completion and success, known as the Student Success and Completion Model (SSCM). By shifting a portion of the state's investment to completion rather than enrollment, institutions now have greater incentive to ensure students graduate. With fewer excess credits, students should also obtain their degree at a lower cost. In concert with the new distribution formula, both the Public University Support Fund

and Community College Support Funds saw significant increases – 27.8 percent for the PUSF, and 18 percent for the CCSF.

HECC has made affordability, access, and equitable opportunities for every student priority within its strategic planning and policy implementation. A simplified matrix of criteria that focuses on student needs and expectations would include (Table 1 displays a simplified matrix):

- Cost: tuition plus expenses, less federal, state, and other aid
- Outcome: degree attainment
- Return on Investment (ROI): calculated as increased earnings over time and other non-material benefits such as intellectual growth and increased civic participation

**Table 1: Simplified Matrix of Student Needs and Expectations**

	<b>Cost*</b>	<b>Outcome</b>	<b>Earnings</b>	<b>Affordable?</b>
<b>Student 1</b>	<b>high</b>	<b>no degree</b>	<b>low</b>	<b>no</b>
<b>Student 2</b>	<b>high</b>	<b>degree</b>	<b>high</b>	<b>yes</b>
<b>Student 3</b>	<b>low</b>	<b>degree</b>	<b>high</b>	<b>yes</b>
<b>Student 4</b>	<b>low</b>	<b>no degree</b>	<b>low</b>	<b>no</b>

Source: HECC

The current model of college affordability is based on shared responsibility: student expected contribution, state contribution, with ROI as the justification for student tuition and debt burden. In historical terms, however, there has been a shift of the cost burden from the institution and state to the individual student. There are a host of other factors that complicate this model, such as student and family resources, and notably time to completion. Recent evidence from public universities indicated that transfer students in particular accumulate “excess” credits on the way to graduation, which can artificially inflate the already high cost of attendance (HECC 2015). Given trends in completion for low-income students, it appears that access and current aid models alone will not help more students complete degrees in a timely fashion. The truly “unaffordable” degree is the one left unfinished, with the return on investment largely unrealizable.

The meaning of “student contribution” has also changed with the times. A generation ago, (ca. 1978) a student could work approximately 260 hours at minimum wage to afford one year of tuition at a public university. At the 2014 Oregon minimum wage (\$9.10/ hour), a minimum wage earning student must work approximately 1090 hours to afford one year of tuition and fees at an Oregon public university. In other words, a student in 1978 needed to work full-time for six and a half weeks to pay tuition expenses while a student in 2014 would need to work over 27 weeks at full-time to afford a year of tuition. This historical shift in the meaning of “student contribution” and affordability has increased time to degree completion for virtually all student populations, with Oregon’s students with the most financial need feeling the most dramatic effects.

## GENERAL MODELS AND FRAMEWORKS

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This section explores general models and frameworks currently used at state institutions of higher education in Oregon and other states to lower the cost of attendance. Tuition savings may be realized directly to the student via tuition reductions and fixed-cost degree options. Additionally, tuition savings may accrue indirectly via avoided “excess” credits.

### FIXED-PRICE PER TERM MODEL

Although higher education institutions based on fixed-price per term education models primarily leverage nontraditional delivery methods, a growing number of universities that historically use traditional delivery methods are developing fixed-price models. Western Governors University (WGU) and the University of Wisconsin Flex (UW Flex) serve as two examples where the former institution exclusively leverages nontraditional methods and the latter institution historically uses traditional delivery methods, yet has developed a fixed-price model.

WGU is a competency-based, online higher education institution with a fixed-price model. Offering a flat-rate tuition fee per six-month term, WGU allows students to complete as many competencies desired each term. Nineteen governors spearheaded the creation of WGU over 15 years ago, and today the university serves over 55,000 enrolled students from all 50 states. Marketed toward working adult students, WGU offers baccalaureate degrees in nursing, business, and information technology majors, as well as master’s degrees in nursing and business (WGU 2015).

