REPORT AND RECOMMENDATIONS

STATE FINANCIAL AID WORK GROUP, OREGON HIGHER EDUCATION COORDINATING COMMISSION (HECC)

MAY, 2014

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INTRODUCTION AND CHARGE

INTRODUCTION AND CHARGE

The Oregon Opportunity Grant (OOG) is Oregon's only state-funded need-based grant program for low- and moderate income resident postsecondary students, and is administered by the Oregon Student Access Commission. Legislative interest in the most effective use of the OOG investment led to the Oregon Education Investment Board (OEIB) giving a charge to the Higher Education Coordinating Commission (HECC) to address a series of questions concerning the design and allocation of the grant in the context of state needs. The HECC convened the Financial Aid Work Group in November of 2013, with the charge described here.

In the course of their analysis of the questions of their charge, the Financial Aid Work Group developed the following goal: to recommend a restructured Oregon Opportunity Grant program that will both achieve the goal of improving access to higher education and vocational and technical education for promising, financially-needy underrepresented students, and stimulate the achievement of the State of Oregon's 40-40-20 goals. The Work Group believes, if appropriately funded and awarded, the Oregon Opportunity Grant can stimulate aspirations, access, enrollment, retention, performance, and completion. The recommendations in this report represent the Work Group's perspective on how to best apply the State's Opportunity Grant resources at this time. In addition to recommendations for the immediate future, the Work Group offers recommendations on the long-term direction, investment, and possible future components of the Oregon Opportunity Grant and other newly created state-sponsored financial aid programs.

The Financial Aid Work Group is comprised of HECC commissioners, as well as leaders from student government, the Oregon University System, Oregon's 17 community colleges, the independent college sector, Oregon Student Access Commission, the Office of the Treasurer, and The Oregon Community Foundation, and they have conducted their work in ten public meetings from November 2013 through April 2014. For a roster of members and a full description of the Work Group's public process, see Appendix A.

INITIAL CHARGE, STATE FINANCIAL AID WORK GROUP

Oregon Education Investment Board directives:

1. Is state financial aid as it is currently structured adequately prepared to propel us to 40-40-20?
2. Is there a different allocation methodology that would promote the ability of under-represented students to access state financial aid?
3. Should state financial aid be redesigned to influence or reward success and completion?
4. What should be the relationship between state and institutional financial aid?
5. What data and date collection mechanisms are necessary in order to adequately track and report progress toward degrees over time?
6. How should state financial aid be redesigned in light of the bonding possibilities that would be made available if voters pass the legislative referral of SJR 1 (the Oregon Opportunity Initiative)?

   Additional questions related to:
7. Review the Oregon Opportunity Grant and its shared responsibility model.
   a. Do the elements of the shared responsibility model accurately reflect the true cost of attendance at eligible post-secondary institutions? If not, what changes are needed to create an accurate measure of cost of attendance?
   b. Are the assumptions of student and family support in the shared responsibility model reflective of ability to pay? If not, what changes are needed to better reflect ability to pay?
   c. Since its overhaul in 2007, has the OOG shown demonstrable improvement in access and completion for its recipients?
   d. How many eligible students are unable to receive aid at current funding levels?
   e. Can the intent of the shared responsibility model be maintained at current funding levels?
   f. How much additional funding (state and/or institutional) would be needed to fully fund the shared responsibility model in future years?

Referred by Higher Education Coordinating Commission:

8. Should Oregon students enrolled in Western Governors University be eligible for financial aid via the Oregon Opportunity Grant?

WORK GROUP GOAL

To recommend a restructured Oregon Opportunity Grant program that will both achieve the goal of improving access to higher education and vocational and technical education for promising, financially-needy underrepresented students, and stimulate the achievement of the State of Oregon's 40-40-20 goals.

BACKGROUND

THE OREGON OPPORTUNITY GRANT AND THE SHARED RESPONSIBILITY MODEL: SUCCESSES AND CHALLENGES

HISTORY OF THE OREGON OPPORTUNITY GRANT

The Oregon Opportunity Grant (OOG) is Oregon's only state-funded need-based grant program for resident postsecondary students, and is funded primarily by Oregon taxpayers through State General Fund appropriations.

The program is successful, given the limited funds available, in supporting the higher education access and success of thousands of Oregonians. The Work Group expresses gratitude to the Legislative Assembly for their past investments in student success through this program. The OOG budget allocation for the 2013-2015 biennium is currently $111 million. Approximately 34,330 students are expected to receive OOG awards totaling $55.6 million in the 2013-14 academic year. In the five year period from 2008-09 through 2012-13, the Oregon Student Access Commission awarded 156,410 grants to Oregon students, and grant aid has been shown to be an influencer of student access and success.[1] However, it must be noted that although successful for the students that are served, because of its limited funding, the current program falls significantly short of meeting the financial need demonstrated by Oregon students, with only about one in five eligible students currently receiving the grant.

It is important to consider the Oregon Opportunity Grant in context as one of many sources of aid that contribute to student success, including Federal aid, institutional aid, private and philanthropic support, veteran benefits, work study, student and family contributions, as well as non-financial forms of support such as academic advising, which influence student success. Nevertheless, the Oregon Opportunity Grant is an extremely important program to support access and opportunity for postsecondary education for Oregonians. The benefit to the state economy and citizenry from increased postsecondary educational attainment has been codified by the state's adoption of the 40-40-20 goals, and the investment in need-based aid for college for Oregonians is critical to reaching these goals.

