



2021 Legislative Concept Proposal LC 597 - Financial Aid Redesign

Problem

Student costs for public higher education are increasing significantly faster than wages and inflation. Simultaneously, Oregon's principal need-based financial aid program has failed to adequately keep up with cost increases. The Oregon Opportunity Grant covered 81% and 53% of tuition and fee costs at colleges and public universities, respectively, in 2008, but only covered 48% and 32% in 2018. The grant also serves fewer than 40% of students with demonstrated financial need. Oregon is failing to keep up. While the average US state spends \$352 on financial aid per traditional college age student, Oregon spends \$197.

Despite the exceedingly low base of funding for need based financial aid, Oregon operates a secondary financial aid program, the Oregon Promise. This \$36.9m program serves Oregon pipeline students that enroll in a community college and meet academic requirements, regardless of need. Forty percent of program funds serve students from families making over \$100,000 per year, and over three-quarters of funds go to students above the Pell grant cutoff.

In addition to these issues, Oregon does not offer program flexibility that allows returning adults to easily access financial aid.

Background

By redesigning the Oregon Opportunity Grant and Oregon Promise financial aid programs and increasing funding to the requested levels, students with the greatest financial need will receive the greatest level of state support. When combined with federal aid, eligible students would receive aid in excess of tuition and fee costs at public institutions, meaning aid would be available for other items affecting the cost of attendance, such as: books, transportation, food, and housing. This approach is designed to reduce financial barriers that lead to lack of persistence amongst low income students, and improve graduation rates.

The proposal seeks to correct for several observed deficiencies in current program.

1. **Equity:** A financial aid structure should provide more resources to students that need the additional support.
2. **Scalability:** Award amounts should reliably increase or decrease as student needs change.
3. **Flexibility:** Award requirements should not be so stringent as to disqualify or revoke awards from students making meaningful progress.
4. **Goal-Oriented:** Financial aid programs should support state needs, and provide a mechanism by which the state can encourage needed completions

Proposed Solution

The Commission proposes to award state financial aid based on need, to remove restrictions on institutional choice, and to provide a mechanism for policy makers to award recourses to adult learners. Under the Commission proposal, two separate financial aid programs exist, each with slightly different features, but both portable between community colleges and universities under one lifetime cap.

PIPELINE PROGRAM	COMMON FEATURES	NON-PIPELINE PROGRAM
<ul style="list-style-type: none">• Students can enroll up to 18 months after receipt of high school credential• 2.0 GPA, minimum of half-time attendance• Year-to-year continuous enrollment requirement• Awards majority of funds in fall• Need-based program, prioritizing the highest-need students	<ul style="list-style-type: none">• Available at all Oregon-based public and private non-profit eligible institutions• Cumulative four-year, full-time eligibility cap (undergrad degrees only)• Sliding award scale based on need• First-dollar awards• Programs are not stackable• Does not count accelerated learning credits against students• Divided so legislators can make informed decisions about funding support for pipeline and adult learners	<ul style="list-style-type: none">• For students not receiving pipeline program funds• No GPA/continuous enrollment requirements• Can be enrolled less than half time, if course or program is structured for such enrollment• Allows enrollment in small number of high-value, non–Title IV credential programs• Reserves some funds for year-round awarding• Can provide access for learners returning to complete and high-value credential students