The institution controls costs through a variety of methods including its designation as a non-profit entity, the absence of a campus or large-scale infrastructure, and the heavy use of part-time and contingent labor as professors and academic “coaches.” Tuition ranges from \$2,890 per term to \$4,250 per term depending on the program, with a \$23,120 net price for a four-year degree. Comparatively, one year at WGU costs about \$5,780, while a year of tuition at a four-year Oregon public university ranges from approximately \$6,000 at Eastern Oregon University to over \$8,000 dollars at the University of Oregon. WGU students may accrue even greater savings if they graduate at the university’s average time to completion, which is currently less than three years. WGU aims to offer a quality degree at an affordable cost, and tuition has not changed since 2008 (WGU 2015).

Similar to WGU, UW Flex is a competency-based educational program, allowing students the opportunity to demonstrate mastery of skills and earn unlimited credits for a flat-rate subscription price, which analysts predict will break-even at a flat-rate subscription cost of \$2,250 (Reilly 2012; Brower 2014). UW Flex allows students to dramatically reduce the time and financial resources to complete their education and the degree is granted from one of the actual University of Wisconsin institutions. One UW Flex enrollee, for example, completed the equivalent of 33 credits in his first three-month subscription period while continuing to work 32 hours per week at his job (Brower 2014). Thirty-three credits would typically take a University of Wisconsin student a full academic year or longer. The Wisconsin model may have low replicability in Oregon, as the high degree of centralization within the University of Wisconsin System is credited with aiding the program’s current success (Reilly 2012).

## “\$10,000” AFFORDABLE DEGREE CHALLENGES AND ACCELERATED MODELS

Several states have widely publicized “\$10,000 degree” challenges that challenge public institutions to develop and implement affordable baccalaureate degree programs. The Texas and Florida models are the most recognizable of these challenges; however, governors and state legislators in California, Iowa, and Wisconsin have promoted similar ideas. These models emphasize a number of cost-reduction strategies to hit the magic number of \$10,000, which include requiring prospective students to complete early college credit through accelerated learning options, fostering local partnerships between universities and community colleges, and leveraging excess capacity. Examples from Texas and Florida are discussed in detail below.

## OREGON PROGRAMS AND MODELS

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Several Oregon universities have developed programs focused on lowering the net tuition costs of baccalaureate programs. These existing programs emphasize early or on-time degree completion, resulting in tuition cost savings. Programs of interest include but are not limited to the Southern Oregon University (SOU) Accelerated Baccalaureate Program (“Acc Bacc”), Portland State University’s (PSU) Four-Year Degree Guarantee (4YDG), as well as Applied Baccalaureate (AB) degree programs offered at various institutions across Oregon. Although these programs and other innovative models around Oregon have failed to receive the same national attention as fixed-cost models and \$10,000 degree challenges, they offer an in-state foundation to build upon and develop new models advancing college affordability.

### ACCELERATED BACCALAUREATE (“ACC BACC”)

Southern Oregon University (SOU) offers an accelerated baccalaureate degree option where eligible students graduate after three years of study. The program saves students a year’s worth of tuition, fees, and other additional expenses without a fourth year of study. Assuming an in-state resident student successfully completes the “Acc Bacc” program, realized net tuition savings total \$8,010 (tuition and fees for the 2015-2016 academic year). A student saves \$20,043 considering the total annual cost of attendance, which includes room and board, if he or she completes their degree in three years instead of four (SOU 2015a; SOU 2015b).

Prospective students must meet several eligibility requirements for program enrollment. These requirements include maintaining at least a 3.4 GPA in high school, or maintaining a 3.2 GPA in high school and attaining an SAT score of 1150 (or equivalent ACT score of 25). The program also takes into account AP coursework during high school. Additionally, students must select a major – there are currently sixteen available “Acc Bacc” options – prior to enrollment and maintain a 16-credit course load per term. If a student does not progress on the three-year plan as developed their first semester, then the student is required to switch back to the four-year track (SOU 2015a).

Once admitted into “Acc Bacc,” a faculty committee determines the number of credit waivers a student receives. Admitted students will be granted 8 to 24 general education credits and 21 elective credits. An additional 135 to 151 credit load must be completed in three years (SOU 2015a).

## **FOUR-YEAR DEGREE GUARANTEE (4YDG)**

Portland State University's (PSU's) 4YDG initiative promises to graduate students within four years, a one-of-kind initiative at Oregon's higher education public institutions. Similar to SOU's "Acc Bacc," students enrolled in 4YDG realize tuition savings by avoiding "excess" tuition expenses. If a student cannot complete all required credits due to course availability within four years, PSU will not charge additional tuition fees. An in-state resident student would save \$2,250 in avoided tuition expenses assuming the student needs an additional 15 credits to graduate following four years of study (PSU 2015a; PSU 2015b).