CURRENT OOG ELIGIBILITY AND ALLOCATION METHOD

Application:
Eligibility for the current Oregon Opportunity Grant is based on each student's financial need as reported in the Free Application for Federal Student Aid (FAFSA). Opportunity Grants are awarded on a first-come, first-served basis by the application date until funds are depleted. Students are advised to submit the FAFSA as soon as possible starting January 1, with a deadline of February 1, though funds have been depleted prior to February 1 in recent years. OSAC notifies students by email of their potential grant eligibility.

[1] *Financial Aid Policy: Lessons from Research*, by Susan Dynarski and Judith Scott-Clayton, Postsecondary Education in the United States, Vol. 23, No. 1, Spring 2013. http://futureofchildren.org/futureofchildren/publications/docs/23_01_04.pdf

Initial eligibility criteria:
The current eligibility for the Oregon Opportunity Grant program requires that a student:

- Be an Oregon resident (as defined by OSAC agency rule) and a U.S. citizen or eligible noncitizen. Out-of-state students who are members of Native American tribes with traditional ties to Oregon may be considered Oregon residents.
- Be an undergraduate student with no prior baccalaureate degrees.
- Be enrolled at least half-time (i.e., at least 6 credit-hours) at a participating Oregon-based postsecondary institution.
- Have financial need, based on the difference between cost of attendance, Federal aid, and financial resources of the student and student's family, if applicable. With the implementation of the Shared Responsibility Model described below, the income limit was set at a student/family adjusted gross income of $70,000. Only students (or students and their family, for dependent students) with incomes at or below the limit are currently considered for the grant.
- Have no defaults on Federal student loans and owe no refunds on Federal student grants.

Award Process
Students must submit a new FAFSA for each academic year they plan to attend college or a postsecondary school. The award may be granted for up to 4 years (12 quarters or 8 semesters) at full-time enrollment, prorated for half-time, and is subject to verification of income, assets, etc. Students are required to enroll in an eligible degree/certificate program and maintain satisfactory academic progress as defined by the school. Schools generally use Federal aid requirements for satisfactory academic progress, which mean completing 67% of credits attempted and a 2.0 GPA by the end of the evaluation period. The OOG is currently set at a "flat amount" of $2,000 for all full-time recipients and $1,000 for students attending between half-time and full-time.

SHARED RESPONSIBILITY MODEL AS INTENDED

OSAC uses the Shared Responsibility Model (SRM) to determine Opportunity Grant eligibility, based on each individual student's financial resources. The State Board of Higher Education's Access and Affordability Working Group first developed the model, which was based on Minnesota's program, and recommendations for the model first went into effect in 2008-09 after the passage of Senate Bill 334 in 2007. With the passage and launch of the Shared Responsibility Model, the Legislature increased the investment and expanded the number of students served by the program significantly from pre-2008 levels, as the income ceiling for the program was adjusted to include low to middle income families ($70,000 gross income limit). The program was also intended to help the state leverage Federal funds via tax credits and Pell grants, with the OOG coming in as last dollar.

The SRM has five main components — average annual cost of education, student share (including work and private scholarships), family share, Federal share, and state share. The state share in the SRM was intended to be the last dollar in filling "remaining need" after the other key partners contributed their shares of the cost of education. Awards were intended to be allocated according to the following formula:

Average Cost of Education (public 2-yr/4-yr)
— Student share ($5800 @ community college; $8800 @ OUS, 4-year nonprofit colleges)
— Family share (Federally calculated expected family contribution)
— Federal share (Pell Grant and/or assumed tax credit)
= Remaining need (originally intended to be equal to the "state share")
State share = Opportunity Grant award, up to annual limit per type of college

SHARED RESPONSIBILITY MODEL IN PRACTICE: UNDERFUNDED PROGRAM RESULTS IN ALLOCATION CHANGES

Although the above-described methodology was the intent, in practice, the state has not been able to sustain funding for the Shared Responsibility Model and particularly for the state share as the "last dollar" in the calculation. Shortly after the model was implemented, the state faced the 2008 economic recession and extreme budgetary constraints over several years. Large numbers of students returned to postsecondary education throughout the recession, resulting in an explosion in demand for financial aid.

The program has not been funded at a level to support and sustain the booming demand in student eligibility and enrollment. Between the first year of the Shared Responsibility Model, 2008-09, and 2012-13, the number of OOG eligible students more than doubled from 74,694 to 155,800. Out of the 155,800 eligible in 2012-13, only about 21%, or 32,924 students, received the grant. (See Appendix C for a chart demonstrating eligible applicants versus recipients of the OOG from 2004-05 to the present.)

The Shared Responsibility Model did not specify a method for prioritization of funding if the program did not have sufficient resources to fund all eligible applications. As a result, the Oregon Student Access Commission and its advisory group have been forced to adjust allocation methods on a biennial basis after each allocation decision, to meet budgetary constraints. The HECC Financial Aid Work Group has explored at length the current allocation method, including two prioritization strategies that OSAC has applied: adjusting the grant size to a flat amount, and cutting off funding by the student's application date of the FAFSA, once funds are depleted.[2]

The original model recommended a variable grant amount in the state share. However, since 2009-10, the majority of OOG recipients were eligible for the maximum awards, so the decision was made to set the award grant at a flat amount for all recipients, currently $2,000. This was a way to stabilize the program in years of limited funding and high demand. The flat grant amount also allowed for predictability for eligible students receiving the grant and eased the administrative process for financial aid offices and OSAC staff.

At the current flat amount of $2,000, the state contribution through the OOG does not effectively fill the last dollar as envisioned by the Shared Responsibility Model (if it did, this last dollar would increase to a higher maximum for the highest need students). In effect, the OOG fills only part of that unfunded gap, and the remaining gap falls back on the students, resulting in students paying both the first and last dollar in the current active allocation method.

