

Oregon Opportunity Grant					
	2015-17 Actual	2017-19 Legislatively Adopted	2017-19 Legislatively Approved *	2019-21 Current Service Level	2019-21 Governor's Budget
General Fund	128,349,485	125,217,521	125,217,521	129,975,787	121,322,003
Lottery Funds	4,951,069	20,746,268	20,746,268	21,534,626	30,688,018
Other Funds	402,364	163,213	163,213	169,415	169,415
Total Funds	133,702,918	146,127,002	146,127,002	151,679,828	152,179,436

*Includes Emergency Board and administrative actions through December 2018.

Program Description

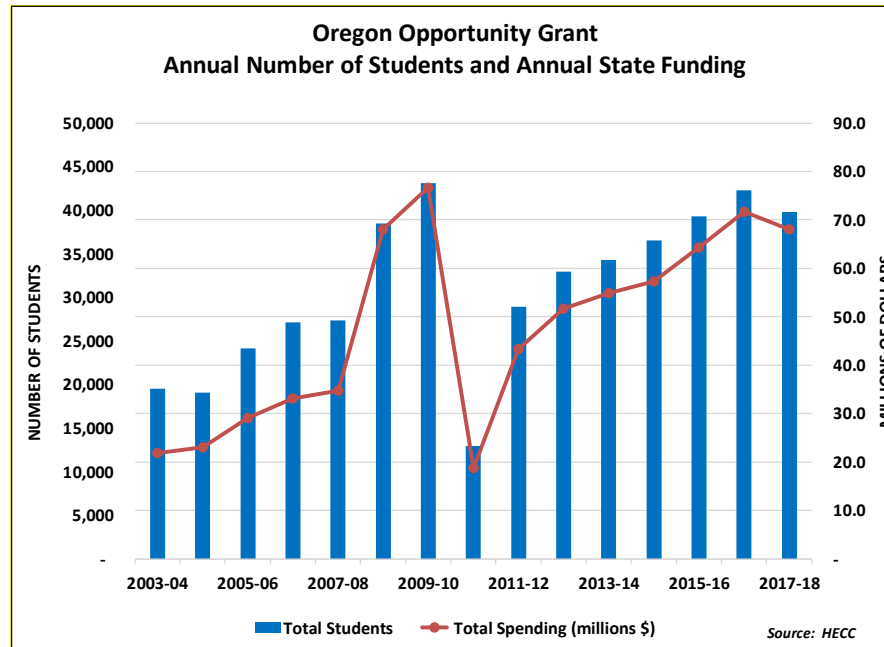
The Oregon Opportunity Grant (OOG) is the state's primary student financial aid program providing eligible Oregon students with grants to assist in financing education at community colleges, public universities, and private or independent institutions. The program had been administered by the former Oregon Student Access Commission (OSAC), which was merged into the Higher Education Coordinating Commission (HECC) beginning in 2013-15. The OOG is now administered by HECC's Office of Student Access and Completion. HECC awarded approximately 81,500 grants at an average of approximately \$1,668 (between the two years) during 2015-17. The distribution among the types of post-secondary institutions for 2015-17 was 44.4% of the total OOG recipients were community college students, 48.2% were public university students, and the remaining 7.4% were students at independent institutions. The number of grants for the 2017-18 academic year are up slightly from the first year of 2015-17 (39,758 compared to 39,264) and the average grant is up slightly (\$1,714 compared to \$1,639). OOG grant awards equal 10 to 12% of a student's cost of attendance.

CSL Summary and Issues

- The total funds CSL for 2019-21 is based on the standard inflation rate of 3.8%. The Other Funds revenues for this program are JOBS Plus related funds set aside for TANF recipients for education related purposes, but that remain unused. That anticipated amount of these funds for 2019-21 are projected to be the same as 2017-19 -- \$163,213. In the past, any decrease in these JOBS Plus funds from one biennium to another have been backfilled with General Fund. This number may be adjusted during the 2019 Session as updated information is made available.
- In the past, the OOG program received Lottery Funds based upon one-quarter of the investment earnings of the Education Stability Fund. The 2015 Legislative Assembly changed this so the OOG receives one-quarter of the earnings plus all of what is not required for debt service on Lottery bonds issued by the state for school districts years ago. These bonds will be paid off in the during 2019-21. As the amount of Education Stability Fund investment earnings increase for this program, the General Fund need for this program to meet the CSL is less. The split between General Fund and Lottery Funds will be updated at the end of the 2019 Session as more information on investment earnings becomes available.

Policy Issues

- Based on the assumption of freezing the 2017-18 maximum grant amount at \$2,250 per recipient (average grant at \$1,714) and increasing it to \$3,200 (average \$2,300) for 2018-19, it is estimated that 72,603 recipients would receive grants in 2017-19. That assumes approximately 47% or \$68 million of the total amount would be spent in the first year of the biennium. Based on numbers provided by HECC, the average grants and maximum grants will increase in the second year and the number of grants will fall substantially to just under 33,000. This may be due to a higher percent of the program funding going to public universities this biennium.



- The agency has made a policy decision to try to link the grant amount to the average cost of attendance for the type of school. The grant's buying power has lagged over the years. Based on the estimate above, the average grant size is roughly the same amount as it was 10 years ago.
- The OOG is based on a Shared Responsibility Model put in place during 2007-09, and the awards are based on available student and family resources, cost of education, and available federal resources. HB 2407 (2015) made several changes to the OOG program in terms of eligibility and timing of awards. This bill maintains the principles of the shared responsibility model; but provides that if there are insufficient funds, the awarding of grants should be prioritized to first serve those applicants with the greatest financial need. Grants are also guaranteed for a second year if the student is meeting academic standards set by the Commission and the student is making progress

towards completion of a degree or certificate. The program will also change the timing of the grant application and award deadlines so that grants are awarded in an extended window of time.

- There remains an unmet need as HECC must limit the maximum grant amount and cap the number of grantees. Compared to other states, Oregon ranks 32nd in student grant dollars awarded per undergraduate student and 20th in need-based grant aid per undergraduate (2015-16 national study).
- Some states are moving or are examining the option of a model for post-secondary funding where more funding is more specific student based in programs like OOG, while reducing the amount being distributed to the institutions directly and not tied to a specific student.

Other Significant Issues and Background

- As noted above, this program is becoming more dependent on the investment earnings of the Education Stability Fund. While this has offset the need for General Fund in 2017-19 and likely in 2019-21 under current assumptions; if the investment earnings fall short of projections, additional General Fund resources will be required for backfill or the program will need to be reduced. It might be beneficial to hold back some of the investment earnings to build up a working reserve to prevent funding swings even within a biennium. It should also be noted that if the Education Stability Fund is tapped for its stated purpose to assist in funding schools during economic downturns, the availability of investment earnings dedicated to this program will decrease.
- Before the end of the 2019 Session, HECC will need to release information on the availability of the program measured in planned number of grants and the amount of individual grants for the first grant period near the beginning of the 2019-21 biennium. This means that there will need to be a communication to HECC on what the funding level likely will be in March or HECC will risk the underfunding or overfunding of the program during the first academic year.
- The Governor's 2019-21 budget of \$152.2 million for the OOG is slightly higher than the \$151.7 million total funds CSL. The split between General Funds and Lottery Funds (investment earnings estimate of the Education Stability Fund) has changed in the Governor's budget, so the Lottery's Share has increased from 14.2% in CSL to 20.2% in the Governor's budget.