Prospective students must meet several eligibility requirements to qualify and enroll in 4YDG. Program enrollment is limited to first-time college students who are full-time students with a declared major. Students must sign a four-year agreement to earn at least 45 credits a year, maintain good academic standing, and satisfy all major requirements. While changes in major pathways are accepted, the student is still required to complete all degree requirements within four years. PSU guarantees advising support to increase the likelihood of on-time degree completion (PSU 2015a).

## **APPLIED BACCALAUREATE DEGREE (AB)**

Oregon Revised Statute (ORS) §348.910 promulgated the AB Degree and tasked the HECC to develop a plan for offering an applied baccalaureate degree at Oregon community colleges and public universities. The statutory definition of an AB is described as a degree that incorporates and builds on associate courses and degrees with additional coursework emphasizing higher-order thinking skills and advanced technical knowledge and skills (ORS §348.910). Other states have also created AB degrees focused on serving terminal Associate of Applied Science (AAS) degrees through a variety of education delivery methods such as online courses (Rudd and Bragg 2012). An AB degree results in realized tuition savings by avoiding excess credit accumulation which vary by institution and degree.

Western Oregon University (WOU) offers an AB degree in 10 majors including accounting, gerontology, and psychology. Consistent with the two aforementioned Oregon programs, AB enrollment also has several program qualifiers. AB degrees are geared toward so-called non-traditional students, that is students who have completed career and technical education. Non-traditional students enrolled in an AB program are usually seeking a promotion to management, an increase in responsibility within a technical career focus, or a desire to acquire a liberal arts education with the intent of later pursuing a graduate degree. Specifically, WOU restricts enrollment to students who have either completed an AAS degree, a minimum of 60 quarter units toward an AAS degree, or a terminal non-transfer associate degree. Traditional students are barred from the AB program, including students who are currently enrolled at WOU or have pursued an Oregon Transfer Module (OTM), Associate of Arts Oregon Transfer Degree (AAOT), Associate of Science/Oregon Transfer Business degree, Associate of Science degree, or an Associate of General Studies degree (AGS) (WOU 2015).

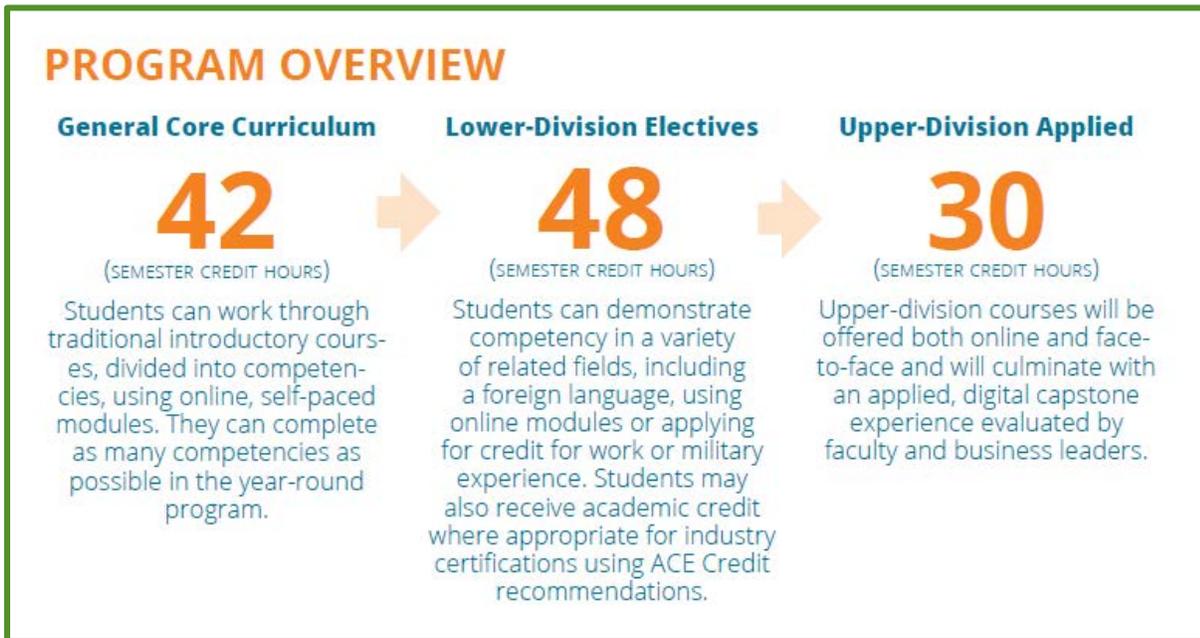
# PROGRAMS AND MODELS IN TEXAS AND FLORIDA