As noted, OSAC currently uses the application date as a method for prioritization, funding eligible student applicants until all funds are depleted which generally falls in late January.

In order to fully fund the OOG by the allocation method described in the Shared Responsibility Model, the State would need to increase the funding for the program approximately five-fold from $111 Million to nearly $580 million per biennium.

[2] OSAC also specifies that in years with limited available funds students who are awarded grant funds but delay enrollment until later in the academic year may lose eligibility. Awards for students who are enrolled half-time in fall term may be limited to half-time amounts for all subsequent terms during the academic year.

CHALLENGES TO THE CURRENT OOG ALLOCATION METHOD

The Shared Responsibility Model and the allocation method for the current program has not been assessed since the State adopted new visionary educational attainment objectives in the 40-40-20 goal, so a reassessment of the allocation method needs to take into account the state's completion agenda.

The HECC Financial Aid Work Group sees the primary challenge to the current allocation method to be inadequate funding to support its program design, thereby challenging OSAC to reassess the allocation strategy on a biennial basis instead of administering a long-term consistent policy approach. The current underfunded program and annual reassessment process does not support predictability for students, families and institutions, and thus may not be influencing student success to the extent intended. The Work Group emphasizes the importance of predictability for students, with the understanding that students and schools need information on their resources early enough to be able to plan and act.

The Work Group sees prioritization by application date as problematic because, while seemingly arbitrary, it inadvertently excludes key populations whose access needs to be supported. The Group is concerned that the early application cut-off date disadvantages community college students and students of some four-year colleges and universities who complete FAFSAs later and enroll throughout the academic year. The early application cut-off date also likely prioritizes students who have more organizational foresight and planning skills, and are perhaps more supported in their college search process, causing a likely disadvantage to students who may not have the same level of supports. With demographic shifts in the state, increasing the success and completion of disadvantaged or underrepresented students will be critical to meeting the state's 40-40-20 goal.[3]

The Work Group endorses the concept of shared responsibility as a partnership in funding college costs toward a benefit that is both individual and societal, but in practice, the allocation methodology does not function as envisioned because of the insufficient funding levels.

Furthermore, the Work Group determines that fully funding the Shared Responsibility Model as designed is not a realistic expectation in the short term given the state's current and recent budget levels. The Work Group recognizes the need to apply the current level of funds strategically and effectively to best serve student and state needs, and to advocate for a scalable program that can be expanded to better serve the state's needs in the future. The recommendations for a re-envisioned program and new allocation method that follow describe the results of the Work Group's analysis of the current methodology in light of student access and success, funding levels, and the state's 40-40-20 goal.

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[3] *Knocking at the College Door,* Projections of Oregon Graduates, Western Interstate Commission for Higher Education, 2012, http://www.wiche.edu/info/knocking-8th/profiles/or.pdf

RECOMMENDATIONS

RECOMMENDATIONS OVERVIEW

The goal of the State Financial Aid Work Group is to recommend a restructured grant program that will both achieve the goal of improving access to higher education and vocational and technical education for promising, financially-needy underrepresented students, and to stimulate the achievement of the State of Oregon's 40-40-20 goals. The Work Group believes, if appropriately funded and awarded, the Oregon Opportunity Grant can stimulate aspirations, access, enrollment, retention, performance, and completion.

The following recommendations represent the Work Group's perspective on how to best apply the State's Opportunity Grant resources. In addition to recommendations for the immediate future, the Work Group offers recommendations on the long-term direction, investment, and possible future components of the Oregon Opportunity Grant and other state-sponsored financial aid programs.

SPECIFIC RECOMMENDATIONS

1) **Restructure the Oregon Opportunity Grant to focus on improving access and completion for the most financially needy students.**
2) **Within the OOG students with highest financial need, prioritize funding for students from underrepresented racial and ethnic groups, based on the OEIB Equity Lens;**
3) **Adopt requirements of student academic progress and achievement for renewal eligibility;**
4) **Endorse predictability by essentially guaranteeing awards for the first two years, if renewal eligibility requirements are met, and awarding grants on a rolling application basis;**
5) **Strengthen the efficacy of the Shared Responsibility Model and the contribution of the grant program to the 40-40-20 goal by pursuing additional funding to more fully meet current and future financial need;**
6) **Establish an implementation team (including members of the Work Group to the extent possible) to develop an implementation plan and timeline to transition the Oregon Opportunity Grant, consistent with the recommendations proposed by the Work Group; and**

7) **Recommend that the HECC and OEIB consider, separately from the OOG recommendations, a "pipeline affordability commitment" for K-12 low-income students.**

TARGET RECIPIENTS

Consistent with its historic origins, the Oregon Opportunity Grant should be targeted to Oregonians who demonstrate the greatest financial need and potential for success. Specifically, the grant should be prioritized for students meeting the enrollment criteria for degree and/or certificate programs at Oregon institutions approved for Federal financial aid. The program should prioritize **underrepresented racial and ethnic** students among students demonstrating the greatest financial need. **The focus of the grant should be to support students characterized by "high promise" and high need.** While financial need will be easy to quantify, promise is a more variable quality; promise should be viewed through the enrolling institution, by virtue of admission, endorsing the student's potential for success. Through relationship with the educational institution and its resources, students' promise will be endorsed and cultivated.

INITIAL ELIGIBILITY CRITERIA

Eligibility for the current Oregon Opportunity Grant will continue to be based on each student's financial need and demographic data as reported in the Free Application for Federal Student Aid (FAFSA). However, the Work Group recommends that the $70,000 income level cap be amended **and a new index be set for need eligibility,** to be determined by an implementation team. The Work Group recommends that this index be aligned with Pell Grant eligibility levels, to support success of highest need and high promise Oregon students. Furthermore, when funding levels do not support the ability to award all students meeting this need index, **the grant will be awarded to students with highest need first, with special focus to underrepresented racial and ethnic groups.** Underserved student status will be based on the definitions in the OEIB Equity Lens, which is presented in Appendix D.

