

Docket Item:

Funding Recommendation: Oregon Opportunity Grant

Summary:

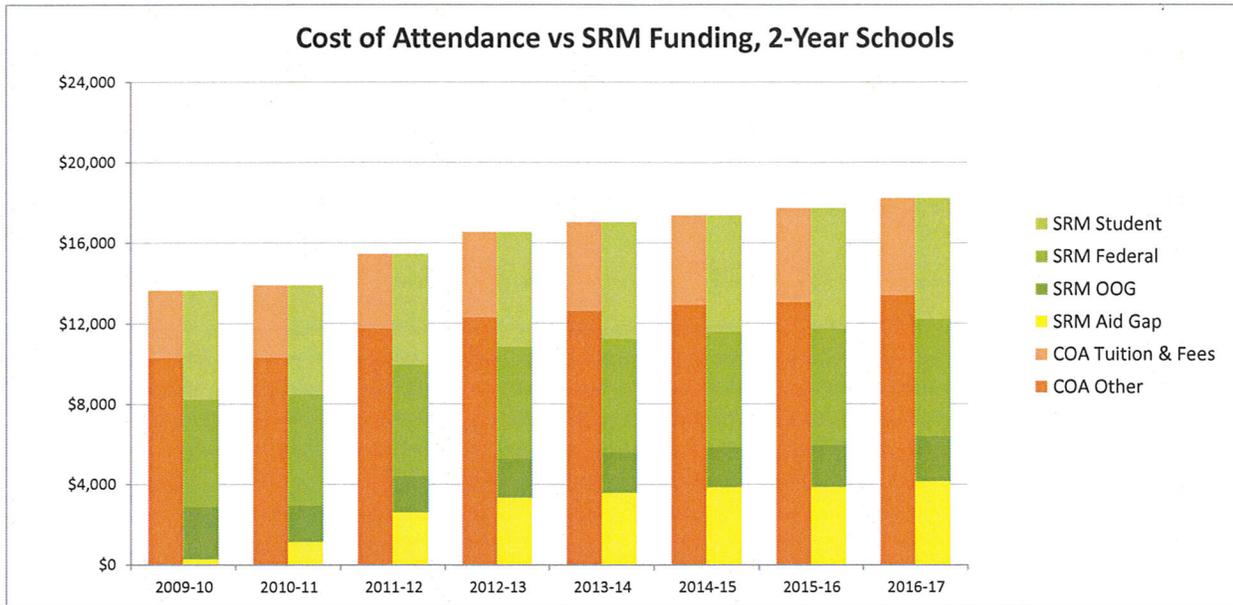
When compared to other states, Oregon falls far below the national average of state- provided financial aid per resident undergraduate FTE.

The Oregon Opportunity Grant (OOG) has been an existence since 1971. In 2007, a new methodology for determining individual award amounts, known as the Shared Responsibility Model was adopted, and was first implemented in 2008. This model prescribes a formula that allocates the cost of a student's higher education between the student, his or her family, the federal government, and the State of Oregon via the Oregon Opportunity Grant, with the "state share" calculated as only paying for costs not covered by the other participants. Over time, the cost of attendance has risen faster than federal student aid, family incomes, or the state's minimum wage (a key component in calculating the "student share." As a result, the cost of the "state share" has increased.