## TEXAS AFFORDABLE BACCALAUREATE

The Texas Affordable Baccalaureate (TAB) is a state-branded degree program established in 2012 which is currently developed and overseen by the Texas Higher Education Coordinating Board (THECB). The two “official” affordable degrees from Texas A&M University-Commerce and South Texas College grew out of grants from Educause, League for Innovation, Lumina Foundation and other organizations to promote and “scale” technology approaches for access, readiness, and completion. This program enrolls a small number of students and currently is available in just one field – Organizational Leadership.

The original model for the TAB in Organizational Leadership may fit many of the ideal characteristics envisioned by Oregon’s HB 2973. Up to 90 student credits hours (SCH), that is three-fourths of the total SCH for the degree, could be fulfilled through competency based online course work. The final 30 SCH would then be fulfilled through “problem based coursework,” taken both in face-to-face and online settings. THECB and TAMU-Commerce have monitored the academic quality of the program by developing the competency based learning elements through the Association of American Colleges & University’s Degree Qualifications Profile “Tuning” method, which closely matches the academic work to expected learning outcomes. Students may fulfill 42 of the lower division general education SCH by exam and competency. The TAB is, in short, an accelerated program geared to the needs of students who have already mastered a good deal of what would normally be considered the core curriculum. Under this model, a typical student could complete a degree for between \$7,000 and \$14,000, depending upon the student’s prior coursework and how many SCH’s can be completed through competency based exam credit.

**Figure 1: TAB Program Overview**



Source: (Lindsay 2015)

In 2015, the TAB shifted its model slightly to an applied baccalaureate “fixed, per term cost” model. TAMU-Commerce’s Applied Baccalaureate in Organizational Leadership costs all students \$750 per seven-week term. Students may enroll and complete as many SCH as they are able to. Although enrollment and persistence data are not currently available, the total enrollment at this time appears to be not more than a few hundred students. According to the program’s website, TAMU Commerce plans to expand its enrollment to over 6,000 students, with 1,200 graduates by 2018. While these targets sound ambitious, it is important to note that even if these targets are reached, they would equal slightly more than one percent of total bachelor’s degree attainment in Texas for a given year.

The promotional materials, testimonials online, and the overall program design elements strongly suggest that the TAB in Organizational Leadership is directed to the needs of adult learners, particularly returning students who may have previously completed coursework or gained “real world” experience in the workplace or military. The Texas model suggests that Oregon should strongly consider the demographic and other characteristics of target student populations when designing a new program.

## **UNIVERSITY OF TEXAS AT PERMIAN BASIN, TEXAS SCIENCE SCHOLARS PROGRAM**

The University of Texas Permian Basin (UTPB) has the Texas Science Scholars (TSS) program – a \$10,000-degree program in various science disciplines. Announced and approved in 2012, TSS is a set of highly defined degree pathways for full time students who maintain a certain level of academic standing and agree to maintain full time enrollment, earning at least 90 credit hours in the first 3 years of study, and finishing a degree with 120 credit hours in 4 years.

Degree pathways are offered in Chemistry, Computer Science, Information Science, Geology, and Mathematics, with each offering areas of subspecialty. The tuition model is basically a form of scholarship or subsidy: each year’s tuition and fees is \$2,500 for four years of full time study in one of the TSS eligible areas. UT’s TSS program has some significant eligibility requirements. Students must be ready to take pre-calculus mathematics or higher and college level chemistry (which presumes a high level of college-preparatory or college-level coursework either in high school or a community college). Students must maintain a 3.0 or higher GPA while enrolled in the TSS, and must also take as many as 15 to 18 credit hours per semester. TSS students may not be enrolled in developmental coursework while in the program.