The other initial eligibility criteria remain the same. In order to qualify for the Oregon Opportunity Grant, students should have a high school diploma, GED, homeschool certificate, or the equivalent. Eligibility should be restricted to Oregon residents attending two-year and four-year public and private colleges and universities or licensed, non-profit vocational and technical programs, eligible to administer Federal aid and located and headquartered in Oregon. The current eligibility requirements related to Oregon residency, undergraduate status, and not being in Federal loan default status remain. Students must be enrolled in a certificate or degree program as defined by the institution's Program Participation Agreement with the U.S. Department of Education.

AWARD PROCESS

The Oregon Opportunity Grant award process should focus on improving access to post-high school education experiences, while also promoting retention and completion. In order to support this goal, the Work Group proposes that student funding during the first year of enrollment be allocated based on calculated student need.

Funding beyond the first year should be determined based on the student meeting progress and achievement benchmarks, determined for the sector of the educational community in which

the student is enrolled. In general, the benchmarks will be based on indicators that the student is making reasonable progress at their institution.

Beyond the second year of enrollment renewal and funding level should be based on escalated performance criteria, relative to initial renewal benchmarks. In this context, renewal should prioritize funding students who exhibit the greatest potential for completion, based on enrollment status (full or part-time). Specifically, renewal will be tied to credit hour accumulation and grade point average. Work Group members recognize that students may encounter extenuating issues that may affect their performance. For this reason, we recommend that a process be put in place at each institution to enable students to appeal a decision to revoke or reduce their Oregon Opportunity Grant.

Other OOG award processes currently in place and described will continue. Students will continue to be required to submit a new FAFSA for each academic year they plan to attend college or a postsecondary school. The award will be granted for up to the equivalent of 4 years at full-time enrollment; in order to maintain the award the student must be enrolled at least half-time (i.e., at least 6 credit-hours) at a participating Oregon-based postsecondary institution.

AWARD SIZE

The Work Group believes it is important to award grants of a sufficient amount to promote access and enable retention through to completion. In its review, the Work Group determined that a "meaningful" grant amount will vary based on the circumstance of the student and what amount of aid will influence the student's ability to pursue education beyond the secondary level. **The Work Group recommends that variable grant amounts, with an established maximum, be awarded based on student need**, benchmarked to tuition, fees, and books or total cost of attendance.

PREDICTABILITY

An important dimension of student persistence and completion is the ability to predict the reliability of financial support. The Work Group endorses an approach that will enable students to understand the application and award process and the criteria for grant renewal. **The endorsement of a grant process that guarantees the grant for the first two years of attendance**, **under conditions of reasonable progress**, would significantly strengthen the predictability of the Oregon Opportunity Grant program.

Additionally, the Work Group understands that predictable cost of education is an important variable in the student's ability to plan. While controlling the cost of education across all sectors of education may be difficult, it is worth considering approaches to stabilizing the cost of education to students. In the view of the Work Group, it is worth exploring approaches to a model that would coordinate the contributions of the State, the institution, and private funders in such a way that the student contribution would remain stable during their time of attendance. This concept will be especially important to explore during the time when many approaches to providing access and funding to students are being explored (e.g., Pay It Forward, The Oregon Opportunity Initiative proposed by the Office of the Treasurer, and The Oregon Promise, focused on free community college tuition and fees).

The Work Group has determined that **a rolling application deadline** would serve students best, with a processing window that allows for awarding in a timely manner. They recommend the

adoption of an OOG application timeline(s) that matches institutional application deadlines and academic calendars of eligible institutions and the amount of funds available for grant awards.

INCENTIVES

The Work Group believes it is important to create incentives for students to enroll in and complete postsecondary education and workforce training. **Rate of progress and level of achievement should determine eligibility for future grants (beyond the first two years).** The Work Group recommends that our state's grant funding model endorse academic performance incentives related to fulfilling the Oregon's 40-40-20 goals. The implementation team should further develop academic standards for increased funding.

LONG-RANGE GRANT PROGRAM

While the Work Group aspires to offer a model for an efficacious Oregon Opportunity Grant, based on the current resource investment, we would fall short of the spirit of our charge if we do not offer perspective on the long-term needs and prospects for the Oregon Opportunity grant. The current grant program is significantly underfunded relative to the demonstrated need among Oregonians.

The Work Group recommends that investment in the Oregon Opportunity Grant be prioritized by the Oregon Legislature.

In addition, we believe residents of the state would benefit greatly from separate investment in an additional grant program that would inspire young people to formulate long-term educational aspirations. Specifically, we **recommend the State consider building a long-range incentivized pipeline program** to encourage the aspirations of low-income students.

The pipeline program would call for the State to establish a postsecondary funding account targeting low-income students enrolled in Oregon middle and high schools (e.g., student qualifying for the free or reduced meal program, SNAP benefits, Medicaid and other indicators of low-income status). The funds would provide "scholarships" to students based on minimum GPA benchmarks (with escalating amounts for higher GPAs) for each year they attend a qualifying Oregon middle or high school. The better students perform in school, the more they would earn towards post-high school education. Additional benchmarks may be set for ACT/SAT scores, Advanced Placement (AP) or International Baccalaureate (IB) test scores. Particular award standards will be established for home school and GED graduates, to ensure broad program access. We recommend that HECC and OEIB consider charging a body to explore and propose a "pipeline affordability commitment" for low-income students, perhaps focused on free and reduced lunch-eligible populations. Programs of this type have been implemented in others states and have shown positive results (e.g., Kentucky and Oklahoma[4]).

