



Testimony on HB 2550
House Higher Education and Workforce Development Committee
February 4, 2025

Chair Hudson, Vice-Chairs Fragala and Harbick, 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 testify on HB 2550. HECC has no position on the bill and this testimony is provided for the Committee's information.

Background

The Oregon Promise was established in 2015 by SB 81, and first began serving community college students in fall 2016. When established, it was hoped that the Oregon Promise (like other similar "Promise"-branded programs) would serve to provide an opportunity for tuition and fee free community college for any qualified student who entered community college shortly after high school graduation or the passage of high school equivalency exams, and remained continuously enrolled for the duration of their college career, and that this funding would bolster community college participation and completion. It serves around 10,000 new and renewal students.

The reality of the Oregon Promise is more complicated for many reasons. To focus on a few:

The Oregon Promise is a last-dollar program: It provides the greatest levels of financial assistance to students that are not served by other financial aid programs, demonstrate less financial need, and may come from families in very high income brackets.

There are initial and continuing eligibility hurdles: Because students are required to be recent graduates, and because they are required to maintain continuous enrollment, the Oregon Promise population exhibits differences from the larger total community college population. The stringent requirements for the program also cause many students to lose eligibility for the program prior to completing a degree.

The program covers only 'average tuition and fees: Students that attend a community college with higher-than-average tuition and fees face costs that are not covered by the program, and the program is not intended to cover other costs of attendance, unless a student is eligible for the minimum award amount, in which case they may have a portion of these costs covered.

Funding issues have kept the program from being consistently universal: In order to control costs, HECC may, when appropriations are not sufficient to cover the program expenses, cap eligibility on the basis of the Student Aid Index.

In 2023, [HECC reported](#) the “Oregon Promise has not led to lasting increases in enrollment, momentum, completion, or equity—at least in the context of the pandemic and with the program requirements in place through 2021-22. These findings are consistent with the findings reported in 2020 and are aligned with national research, which has found early but not sustained increases in enrollment and limited or no increases in equity and completion. The main benefit of the Oregon Promise appears to be in its support of college affordability for students.”

This last sentence is an important point. Even if the Promise has not led to significant additional completions, it has led to improved college affordability, particularly for middle-class Oregonians, a class of students for whom no other financial aid is available, but nevertheless for whom college can be difficult to otherwise afford.

Financial Analysis

HB 2550 significantly alters the structure and scope of the Promise, turning it from an Oregon high-school-to-associates-degree pipeline program to a program that would serve any resident student seeking to obtain any degree at a community college who as not yet attained 90 credits of instruction and who remains continuously enrolled. These changes would make over 45,000 students eligible for awards, based on an examination of students that filled out FAFSA applications in the prior year. This is 4.5 times greater than today’s service level.

HECC models proposed changes to the Promise two ways: First, we ask what it would cost to run the program without using any authority to limit costs. We do this because this details the full cost of policy choices made by the legislature, and aligns with the original intent of the Promise, which is to provide an award equal to the average tuition and fee costs to attend community college to all eligible students, regardless of income.

Utilizing this analysis, HECC believes the proposed eligibility expansions require approximately \$115m in the next biennium, \$67m over current service level. This need would increase in the following biennium as second and third cohorts are added to the program. This funding level would maintain the Promise as a program largely intended to avoid severe income limits.

Second, we detail what the program would look like if the policy changes were implemented, and we were told to run the program on a CSL appropriation using our cost control authority. We do this because the Promise has essentially been flat-funded since inception and previous legislatures and the higher education community have instead favored increases to the Opportunity Grant.

The effect of this change, at current levels of funding, results in a program that only awards minimum (currently \$2,142) Promise grants to the lowest-income students. At the current service level, HECC anticipates only being able to serve students with a Student Aid Index calculation of $-\$1500$. By contrast, the Oregon Opportunity Grant serves students up to 8,000 on the Student Aid Index scale. Even at this level, current modeling shows the need to reduce expenses by a further \$16m, which would require HECC to close the application window early.

Policy Analysis

Under the proposal at current or slightly increased appropriations, more very-low-income community college students will receive a little over \$2,000 in additional financial aid per year, until they accumulate 90 credits.

The bill will also have a large impact on increasing the number of adult learners who can apply to Oregon Promise. Should this bill be adopted, initial eligibility requirements will closely resemble current Oregon Opportunity Grant eligibility. This likely will entice more adult learners to consider community college as a viable and affordable education and training pathway.

However, the bill only modifies the initial eligibility requirements and does not alter grant renewal requirements. This may result in a high number of adult learners, who tend to benefit from flexibility, receiving an initial grant, but being discontinued for failure to maintain continuous enrollment.

The bill may also, without a significant funding increase, result in the elimination of financial aid opportunities for affordability-sensitive, middle and upper middle residents, that may otherwise struggle to pay or accrue significant debt to pay for higher education expenses.

The bill also creates a structural duplication, where two somewhat similar financial aid programs, the Oregon Opportunity Grant and the Promise, would run on top of each other. With this level of similarity and targeting of low-income learners, it could be beneficial to examine operating a single financial aid program, focusing state appropriations into one vehicle for college affordability. With increased investment, this program could serve all purposes: Providing low-income students with additional recourses, maintaining affordability for middle class students, and having a simplified structure that does not disqualify students.

Thank you for your time today.