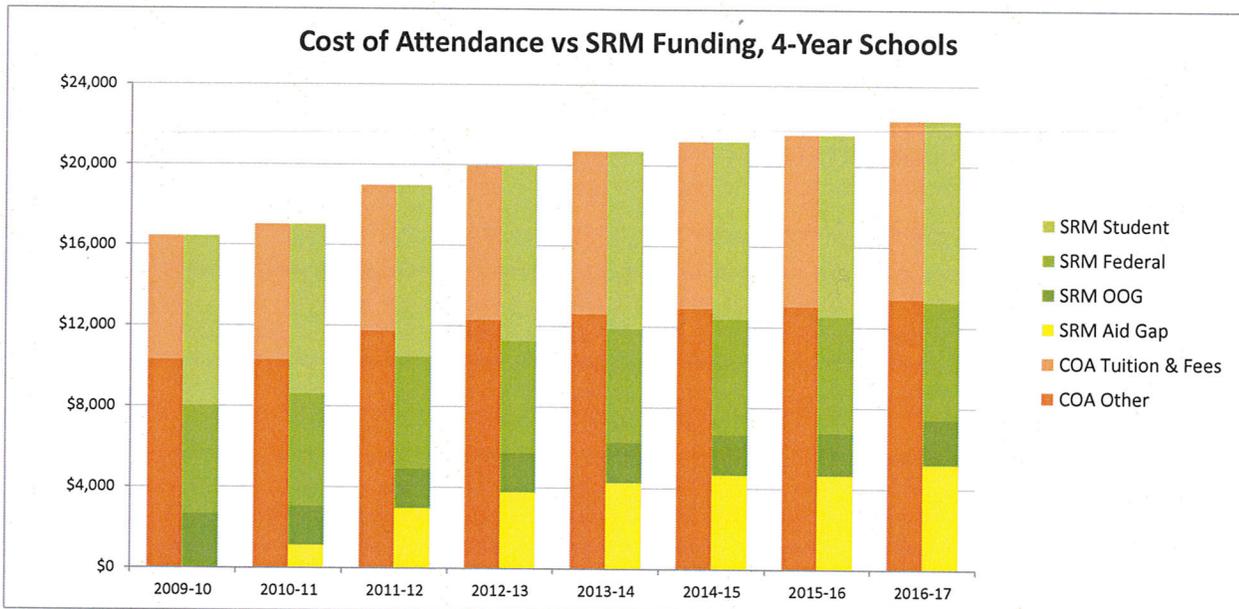
- As the calculated cost of the "state share" has risen faster than available resources, staff have capped the maximum annual grant award amount and limited the number of grants to meet the budget available, leaving an increasingly larger unmet need. (See Chart 1)
- The percentage of a student's average Cost of Attendance covered by the maximum Oregon Opportunity Grant has decreased by 37% between 2009-10 and 2014-15 (See Chart 2). Over the same time period, the number of eligible students has increased by 177%, while the annual Opportunity Grant budget has decreased, not adjusted for inflation, by 31%.
- In 2014-2015, providing each eligible applicant with the capped maximum award of \$2,100 would have required a budget of \$104.5 million (\$208.9 million per biennium, uninflated), taking into account likely attendance. (See Chart 3). In that same year, fully funding the "state share" for all applicants would have cost \$315 million (\$630 million per biennium, uninflated), taking into account likely attendance.
- Based on 2013-2014 data, Oregon ranks 32nd in Student Grant Dollars Awarded per Undergraduate FTE at \$323.38, and 21st in need-based grant aid at \$327.38 per undergraduate FTE.

- For the same school year, the all-states average of Student Grant Dollars Awarded per Undergraduate FTE was \$705.27, and for Need-based Grant Dollars Awarded per Undergraduate FTE was \$532.82.
- For the 2013-2014 school year, Oregon's undergraduate population was 169,143.
- To serve that population of students while meeting the all-states average awarded, The State of Oregon would need to award \$90,122,773 in need-based grant funding per year, unadjusted for inflation.
- The annual cost of attendance at public universities has increased an average of 2.5% per year for the past four years, and at community colleges, the increase has been 2.34%. Using an average inflation cost of 2.4% per year between 2013-2014 and the 2017-2019 biennium would be \$200,560,265. This is roughly \$59.66 million more than the 2015-2017 biennial appropriation; a 42% increase.
- The current maximum Opportunity Grant is \$2,250. A 6.7% increase for cost inflation would result in a maximum grant of \$2,400. Even at this higher award level, the budgetary increase in the grant would enable the state to serve about 31,000 more students per biennium. Total students served would be about 104,450 per biennium or 52,225 per year.
- The 2017-2019 initial staff budget recommendation for the Oregon Opportunity Grant is \$200,560,265.