[4] For more information, see the Kentucky Educational Excellence Scholarship (KEES) program https://www.kheaa.com/website/kheaa/kees?main=1 or the Oklahoma Promise program http://www.okhighered.org/okpromise/about.shtml .

SHARED RESPONSIBILITY

The Work Group endorses the concept of shared responsibility and believes the idea of shared responsibility has philosophical soundness as a frame for viewing the relationship between the State and its residents with regard to financing higher education and post-high school workforce development. However, in its current iteration, because of the inadequacy of State resources, the Shared Responsibility Model does not function as envisioned with integrity. We recommend the State pursue a commitment to reinvest in the Oregon Opportunity Grant and in the process reclaim the shared responsibility model as a relationship commitment to Oregonians with the greatest financial need. This recommendation provides a framework for the state to more effectively fulfill this responsibility for students who demonstrate high need and high promise for success. The Work Group also believes it is important to give greater attention to the relationship between the Oregon Opportunity Grant with other sources of aid to help meet students' financial need. We believe this issue deserves greater exploration, particularly as it relates to aid provided by postsecondary institutions and private foundations. An implementation group should consider the relationship between the Oregon Opportunity Grant and other sources of aid.

FINANCIAL MODELING

The recommendation described is tailored to move the state towards the most effective use of dollars for a program at the current funding level, which is scalable to serve more students effectively at higher funding levels. While preliminary financial analysis has been done on some key aspects of the program elements, the Work Group has focused primarily on developing the policy framework for these recommendations.

An important next step is to develop more detailed and comprehensive financial modeling that takes into account the full set of program factors. The Work Group recommends that an implementation team be charged to develop a financial model and implementation plan consistent with these recommendations. This team will also need to work with institutional partners to determine specific issues such as the best index for need eligibility, academic requirements for performance benchmarks at each grade level, the maximum grant amount, underrepresented student status, and other issues in order to carry out the Work Group's recommendations.

Components Needed for Comprehensive Financial Modeling:

The comprehensive financial model for the program should include an estimate of the cost for the State to fully fund this restructured model for the Oregon Opportunity Grant, and the estimated number of students served at the current funding level but allocated through the process recommended by the Work Group. Specifically, it should include:

- A calculation of **how many students could be served at the current funding level** with the above modeling over a four-year period, supposing our current enrollment distribution, a rolling admissions deadline, and the escalated performance criteria for years three and beyond.
- **The cost to the state to fund all eligible students** over a four-year period, supposing our current enrollment distribution, a rolling admissions deadline, and the new criteria;
- Calculations based on **new income levels for eligibility**, set to an index to be determined by implementation team;

- Calculations based on the number of students in the recommended eligibility criteria, including **underrepresented racial and ethnic groups**, methods of identification to be determined by implementation team;
- **A tiered approach to grant amounts**, with a minimum "meaningful" amount at each income level, and for each year of attendance (e.g., the meaningful amount in the first two years should differ from the last two in order to reflect incentives for progress); and
- Assumption of a **maximum aid amount** to be set each for each postsecondary sector that would apply to all income levels in that sector.

NEXT STEPS

IMPLEMENTATION TEAM AND CONTINUED WORK

The Work Group recommends that the structural changes described in this report be considered for adoption in the Higher Education Coordinating Commission (HECC) and Oregon Education Investment Board (OEIB) legislative proposals for 2015.

The Work Group further recommends that the HECC and OEIB consider charging a body to explore and propose a "pipeline affordability commitment" targeting low-income students in the future.

Furthermore, the following policy perspectives have been endorsed by the Work Group:

- Not to extend OOG eligibility to for-profit vocational and technical programs that fall outside of our current eligibility criteria;
- Not to endorse the eligibility of funding to Western Governor's University at this time.

The Work Group recommends that the following issues be taken up:

- Explore possible approach to identify, incentivize and support undocumented immigrants who are eligible for tuition equity.
- Recommend that OEIB consider inclusion of Asian students from disadvantaged background in its definition of underserved students. Such an approach would not only reflect an understanding of the diversity among people of Asian descent, but also demonstrate awareness of the range of life situations and social experiences within that group.

The Work Group recommends that **an implementation team be convened** that includes OSAC administrators/staff as well as institutional staff and other key partners, including members of the HECC financial aid work group. This team should be charged to develop an implementation plan for the recommendations described in this report, and should propose this plan to the HECC Student Success Committee. This team would:

- Develop a comprehensive financial model for the Work Group's recommendations;
- Determine the new financial need threshold, aligned with the Pell;
- Determine a viable process for identifying underrepresented racial and ethnic students consistent with the Work Group recommendations and the OEIB Equity Lens;
- Work with institutional partners to set specific academic requirements for performance benchmarks at each level of the grant and educational sector;
- Work with partners and financial modeling to establish the maximum grant level;
- Work with institutional partners to determine the processing window needed for each sector in order to have rolling application deadlines;
- Explore the relationship of institutional and other sources of aid and the OOG, including whether campus administration of the OOG is preferred for some institutions or sectors; and
- Develop a plan for any other administrative decisions needed.

APPENDICES

APPEDIX A. SCOPE OF WORK AND MEMBERSHIP

The Financial Aid Work Group is comprised of HECC commissioners, as well as leaders from student government, the Oregon University System, Oregon's 17 community colleges, the independent college sector, the Oregon Student Access Commission, the Office of the State Treasurer, and The Oregon Community Foundation. Dr. Larry Roper, HECC Member, and Vice Provost for Student Affairs at Oregon State University served as Chair.

