HIGHER EDUCATION COORDINATING COMMISSION

Testimony on SB 785
Senate Education Committee
March 10, 2025

Chair Frederick, Vice-Chair Weber, 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 SB 785. HECC has no position on the bill.

SB 785 establishes the Agriculture Education Scholarship Program to be administered by HECC. While creating an application process and awarding funds to students is a standard process for HECC through the Office of Student Access and Completion, loan or grant to loan programs are currently not a form of financial aid offered through HECC.

When students are offered this scholarship, they must sign an agreement understanding that if they don't meet the conditions of completing their agricultural degree and/or completing the work service as an agricultural educator in a rural community immediately after degree completion for the time it took to obtain said degree, the student must repay the amount of scholarship received back to HECC.

As HECC currently does not have this type of program, additional costs will be associated with information technology, personnel, or contracting costs related to building out or contracting for a loan servicing and collections system. HECC will additionally need to develop tools to track work service time after the grant has been disbursed, as well as develop agreements with Department of Revenue and Employment Department. This additional infrastructure will create ongoing administrative needs that will outlast any new grantmaking.

These types of programs, which have been considered by the legislative assembly in the past, do raise a few questions for legislators to consider:

1. Grant to loan programs with strict post-graduation requirements may induce fewer students to pursue funding, as those requirements can become untenable even for a student with good intentions. Systemic issues like a poor economy at graduation or housing shortages can cause students' grants to convert to loans, even if the student fully intends to make good on the agreement. Underrepresented populations often are less inclined to view loans as a good college-affordability decision.
2. Enforcement options for students who move out-of-state are limited.
3. Loan interest rates could be at or near market rate for unsecured loans, unless other legislative direction is provided.

HECC suggests a couple of amendments for the Committee to consider:

1. Eligibility is not restricted to Oregon residents. The Committee may wish to restrict eligibility in Order to serve Oregonians with state funds, and to reduce the risk a student

attends an Oregon institution and leaves shortly after graduation. By not restricting this program to Oregon residents, grant awards can exceed $70,000 per year.

2. The definition of eligible institution of higher education is a broad term, inclusive of schools not eligible to receive state and federal financial aid. The Committee may wish to restrict institutional eligibility to schools that are able to accept other state and federal financial aid, such as using the definition in ORS 348.180.

Thank you for your consideration of this testimony.