Students enrolled in TSS are not eligible for any other internal/university based scholarships, though they may qualify for federal and state funded need-based aid. The UTPB TSS program is, by almost any account, affordable particularly when compared to similar degree programs offered by UT’s other campuses. At UT Austin, a Natural Sciences major (resident undergraduate) student will pay almost \$4,900 in tuition and fees for 12 or more SCH, or \$9,800 per academic year. The final tuition bill for four years will be approximately \$39,200.

Although affordable, the TSS must in the final analysis be considered a scholarship program for well-prepared students in a few select high-demand or highly valued science majors rather than as a scalable statewide affordable degree program open to large numbers of students. Total enrollment figures for the TSS are not available as of this writing, and because this program is new, there is little report on graduation rates, but UTPB’s total enrollment for 2015 is approximately 5,650 -- a small campus by Texas standards -- and only a

fraction of those are TSS students. By comparison, UT Austin boasts a current total undergraduate enrollment of over 39,500. According to recent degree production figures from the THECB, UTPB's annual baccalaureate graduation accounts for a small portion of the state's degree production: Permian Basin graduated 626 bachelor's recipients out of a statewide public university total of 93,667 in 2013-14 (THECB 2015).<sup>1</sup>

## FLORIDA STATE COLLEGES "10K CHALLENGE"

In 2012, Florida Governor Rick Scott challenged Florida State Colleges to offer \$10,000 baccalaureate degrees following the lead from former Texas Governor Rick Perry (NBC 2012). The \$10,000 baccalaureate degree challenge, commonly referenced as the "10K Challenge," aimed at increasing college affordability to Florida students. As net tuition costs and fees for a four-year degree from a Florida State University exceed \$24,000, the challenge emphasizes the conferment of \$10,000 net-cost baccalaureate degrees at state colleges, which currently offer four-year degrees at an average cost of \$13,000 (Vogel 2014; Ashford 2015; Kingkade 2013). These cost figures do not include the cost of room and board, which the University of South Florida estimates at an additional \$9,000 (Stockfisch 2013). While the Florida 10K tuition challenge has gained momentum with state colleges, enrollment and graduation data is largely unavailable or lagging behind as state colleges continue to implement programs (Ashford 2015).

While Governor Scott's challenge is similar to HB 2973 and the original Texas \$10,000 challenge, there are number of substantial differences. The Florida "10K Challenge" is directed at public colleges instead of public universities. While Oregon community colleges are not allowed to confer baccalaureate degrees, 22 states have granted their public community colleges this authority including Florida (Smith 2015). Twenty-five of the 28 Florida State Colleges have developed baccalaureate programs since 2001, of which 23 were in response to Governor Scott's "10K Challenge" (Vogel 2014; FSC 2014). Cumulatively, there are at least 66 affordable degree options (Ashford 2015). Eligibility and completion requirements vary by institution, and numerous institutions leverage discount pricing in the third and fourth years of college and accelerated credit completed in high school. For example, St. Petersburg College requires prospective students of a \$10,000-degree program in technology development and management to obtain 12 to 15 dual-enrollment or other accelerated credits prior to entry (Stockfisch 2013).

Student enrollment in affordable degree programs has largely lagged behind the near universal response of Florida's community colleges to the 10K Challenge. As of May 2014, available enrollment data found 13 state colleges offered programs and only 120 students total were eligible applicants (Vogel 2014). By Fall 2014, 21 colleges reported implementing \$10,000 degree programs (FCS 2014a). Considering the state universities and state colleges serve 260,000 and 800,000 students respectively, 10K degrees will be a small portion of total degree production for the foreseeable future (Ashford 2015). Since 2014, state colleges have continued to develop and implement new programs, yet high enrollment totals should not be immediately expected due to program unfamiliarity and the relatively narrow scope of majors offered. More comprehensive enrollment and graduation data is either sparse or nonexistent due to the newness of the programs and unstandardized reporting.

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<sup>1</sup>Report generated at THEC data website at <http://reports.thecb.state.tx.us/approot/dwprodrpt/gradmenu.htm>

## STRENGTHS AND LIMITATIONS OF EXISTING PROGRAMS

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Florida and Texas represent two cases similar to Oregon HB 2973. Still there are limitations to their application in Oregon. Several limitations at the institutional level include: limited sustainability and scalability of degree programs, high start-up costs, and low replicability. State fiscal and political conditions unique to Texas and Florida may also pose a hurdle to a comparable Oregonian affordable degree initiative. Despite these limitations, they do not obstruct the development and success of an affordable degree option at Oregon public universities and community colleges. On the contrary, these limitations have the potential to provide insight, highlight best practices, and inform a future discussion of affordable baccalaureate degree options.