The Work Group conducted their work at ten public meetings from November 2013 through April 2014. During this time, they analyzed the current status of funding, policies, and implementation procedures for the Oregon Opportunity Grant and the Shared Responsibility Model, looking closely at reports provided by the Oregon Student Access Commission as well as national reports. The Work Group was informed by presentations from institutional partners in college success and affordability, including leaders of University of Oregon's Pathway Oregon and Oregon State University's Bridge to Success program, both programs that leverage the OOG funds to support low-income students. They considered the Oregon Opportunity Initiative proposed by the Office of the Treasurer with attention to the implications of this proposal for their charge. They invited and heard public testimony from OUS and community college financial aid administrators, and from the board chair of the Oregon Student Association (also a Work Group member). The Work Group was informed by the research presentation of Dr. Nate Johnson, a national consultant who provided expertise on promising practices in student aid programs across the country, working on behalf of the Lumina Foundation-supported Strategy Lab. They were also informed by public and written testimony from other higher education leaders.

The Work Group process in arriving at recommendations include information gathering described above, deliberation at public meeting, the development of a set of foundational principles, the completion of a work group questionnaire process which helped to identify possible recommendations, and a public work session/retreat, joined by Dr. Johnson. The committee was informed by numerous resources, one key reference being the Brookings Institution 2012 report, *Beyond Need and Merit, Strengthening Student Aid Programs.*[5]

Work Group Members	Title
Larry Roper (HECC)	Work Group Chair; HECC Member; Vice Provost for Student Affairs, Oregon State University
Randy Choy	Program Officer for Education and Special Funds, The Oregon Community Foundation
Rob Fullmer (HECC)	HECC member

[5] *Beyond Need and Merit, Strengthening Sate Grant Programs*, Brown Center on Education Policy at Brookings, May 2012, http://www.brookings.edu/~/media/research/files/reports/2012/5/08%20grants%20chingos%20whitehurst/0508_state_grant_chingos_whitehurst.pdf

Gerald Hamilton	Interim Commissioner, Oregon Community Colleges and Workforce Development
Anayeli Jimenez (HECC)	HECC member
Larry Large	President, Oregon Alliance of Independent Colleges and Universities
Eric Noll	Board Chair, Oregon Student Association
Melody Rose	Chancellor, Oregon University System
Mike Selvaggio	Policy Director, Office of the Treasurer
Gary Weeks	Oregon Student Access Commission
Work Group Resource Specialists	Title
Bob Brew	Executive Director, Oregon Student Access Commission
Kathy Campbell	Dean of Financial Aid, Chemeketa Community College
Kate Peterson	Assistant Provost, Enrollment Management, Oregon State University
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APPENDIX B. FOUNDATIONAL PRINCIPLES

As the Work Group analyzed the current allocation process for the OOG based on the Shared Responsibility Model, they identified a set of foundational principles. These principles reflected both new issues of focus for the grant, and areas of strength in the current allocation process that the Group recommended retaining as a focus. These principles evolved into the recommendations presented in this report.

PRIORITY PRINCIPLES

- Access is a high priority
- Support students from historically underserved communities
- The financial aid model will have integrity – it will be predictable for planning by students and families
- The plan will be durable - recipients will know that support is reliable from year-to-year
- Success of the program will be measurable and will be regularly evaluated
- The model will be financially sustainable and scalable
- The program will equitably respond to the needs of students in different sectors of higher education

OTHER PRINCIPLES

- Support will go to students with the greatest chance of success, who otherwise might not have the opportunity to attend or complete
- Emphasis will be placed on completion
- The program will mitigate the cost of attendance
- The program will work in concert with other resources and partnerships
- The program will maximize the marginal impact of the state's resources

- The process will be simple and easy to understand
- The program will reflect endorsement of the OEIB equity lens

APPENDIX C. OOG ELIGIBLE APPLICANTS VS. RECIPIENTS

Oregon Opportunity Grants
Eligible Applicants vs. Recipients

	Actual	Actual	Actual	Actual	SRM Yr 1 Actual	SRM Yr 2 Actual	SRM Yr 3 Actual	SRM Yr 4 Actual	SRM Yr5 Actual	*SRM Yr6 YTD (11/14/13)*
	2004-05	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	***2013-14 YTD***
	169,342	170,356	179,353	181,106	216,538	279,417	321,937	344,658	375,570	*329,214*
# Elig by 1st clg	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	***2013-14 YTD***
CC	31,176	29,887	27,057	27,581	49,434	72,993	88,053	112,701	112,307	*93,890*
OUS	13,901	13,134	12,742	12,209	21,388	21,585	24,907	36,268	36,421	*34,019*
IND	2,167	2,185	2,088	2,084	3,872	3,628	4,632	6,886	7,072	*6,623*
TTL	47,244	45,206	41,887	41,874	74,694	98,206	117,592	155,855	155,800	*134,532*
# Fall Recipients	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	***2013-14 YTD***
CC	10,022	12,885	15,479	15,919	20,013	26,211	5,278	15,105	17,009	
OUS	7,941	10,070	10,126	9,801	15,710	14,615	6,174	11,461	13,555	
IND	1,138	1,177	1,562	1,636	2,744	2,310	1,517	2,348	2,360	
TTL	19,101	24,132	27,167	27,356	38,467	43,136	12,969	28,914	32,924	*0*
% Recip vs Elg	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**	**2011-12**	**2012-13**	***2013-14 YTD***
CC	32.1%	43.1%	57.2%	57.7%	40.5%	35.9%	6.0%	13.4%	15.1%	*0.0%*
OUS	57.1%	76.7%	79.5%	80.3%	73.5%	67.7%	24.8%	31.6%	37.2%	*0.0%*
IND	52.5%	53.9%	74.8%	78.5%	70.9%	63.7%	32.8%	34.1%	33.4%	*0.0%*
Overall	40.4%	53.4%	64.9%	65.3%	51.5%	43.9%	11.0%	18.6%	21.1%	*0.0%*

Education Investment Board:

Equity Lens

OEIB Vision Statement

To advise and support the building, implementation and investment in a unified public education system in Oregon that meets the diverse learning needs of every pre-K through postsecondary student and provides boundless opportunities that support success; ensuring a 100 percent high school graduation rate by 2025 and reaching the 40-40-20 goal.

