

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2093 - 3

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Date: 04/10/2021

Measure Description:

Alters eligibility requirements and formula for establishing amount of award for Oregon Opportunity Grant and renewal of grant.

Government Unit(s) Affected:

Community Colleges, Higher Education Coordinating Commission (HECC), Public Universities

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
General Fund	\$19,946,825	\$52,865,277
Total Funds	\$19,946,825	\$52,865,277
Positions	3	3
FTE	2.25	3.00

Analysis: The measure, as amended by the -3 amendment, alters eligibility and other requirements relating to the Oregon Promise program. Any changes to the Oregon Opportunity Grant program are amended out by the -3 amendment. The amended bill expands educational options available to qualified students who are awarded Oregon Promise grants to include community colleges, public universities, the Oregon Health and Science University, and other accredited, Oregon-based, not-for-profit institutions of higher education. It allows Oregon Promise grants to be applied toward courses required for completion of a bachelor's degree and increases minimum grant amount awarded to \$2,000 with adjustment for inflation as determined by Higher Education Coordinating Commission by rule. The \$50 reduction per term of grant awarded is removed and the eligibility threshold is lowered for grade point average to 2.0. Students who have already completed six or more academic quarters or four or more academic semesters of full-time post-secondary education are exempted. The requirement for a student to complete first-year experience at community college to maintain eligibility is also removed. Changes to the program are effective for the second year of the biennium. The measure also appropriates \$19,946,825 General Fund to Higher Education Coordinating Commission for the purposes of the measure.

The Higher Education Coordinating Commission (HECC) states that it will need \$541,288 of the appropriated amount for three positions and administrative costs -- one Program Analyst 1 (0.75 FTE) to answer technical questions, student waivers, rulemaking, and provide stakeholder outreach, an Administrative Specialist 2 (0.75 FTE) to provide customer service, provide training, and transcript review and application support, and one Accountant 2 (0.75 FTE) to answer technical questions, track expenditures, and coordinate reporting requirements. HECC notes that the staff for the Oregon Promise program has not been sufficient to effectively provide the program. It is unclear how much of the staffing and costs listed above are the result of the changes in this bill. This merits further review by the Joint Committee on Ways and Means. Other costs include

information technology costs (\$75,000) and costs relating to communicating the changes to the program (\$40,000) to students. The remaining \$19.4 million General Fund for 2021-23 is for the grants paid on behalf of eligible students for the second year of the biennium. HECC estimates that the 2023-25 cost of the grants would increase to an estimated \$52,323,989 based on projected growth in program participation and increases in tuition and other costs of enrollment (4.5% increase each year).

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on the State's General Fund.