HIGHER EDUCATION COORDINATING COMMISSION
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PRESS RELEASE

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State Investment in Need-based Financial Aid Effective, But Not Keeping Pace with College Affordability Gap

Salem, OR – The Higher Education Coordinating Commission has published a new comprehensive report on the Oregon Opportunity Grant (OOG)—Oregon's largest state-funded, need-based financial aid program—revealing that the State's investment in need-based financial aid is clearly linked with student success for the low-income students who receive it. However, due to limited State funding, the program serves only a fraction of eligible Oregonians and has not kept up with the fast-rising costs of college.

- Report to the Oregon Legislature: Oregon Opportunity Grant Annual Evaluation, 2020
- Two-Page Issue Brief, Oregon Opportunity Grant Annual Evaluation, 2020

The OOG is one critical way for the State to help level the playing field so students from low-income backgrounds—including first-generation college students, students from historically undeserved communities of color, rural students, adult returning students, parents, and others struggling with affordability—can have equal access to postsecondary opportunities. The grant currently helps more than 30,000 low-income resident Oregonians each year pay for undergraduate expenses at community colleges, public universities, and eligible private institutions.

In the first annual report to the Oregon Legislature on the OOG pursuant to House Bill 2407 (2015), the HECC Office of Student Access and Completion (OSAC) details the positive impact of this critical state investment, while offering a sobering analysis of the OOG's limited reach in addressing college affordability challenges statewide. Among other findings, the report shows that students who received the grant in recent years persisted and graduated at rates equal to or higher than their peers. Furthermore, recent legislation (House Bill 2407, 2015) changing the awarding process to an equity-driven prioritization model during years of insufficient funding had immediate results of increased support for those with the most extreme financial need. Despite these positive results, due to limited funding, only 16.7 percent of all eligible applicants over the last decade were able to receive the grant, and those who do receive the grant are still likely to amass considerable student loan debt.

Ben Cannon, executive director of the HECC, said, "This report is a clear call to action. Simply put, the OOG is an incredibly important investment in the future of today's students, but too few of them receive sufficient funding to make a meaningful impact on their ability to attend and succeed in college. Given the stark reality of today's college costs, we must do a better job ensuring that Oregonians have a realistic opportunity to afford college—and ultimately benefit from the myriad benefits of a postsecondary credential."

Importantly, researchers demonstrated that the OOG is clearly linked to student success for the students who receive it. For the 2016-17 academic year, the first-year retention rate for first-time OOG recipients statewide was 82 percent, versus 77 percent for non-recipients. The completion rates of recipients at community colleges (50%) were slightly higher than those of non-recipient students; at public universities, OOG recipients did just as well in completing their degree programs as non-recipients (approximately 65% for both groups).

The report paints a detailed picture of the affordability gap between students with unmet financial need and the ability of the State's primary need-based grant program to support them. Despite modest increased investment in recent years, the State's funding levels have been insufficient to keep pace with rising college costs and growing student need. There has not been a major infusion of funding in the OOG since before the Great Recession; at current funding levels, the vast majority of eligible applicants with unmet financial need do not receive the grant.

The report further emphasizes that for students who do receive the OOG, the award dollar amounts (up to $2,700 or $3,300 depending on the institution) have limited impact on the high costs of attendance (COA) students face—including tuition and fees, room and board, books, supplies, transportation, and other expenses. In 2018-19, the percentage of the average COA covered by the Oregon Opportunity Grant—after a maximum federal Pell Grant has been applied—was below 20 percent at Oregon public institutions and under 10 percent at independent private non-profit institutions. One result is that low-income students still have to borrow anywhere from $11,000 to $40,000 to pay for the full COA each year, even after receiving these maximum federal Pell Grant and OOG awards. Another result is that some Oregonians, despite qualifying for both an OOG award and a federal Pell Grant, choose to not enroll in college at all.

The report includes recommendations on possible approaches to a new fiscal model for the OOG, if the state were to make a sizeable reinvestment to better address the affordability gap statewide. Juan Baez-Arevalo, director of OSAC, said, "We are thankful that the legislative requirement for this report gave us the chance to conduct a rigorous analysis of the State's investment in the OOG, and thankful on behalf of students for the investments made to date. We hope this report prompts a public conversation on new bold solutions to realistically address the serious affordability challenges Oregonians face."

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The State of Oregon's Higher Education Coordinating Commission (HECC) envisions a future in which all Oregonians—and especially those whom our systems have underserved and marginalized—benefit from the transformational power of high-quality postsecondary education and training. For more information, go to www.Oregon.gov/HigherEd