OEIB Equity Lens: Preamble

The Oregon Educational Investment Board has a vision of educational equity and excellence for each and every child and learner in Oregon. We must ensure that sufficient resource is available to guarantee their success and we understand that the success of every child and learner in Oregon is directly tied to the prosperity of all Oregonians. The attainment of a quality education strengthens all Oregon communities and promotes prosperity, to the benefit of us all. It is through educational equity that Oregon will continue to be a wonderful place to live, and make progress towards becoming a place of economic, technologic and cultural innovation.

Oregon faces two growing opportunity gaps that threaten our economic competitiveness and our capacity to innovate. The first is the persistent achievement gap between our growing populations of communities of color, immigrants, migrants, and low income rural students with our more affluent white students. While students of color make up over 30% of our state- and are growing at an inspiriting rate- our achievement gap has continued to persist. As our diversity grows and our ability to meet the needs of these students remains stagnant or declines- we limit the opportunity of everyone in Oregon. The persistent educational disparities have cost Oregon billions of dollars in lost economic output[1] and these losses are compounded every year we choose not to properly address these inequalities.

[1] Alliance for Excellent Education. (November 2011). *The high cost of high school dropouts: What the nation pays for inadequate high schools.* www.all4ed.org

The second achievement gap is one of growing disparity between Oregon and the rest of the United States. Our achievement in state benchmarks has remained stagnant and in some communities of color has declined while other states have begun to, or have already significantly surpassed our statewide rankings. If this trend continues, it will translate into economic decline and a loss of competitive and creative capacity for our state. We believe that one of our most critical responsibilities going forward is to implement a set of concrete criteria and policies in order to reverse this trend and deliver the best educational continuum and educational outcomes to Oregon's Children.

The primary focus of the equity lens is on race and ethnicity. While there continues to be a deep commitment to many other areas of the opportunity gap, we know that a focus on race by everyone connected to the educational milieu allows direct improvements in the other areas. We also know that race and ethnicity continue to compound disparity. We are committed to explicitly identifying disparities in education outcomes for the purpose of targeting areas for action, intervention and investment.

Beliefs:

We believe that everyone has the ability to learn and that we have an ethical responsibility and a moral responsibility to ensure an education system that provides optimal learning environments that lead students to be prepared for their individual futures.

We believe that speaking a language other than English is an asset and that our education system must celebrate and enhance this ability alongside appropriate and culturally responsive support for English as a second language.

We believe students receiving special education services are an integral part of our educational responsibility and we must welcome the opportunity to be inclusive, make appropriate accommodations, and celebrate their assets. We must directly address the over-representation of children of color in special education and the under-representation in "talented and gifted."

We believe that the students who have previously been described as "at risk," "underperforming," "under-represented," or minority actually represent Oregon's best opportunity to improve overall educational outcomes. We have many counties in rural and urban communities that already have populations of color that make up the majority. Our ability to meet the needs of this increasingly diverse population is a critical strategy for us to successfully reach our 40/40/20 goals.

We believe that intentional and proven practices must be implemented to return out of school youth to the appropriate educational setting. We recognize that this will require us to challenge and change our current educational setting to be more culturally responsive, safe, and responsive to the significant number of elementary, middle, and high school students who are currently out of school. We must make our schools safe for every learner.

We believe that ending disparities and gaps in achievement begin in the delivery of quality Early Learner programs and appropriate parent engagement and support. This is not simply an expansion of services -- it is a recognition that we need to provide services in a way that best meets the needs of our most diverse segment of the population, 0-5 year olds and their families.

We believe that resource allocation demonstrates our priorities and our values and that we demonstrate our priorities and our commitment to rural communities, communities of color, English language learners, and out of school youth in the ways we allocate resources and make educational investments.

We believe that communities, parents, teachers, and community-based organizations have unique and important solutions to improving outcomes for our students and educational systems. Our work will only be successful if we are able to truly partner with the community, engage with respect, authentically listen -- and have the courage to share decision making, control, and resources.

We believe every learner should have access to information about a broad array of career/job opportunities and apprenticeships that will show them multiple paths to employment yielding family-wage incomes, without diminishing the responsibility to ensure that each learner is prepared with the requisite skills to make choices for their future.

We believe that our community colleges and university systems have a critical role in serving our diverse populations, rural communities, English language learners and students with disabilities. Our institutions of higher education, and the P-20 system, will truly offer the best educational experience when their campus faculty, staff and students reflect this state, its growing diversity and the ability for all of these populations to be educationally successful and ultimately employed.

We believe the rich history and culture of learners is a source of pride and an asset to embrace and celebrate.

And, we believe in the importance of supporting great teaching. Research is clear that "teachers are among the most powerful influences in (student) learning."[2] An equitable education system requires providing teachers with the tools and support to meet the needs of each student.

