



Docket Item:

2021-23 Agency Request Budget: state grant aid concepts, Option A.

Summary:

The 2020 Oregon Opportunity Grant (OOG) evaluation report highlighted the college affordability challenge that Oregonians face. Most notable is the reduction over the years of the purchasing power of both federal and state aid which exacerbates the access and affordability gaps for Oregon's lowest income and most diverse student population. The OOG report highlights the need for funding models with higher award amounts that could close the affordability gap. Two suggested options were listed, a differentiated award amount model (similar to the State of Washington), and the Shared Responsibility Model.

When considering the conclusions and recommendations of the OOG report as well recent reports on the Oregon Promise, staff considered the overall systematic approach of Oregon's key programs, particularly the Oregon Opportunity Grant which serves the highest need students, and the Oregon Promise (a last dollar program after the OOG) which targets recent high school graduates and GED recipients. A particular focus of the considerations included: How could Oregon ensure that the highest-need students (those currently eligible for OOG) receive a large enough award to more fully cover college costs; and options to creating a differentiated award amount, where the award amounts increase relative to the financial need of the students (i.e., the students with the most need receive the largest awards) to close the affordability gap.

The attached draft Policy Option Package – Option A creates an aligned awarding framework across the Oregon Opportunity Grant and the Oregon Promise Grant to address the affordability needs of the lowest income students, and creates a common shared lifetime eligibility for state financial aid to a maximum of 4 academic years of full time enrollment or until a BA/BS/ABS is achieved. Option A proposes the expansion and strengthening of the Oregon Promise and transforms it from a last dollar program to a first dollar program like the OOG. Under this model, the Oregon Opportunity is redesigned to increase its impact and service of adult and young adult students who are not part of the pipeline (non-Oregon Promise recipients), provides flexibility as to when students can enter, allows for enrollment at less than half-time, and steers OOG awards to incentivize the enrollment, retention and completion rates in key strategic academic programs of high value (credentials of value) that support Oregon's economic development and labor market demands.

Material:

Attachment: DRAFT, Financial Aid Policy Option Package - Option A

Staff Recommendation:

This is discussion item only.

Financial Aid Policy Option Package - Option A

Create targeted, access and affordability pathways for adults and k-12 pipeline students.

- *Creates a dedicated equitable option for traditional “pipeline” students coming out of high school that addresses resource and equity gaps that low-income Oregonians face through an expansion and strengthening of the Oregon Promise (OPG) grant program. Oregon Promise “brand” would be maintained, but students could use program to pursue education through community colleges or university programs.*
- *Redesigns the Oregon Opportunity Grant (OOG) to increase its impact and serve the lowest income adult and young adults who are not part of the pipeline (non-Oregon Promise recipients), providing flexibility on when students can enter or re-enter postsecondary education, allowing for enrollment at less than half-time, and steering awards to incentivize the enrollment, retention and completion rates in key strategic academic programs of high value (credentials of value) that support Oregon’s economic development and labor market demands. Eligibility criteria would remain broad, but prioritization of funds could change over time based on LMI and other research-based goals set by the Commission.*
- *Aligns awarding framework across both OOG and OPG to address the affordability needs of the lowest income students, and creates a common shared lifetime eligibility for state financial aid to a maximum of 4 academic years of full time enrollment or until a BA/BS/ABS is achieved.*
- *Transforms the awarding framework across both OOG and OPG to cover up to the average tuition and fees for the lowest income students, and decreasing awards as median family income levels increase.*

Award amounts for redesigned OPG and OOG			Oregon Promise recipients' 3-year average EFCs by AGI range and dependency status:		
Maximum award by sector (Average tuition and fees, based on 2019-20 data)**		Year 2 (4.3% increase)	3-year average EFC		
	Year 1		Dependent students	Independent students	
Community colleges	\$ 5,672	\$ 5,916	\$0-\$39,342	710	413
4-year universities*	\$ 10,785	\$ 11,249	\$39,343-\$43,276	2,027	6,471
*4-year universities include public and private schools			\$43,277-\$47,210	2,775	7,319
**public school costs exclude OHSU costs			\$47,211-\$51,144	4,347	3,767
			\$51,145-\$55,078	4,253	4,652
			\$55,079-\$59,012	5,234	3,638
			\$59,013-\$78,683	7,876	6,560
			\$78,684-\$86,551	11,501	12,646
			\$86,552-\$94,420	13,301	14,535
			\$94,421-\$103,588	16,028	n/a
			\$103,589 and above	34,015	16,391

Awarding framework for both redesigned programs:

Sector	0-50% of AGI (receives 100% of max award)	51-55% of AGI (70% of max award)	56-60% of AGI (65% of max award)	61-65% of AGI (60% of max award)	66-70% of aGI (50% of max award)	70-75% of AGI (40% of max award)	76-100% of AGI (30% of max award)	100-110% of AGI gets minimum award (20% of max award)	111-120% of AGI gets minimum award (10.5% of max award)	121-130% of AGI gets minimum award (10.5% of max award)	131% of AGI and above
AGI range for a family of 4 % of average family income (for family of 4)	\$0-\$39,342 50%	\$39,343- \$43,276 55%	\$43,277- \$47,210 60%	\$47,211- \$51,144 65%	\$51,145- \$55,078 70%	\$55,079- \$59,012 71-75%	\$59,013- \$78,683 76-100%	\$78,684- \$86,551 100-110%	\$86,552- \$94,420 111-120%	\$94,421- \$103,588 121-130%	Above \$103,589 131%+
Community college awards	\$ 5,672	\$ 3,970	\$ 3,687	\$ 3,403	\$ 2,836	\$ 2,269	\$ 1,702	\$ 1,134	\$ 600	\$ 600	0
# OPG program community college students	3,967	480	423	404	381	389	1,753	694	605	643	2,306
# OOG program community college students	17,304	877	754	710	656	614	2,495	844	736	747	5,355
4-year university awards*	\$ 10,785	\$ 7,550	\$ 7,010	\$ 6,471	\$ 5,393	\$ 4,314	\$ 3,236	\$ 2,157	\$ 1,200	\$ 1,200	0
# OPG program 4-year univ. students	3,117	377	333	318	299	305	1,377	546	475	505	1,812
# OOG program 4-year univ. students	13,224	671	576	543	501	470	1,907	645	563	571	4,093

Expand and strengthen Oregon Promise.

Pipeline Only (starts with Generation after law passes)

- Students can attend 2 year public, and 4 year Public and Private Institutions.
- 2.0 + GPA
- First dollar program
- Highest need receive the highest award
- Award tiers based on need (ex. WA model)
- Minimum award for higher income
- Does not account for prior credits
- Annual continuous enrollment (not term to term) requirement
- No \$50 co-pay
- Maximum for 4 academic years of full time enrollment or until a BA/BS/ABS is achieved.
- Coverage of average Tuition and Fees
- 4 year Privates (Alliance) at Public University rates
- Recipients would not qualify for OOG
- Grandfathers in current Oregon Promise recipients, giving them the ability to receive and complete the existing two-year/90-credit promise.

Additional higher cost options:

- Pipeline Plus (include current ORP participants; vs wider access and include recent past HS/GED graduates since 2016)

— **The wider the net the larger the cost.**

- Expand the eligible institutions to other Oregon Based - Private Institutions offering credentials of value. (May not increase costs beyond a natural increase in enrollment and retention # of enrolled students)

1st biennium estimated costs (only covers years 1 and 2) for the redesigned Oregon Promise program:

	Total cost of awarding 4-year students OPG "pipeline" tiered award	Total cost of awarding community college students OPG "pipeline" tiered award	Total estimated cost before pickup rate is applied	Potential 50% pickup rate totals	Potential 60% pickup rate totals	Potential 70% pickup rate totals
Estimated year 1 costs	\$ 50,591,242	\$ 33,824,292	\$ 84,415,534	\$ 42,207,767	\$ 50,649,320	\$ 59,090,874
Estimated year 2 costs	\$ 52,766,219	\$ 35,309,545	\$ 88,075,765	\$ 44,037,882	\$ 52,845,459	\$ 61,653,035
Estimated year 2 (retained year 1 students)	\$ 44,851,286	\$ 26,835,254	\$ 71,686,541	\$ 35,843,270	\$ 43,011,924	\$ 50,180,579
Estimated biennium costs	\$ 148,208,748	\$ 95,969,091	\$ 244,177,839	\$ 122,088,920	\$ 146,506,704	\$ 170,924,488

Non Pipeline Financial Aid framework: Redesign of the Oregon Opportunity Grant.

- Maintains OOG as base need grant for non-Oregon Promise learner with financial aid need
- Prioritization remains highest need students
- Investment increase is needed to meet a wider net/coverage for those in need
- Same traditional eligibility limitations
- Awards at less than halftime
- Allows students to enroll/start at any academic term
- Restricts aid to non-Oregon Promise learners (Adults and Young Adults not covered by ORP)
- Transforms the awarding framework to cover average tuition and fees for the lowest-income learners with decreasing awards as family/individual income levels increase
- Steers OOG awards to incentivize the enrollment, retention, completion rates of students in key strategic academic programs of high value pertaining to “credentials of value”* that support Oregon’s economic development and labor market demand.

1st biennium estimated costs (only covers years 1 and 2) for the redesigned Oregon Opportunity Grant program (award amounts and framework follow the same ones as the Oregon Promise, as outlined above):

	Total cost of awarding 4-year students OPG "pipeline" tiered award	Total cost of awarding community college students OPG "pipeline" tiered award	Total estimated cost before pickup rate is applied	Potential 50% pickup rate totals	Potential 60% pickup rate totals	Potential 70% pickup rate totals
Estimated year 1 costs	\$168,880,495	\$115,915,487	\$ 284,795,982	\$ 142,397,991	\$ 170,877,589	\$ 199,357,188
Estimated year 2 costs	\$176,197,228	\$121,207,557	\$ 297,404,785	\$ 148,702,393	\$ 178,442,871	\$ 208,183,350
Estimated biennium costs	\$ 345,077,723	\$ 237,123,044	\$ 582,200,767	\$ 291,100,384	\$349,320,460	\$407,540,537

*The Higher Education Coordinating Commission would define and evaluate “credentials of value”. Staff and the ALAC advisory will bring forward recommendations on defining “Credentials of Value”.