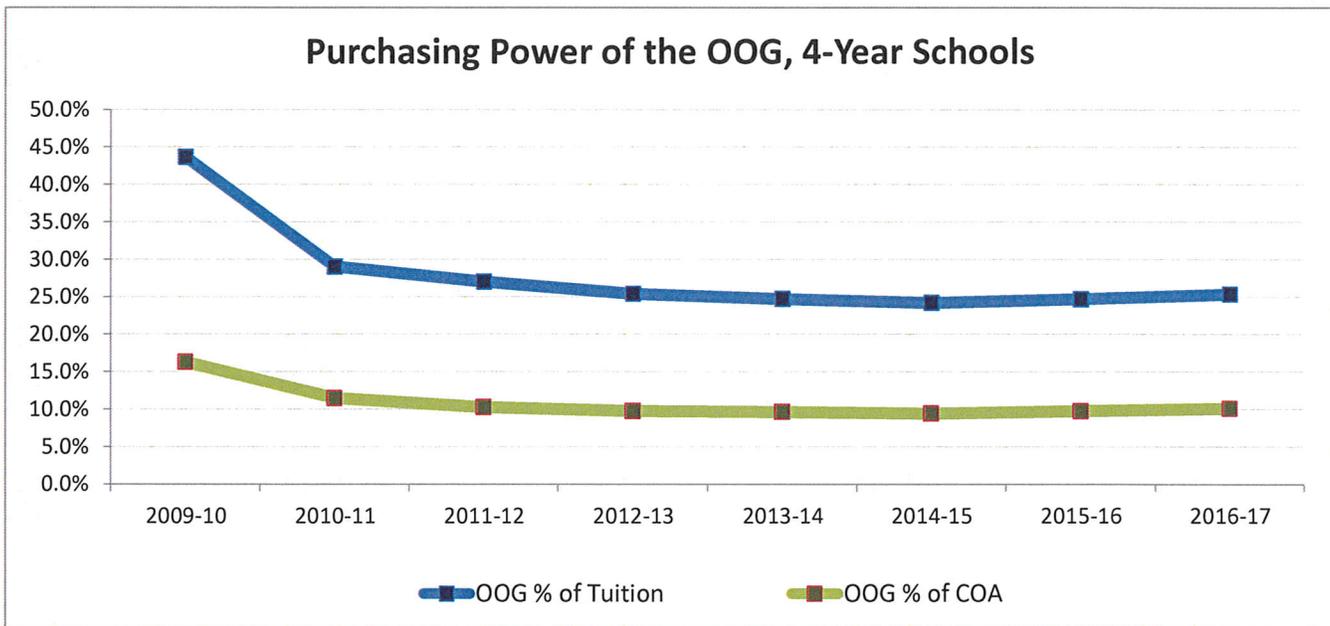
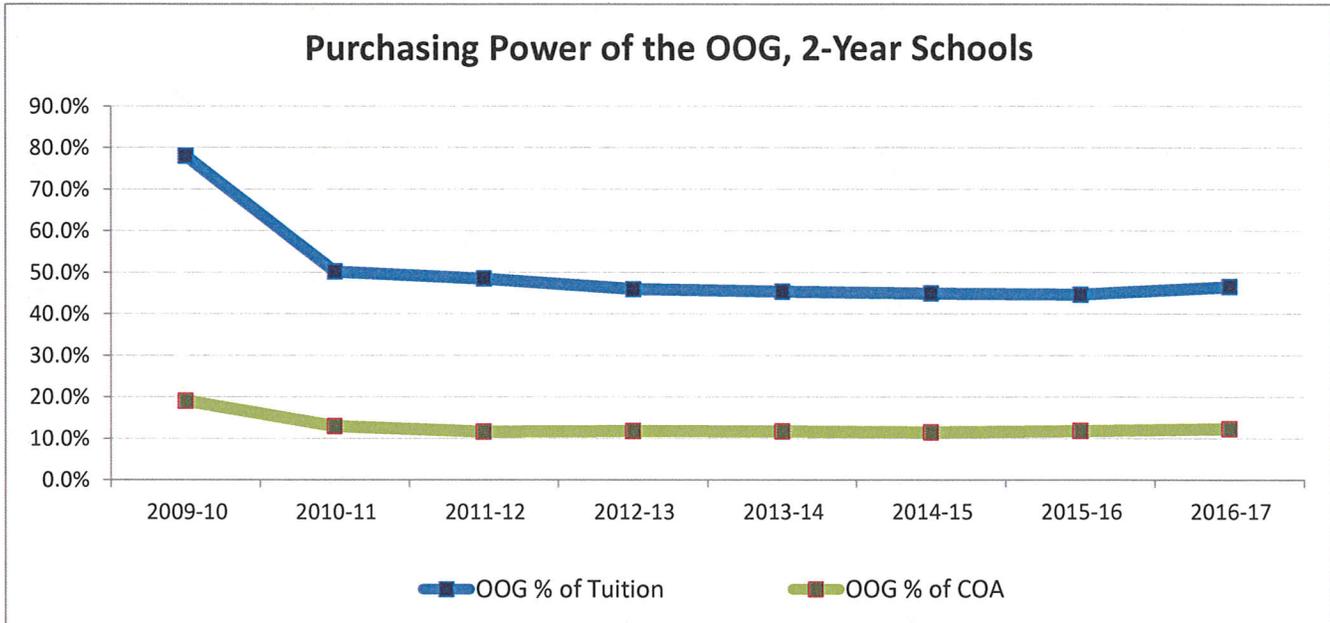
1a - Cost of Attendance Compared to SRM Funding Over Time
Community Colleges



1b - Cost of Attendance Compared to SRM Funding Over Time
Universities



2 - Purchasing Power of the OOG Over Time



3 - Cost of Fully Funded Oregon Opportunity Grant Over Time