Oregon Educational Investment Board Case for Equity:

Oregonians have a shared destiny. Individuals within a community and communities within a larger society need the ability to shape their own present and future and we believe that education is a fundamental aspect of Oregon's ability to thrive. Equity is both the means to educational success and an end that benefits us all. Equity requires the intentional examination of systemic policies and practices that, even if they have the appearance of fairness, may in effect serve to marginalize some and perpetuate disparities. Data are clear that Oregon demographics are changing to provide rich diversity in race, ethnicity, and language.[3] Working toward equity requires an understanding of historical contexts and the active investment in changing social structures and changing practice over time to ensure that all communities can reach the goal and the vision of 40/40/20.

Purpose of the OEIB Equity Lens: The purpose of the equity lens is to clearly articulate the shared goals we have for our state, the intentional investments we will make to reach our goals of an equitable educational system, and to create clear accountability structures to ensure that we are actively making progress and correcting where there is not progress. As the OEIB executes its charge to align and build a P-20 education system, an equity lens will prove useful to ensure **every** learner is adequately prepared by educators focused on equity for meaningful contributions to society. The **equity lens** will confirm the importance of recognizing institutional and systemic barriers and discriminatory practices that have limited access for many students in the Oregon education system. The equity lens emphasizes underserved students, such as out of school youth, English Language Learners, and students in some communities of color and some rural geographical locations, with a particular focus on racial equity. The result of creating a culture of equity will focus on the outcomes of academic proficiency, civic awareness, workplace literacy, and personal integrity. The system outcomes will focus on resource allocation, overall investments, hiring and professional learning.

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[2] Hattie, J. (2009), *Visible learning: A synthesis of over 800 meta-analyses relating to student achievement. P. 238.*

[3] Oregon Statewide Report Card 2011-2012. www.ode.state.or.us

ADDENDUMS

Basic Features of the Equity Lens:

Objective: By utilizing an equity lens, the OEIB aims to provide a common vocabulary and protocol for resource allocation and evaluating strategic investments.

The following questions will be considered for resource allocation and evaluating strategic investments:

1. **Who are the racial/ethnic and underserved groups affected? What is the potential impact of the resource allocation and strategic investment to these groups?**
2. **Does the decision being made ignore or worsen existing disparities or produce other unintended consequences? What is the impact on eliminating the opportunity gap?**
3. **How does the investment or resource allocation advance the 40/40/20 goal?**
4. **What are the barriers to more equitable outcomes? (e.g. mandated, political, emotional, financial, programmatic or managerial)**
5. **How have you intentionally involved stakeholders who are also members of the communities affected by the strategic investment or resource allocation? How do you validate your assessment in (1), (2) and (3)?**
6. **How will you modify or enhance your strategies to ensure each learner and communities' individual and cultural needs are met?**
7. **How are you collecting data on race, ethnicity, and native language?**
8. **What is your commitment to P-20 professional learning for equity? What resources are you allocating for training in cultural responsive instruction?**

Creating a culture of equity requires monitoring, encouragement, resources, data, and opportunity. OEIB will apply the equity lens to strategic investment proposals reviews, as well as its practices as a board.

Definitions:

Equity: in education is the notion that EACH and EVERY learner will receive the necessary resources they need individually to thrive in Oregon's schools no matter what their national origin, race, gender, sexual orientation, differently abled, first language, or other distinguishing characteristic.

Underserved students: Students whom systems have placed at risk because of their race, ethnicity, English language proficiency, socioeconomic status, gender, sexual orientation, differently abled, and geographic location. Many students are not served well in our education system because of the conscious and unconscious bias, stereotyping, and racism that is embedded within our current inequitable education system.

Achievement gap: Achievement gap refers to the observed and persistent disparity on a number of educational measures between the performance of groups of students, especially groups defined by gender, race/ethnicity, and socioeconomic status.

Race: Race is a social – not biological – construct. We understand the term "race" to mean a racial or ethnic group that is generally recognized in society and often, by government. When referring to those groups, we often use the terminology "people of color" or "communities of color" (or a name of the specific racial and/or ethnic group) and "white."

We also understand that racial and ethnic categories differ internationally, and that many of local communities are international communities. In some societies, ethnic, religious and caste groups are oppressed and racialized. These dynamics can occur even when the oppressed group is numerically in the majority.

White privilege: A term used to identify the privileges, opportunities, and gratuities offered by society to those who are white.

Embedded racial inequality: Embedded racial inequalities are also easily produced and reproduced – usually without the intention of doing so and without even a reference to race. These can be policies and practices that intentionally and unintentionally enable white privilege to be reinforced.

40-40-20: Senate Bill 253 - states that by 2025 all adult Oregonians will hold a high school diploma or equivalent, 40% of them will have an associate's degree or a meaningful postsecondary certificate, and 40% will hold a bachelor's degree or

advanced degree. 40-40-20 means representation of every student in Oregon, including students of color.

Disproportionality: Over-representation of students of color in areas that impact their access to educational attainment. This term is a statistical concept that actualizes the disparities across student groups.

Opportunity Gap: the lack of opportunity that many social groups face in our common quest for educational attainment and the shift of attention from the current overwhelming emphasis on schools in discussions of the achievement gap to more fundamental questions about social and educational opportunity.[4]

Culturally Responsive: Recognize the diverse cultural characteristics of learners as assets. Culturally responsive teaching empowers students intellectually, socially, emotionally and politically by using cultural referents to impart knowledge, skills and attitudes.[5]

[4] (The Opportunity Gap (2007). Edited by Carol DeShano da Silva, James Philip Huguley, Zenub Kakli, and Radhika Rao.

[5] Ladson-Billings, Gloria (1994). The Dreamkeepers: Successful Teachers of African American Children.