

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: HB 2093 - 5

81st Oregon Legislative Assembly – 2021 Regular Session  
Legislative Fiscal Office*Only Impacts on Original or Engrossed  
Versions are Considered Official*Prepared by: Tim Walker  
Reviewed by: Doug Wilson  
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	\$28,932,328	\$57,362,277
<b>Total Funds</b>	<b>\$28,932,328</b>	<b>\$57,362,277</b>
Positions	4	4
FTE	3.00	4.00

**Analysis:** The measure, as amended by the -5 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 -5 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 -5 amendment adds a new group of individuals eligible for the program from the students in the -3 amendment. This new group are all of the students that were not awarded grants in the current school year due to EFC cost control measures adopted during the August 2020 Special Session. This adds the need for another position and additional marketing/outreach costs as well as the need for an estimated \$8.8 million in grant payments on behalf of students for 2021-23. The measure also appropriates \$28,124,666 General Fund for 2021-23 to Higher Education Coordinating Commission for the purposes of the measure.

The Higher Education Coordinating Commission (HECC) states that it will need \$536.906 of the appropriated amount for four positions and administrative costs -- one Program Analyst 1 (0.75 FTE) to answer technical questions, student waivers, rulemaking, and provide stakeholder outreach, two Administrative Specialist 2 (0.75 FTE) positions 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 (\$42,000) to students. The remaining amount is \$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 for the newly eligible staff (included in the -3 amendment) and another \$8.8 million for the those students that were not awarded grants for the current school year. HECC estimates that the 2023-25 cost of the grants, staff and other costs would increase to an estimated \$57,365,277 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.