### LIMITED SUSTAINABILITY AND SCALABILITY

Current affordable or low-cost degrees appear to attract media and policy in disproportion to the number of students they actually serve. Florida's 10K Challenge and the TSS program actually enroll very few students and, in the case of UTPB, appear to require high degrees of subsidy from the state or institution to be viable. Furthermore, UTPB's ability to offer low-cost degrees is related to its recent infrastructure expansions and growth in faculty hiring resulting in excess capacity. University officials recognize the challenge of sustaining a low-cost degree program as capacity fills up.

### INSTITUTIONAL GOVERNANCE AND RELATIVE SECTOR SIZE

Higher education institutional governance structures vary across states and will likely affect the replicability of affordable baccalaureate programs in Oregon. Two institutional governance issues arise regarding replicability, which include: the state's higher education structure (relative centralization and size of sector) and the specific higher education sector (e.g. universities, community colleges) tasked with creating affordable degrees. In short, governance practice and sector approaches—who is designing and implementing for whom? -- matter when creating affordable degree programs.

First, the degree of centralization of each respective state's higher education governance structure and the size of the public higher education sector likely affects the replicability of out-of-state models in Oregon. Texas's institutional governance structure is similar to the Oregon context, where individual institutions control operational affairs although the relative size of Oregon's higher education sector pales in comparison to Texas'. Texas has 105 public higher education institutions versus only 25 public institutions in Oregon (HECC 2015; THECB 2015).

Similar to the Texas higher education sector, Florida is one of the nation's largest public higher education systems considering the number of institutions and the number of students enrolled. However, the Florida institutional governance structure operates under a more centralized model, which includes the Florida State College System and the State University System of Florida. The size of individual institutions also poses replicability concerns. A sustainable, replicable affordable baccalaureate model for Oregon will most likely be developed in a localized institutional governance structure and an education sector of moderate size.

Second, the specific higher education sector challenged with the creation and implementation of affordable degree programs in a particular state is also likely to affect the program's replicability to Oregon. Florida's 10K Challenge addresses the state colleges rather than the state universities. The 17 Oregon public community colleges are the equivalent to Florida's state colleges; however, they lack the authority to confer baccalaureate degrees. Considering a hypothetical scenario where Oregon community colleges were granted such an authority, high start-up costs associated with accreditation standards and infrastructure requirements will likely further prohibit an unimpeded replication of the Florida 10K Challenge.

## **UNIQUE STATE FISCAL AND POLITICAL CONDITIONS**

Unique political and fiscal conditions in Florida and Texas provided a foundation to launch affordable baccalaureate degree challenges as well as support for their development and implementation. Due to a difference in conditions between Oregon and these states, similar affordable baccalaureate degree programs may not wholly translate across states without design modification.

### **Gubernatorial Priority - Texas and Florida**

The Governors of Texas and Florida prioritized affordable degree challenges. These two state administrations widely publicized their challenges and urged state colleges and universities to respond. Gubernatorial or legislative priority may indeed be significant for affordable degrees to gain traction, suggesting the need for a high-level political response in Oregon to garner support, attention, and interest from the higher education sector. If new affordable degree programs are not a political priority, institutions may need to be incentivized for an organic, ground-up development.

### **External Funding**

The most well-known affordable degree programs had high development and start-up costs. The TAB required more than \$3 million in startup funds from external sources such as the Lumina Foundation, League for Innovation, Educause, and other funders. Funds helped to incentivize the faculty, administrators and staff at Texas A&M Commerce and South Texas College to collaborate on curriculum design, program administration startup, and sustainability costs – including higher than normal marketing and advising costs.

