



Testimony on House Bill 2387

House Revenue Committee

May 21, 2019

Chair Nathanson, Vice-Chairs Findley and Marsh, and members of the Committee. My name is Kyle Thomas, and I am the Director of Legislative and Policy Affairs for the Higher Education Coordinating Commission (HECC). Thank you for the opportunity to submit testimony on House Bill 2387.

As we continue to work on issues of college affordability, through additional investments proposed by the Governor both to stabilize university and college tuition, and a proposed increase in the Oregon Opportunity Grant, it remains important that families plan for and save for college to the extent they are able.

The proposed bill alters the incentives provided to Oregonians to save in Oregon's 529 college savings plan by providing tax credits for those who are able to set aside funds. In doing so, the bill makes it just a little easier for working class families, families that often live just above the level that qualifies them for full state and federal student aid grants, to save for higher education expenses. It is these families, living in the second and third income quintiles, that often experience a significant affordability gap. The current system of tax deductions is less advantageous to these families.

Families often assume that college savings reduce the amount of grant aid for which students may be eligible. It is true that the Free Application for Federal Student Aid and the state equivalent form account for investments. However, only 5.64% of the available investments (which include 529 accounts) owned by the parents or guardians of a student are assumed to be spent on college expenses each year, making saving for college, regardless of the vehicle families choose, a valuable proposition.

Thank you for your time today.