MEASURE NUMBER: SB 334   **STATUS:** C-Engrossed
SUBJECT: Oregon Opportunity Grant
GOVERNMENT UNIT AFFECTED: Oregon Student Assistance Commission
PREPARED BY: Adrienne Sexton
REVIEWED BY: Steve Bender
DATE: June 20, 2007

	2007-2009	**2009-2011**
EXPENDITURES: See Comments.		
POSITIONS / FTE:	3 / 3.40 FTE	3 / 3.40 FTE

EFFECTIVE DATE: January 1, 2008

GOVERNOR'S BUDGET: This bill is anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill makes changes to the state's primary student financial aid program, the Oregon Opportunity Grant. The changes become operative on July 1, 2008. The Opportunity Grant program provides grants to Oregon public and private universities and to Oregon community colleges to fund student aid for qualified Oregon students attending these institutions. Qualification for the awards is made on the bases of the student's financial need and enrollment status. The Opportunity Grant program is administered by the Oregon Student Assistance Commission and funded by General Fund, Lottery Funds, Federal Funds and Other Funds.

The bill requires the Commission to change the calculation of grant amounts from the method that is currently used. Currently, award amounts are based on the costs of attendance but do not vary by income level, i.e., when a student qualifies for an award by having income below the maximum allowed income, the student's award amount is then independent of their income level.

The bill requires the Commission to calculate awards equal to the difference between its determination of the cost of education (which includes living expenses as well as tuition and fees), and the student's ability to pay. The student's ability to pay is based on an amount that is equal for all students attending a particular institution (the student share), and an amount that varies with the student's financial resources and qualification for federal student aid (the family share and the federal share). As a result, award amounts will vary by income level and family size, instead of just varying by the institution attended. This revised calculation of award amounts is commonly known as the Shared Responsibility Model.

The fiscal impact of the bill is indeterminate, because it allows the Commission sufficient discretion to vary parameters that would determine the total state share cost of student aid. Other factors that determine the cost of the program would remain outside the control of the state. These would include enrollment rates and tuition and fee levels. The state does not determine tuition and fee rates for community colleges.

House Bill 5044-A, the budget bill for the Oregon Student Assistance Commission, appropriates $43 million General Fund above the essential budget level for Opportunity Grant awards, to coincide with the implementation, by SB 334-C, of the Shared Responsibility Model on July 1, 2008. This supplement would provide total funding of $72 million for the Oregon Opportunity Grant program in the 2008-09 academic year. During the 2009-11 biennium, the Shared Responsibility Model changes would operate for both years of the biennium, and the continuing cost of the Opportunity Grant program would total $152 million.

In addition to these amounts, the HB 5044-A also includes $651,314 General Fund and three positions (3.40 FTE) for program administration. This represents increases over the funding and staffing levels in the Oregon Student Assistance Commission budget for the existing Opportunity Grant program, and were provided to address increased workload resulting from the additional complexity and expanded recipient base under the Shared Responsibility Model program changes and funding level increase. Administrative costs will largely be independent of the size of the program.