### **State Funding**

State funding currently supports the development and implementation of the 10K Challenge in Florida. Three years after Governor Scott issued the challenge, the state legislature appropriated \$5 million to assist the development, implementation, and support of fixed-cost degree programs related to STEM fields in the 2015-2016 budget (FLDOE 2014; FLDOE 2015). Considering Florida State Colleges cumulatively received \$1.2 billion during the 2015-2016 budget cycle, this appropriation represented approximately 0.42 percent of all state college funding (FLDOE 2014). State colleges will compete for the one-time support funds (FLDOE 2014). Originally promoted as a "Challenge" with no state funds attached, the three-year gap between the Governor's initial announcement and the budget appropriation in Florida may highlight the need for state support to assist the development and implementation of similar programs at public institutions in Oregon.

## KEY TAKEAWAYS

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This interim report serves several purposes:

- To summarize national and local trends related to tuition increases and policy responses to those trends
- To summarize available information on lower-cost bachelor degrees in Oregon and other states
- To frame a subsequent discussion by the HB 2973 workgroup that will, in the coming months, formulate recommendations for the Commission and Legislature regarding low cost degree programs

While this interim report is not meant to make recommendations, we feel it necessary to frame further discussion with a few observations.

### **While all agree that college must be affordable, we need a stronger definition of the problem.**

At present, creating affordability means fostering the conditions to allow students to finish with as few excess credits as possible and in a timely fashion; systems that support student success on a guided pathway are arguably more important than alternative pricing or financing models. Any new designs or models must place the needs of students at the center. The Oregon Promise tuition grants for community college (Senate Bill 81 (2015)) is one of numerous programs that can be a statewide leverage point to lower the overall cost of attendance if participating students are on a guided pathway, for example; but the outcomes must include evidence of progress toward a degree with maximum transferability and applicability of credits.

HECC's current draft of its 2016-20 Strategic Plan notes that there is not a sufficiently robust and detailed conversation around degree affordability in Oregon:

We have not assessed with sufficient rigor the various components of an affordability agenda (price, cost of living versus learning, grants, loans, time-to-degree, and likelihood of completion) and their contribution to career and lifelong success.

The development of a more nuanced and complete definition of affordability should be a goal of this legislative workgroup's final report.

### **Fixed cost and competency based degree programs have high startup costs and require significant state level and institutional will to design, develop, and implement.**

Affordable degrees don't just happen and they don't come cheap. The design and discussion phase of any new accelerated, fixed-cost, or other initiative that costs significantly less than a traditional four-year pathway will require investment of resources. The way to create new programs is to bring greater collaboration between community college and university sectors, to foster engagement and support by faculty and administrators, and to implement the high levels of support these programs typically require in the form of student advising and cross-sector coordination.

**While models such as the Florida 10K degree, UW Flex, and Texas Affordable Baccalaureate are the result of significant effort and innovative thinking by their respective states, the current stage of these programs neither have enrolled significant numbers of students nor have produced a significant number of new graduates. Developing an expectation of the scope and scale in an Oregon affordable degree option should be part of the future workgroup discussion.**

All of the program models discussed in this report are relatively new, having only been implemented in the last two years. All of these programs were subsidized heavily in the startup phase, and the Texas Science Scholars program in particular is more of a scholarship program for a select number of high achieving students. These programs are not expected to serve the many thousands of students who will seek degrees in the next decade, and who must graduate to participate in the twenty-first century economy and for states to meet the goals set forth in their completion agendas. Niche programs that serve a few students very well will not get Oregon to 40-40-20. A discussion regarding the scope and scale of future affordable degree programs may help institutions project the required resources and relative impact of an Oregon option.

And, while noted limitations in existing affordable degree programs alter the enrollment and graduation expectations of out-of-state models, they should not obstruct or deter a successful Oregon model. Oregon is not Texas or Florida. Higher education in Oregon may develop an affordable degree option by leveraging its state assets and recent successes in higher education. An Oregon option will need to adapt and conform with our state education goals, local economic demands, and organic partnerships among institutions of higher education. Academic innovation will continue under the right conditions, and Oregon faces a pressing need for innovative design and implementation to create more affordable, high quality degree programs.

## NEXT STEPS

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HECC staff and leadership have issued a formal Request for Information from the public universities seeking information on any new or existing programs that aim to shorten time to degree or take advantage of dual credit, credit for prior learning. Those findings will inform the discussion as it moves forward.

This report will be distributed to members of the HB 2973 workgroup in advance of its first meeting (anticipated in February) to frame the recommendations that will be made to the Commission and Legislature to fulfill the legislation's charge.

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